

2024

SUSTAINABILITY REPORT



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About the Sustainability Report

As Erte Cosmetics, we have been advancing for over 20 years without compromising our ethical values and commitment to quality. As an export-awarded manufacturer, we continue to gradually expand our impact around the world, redefining the concept of beauty with health, safety, and responsibility.

Since the beginning of our journey in 2003, our motivation to enhance people's beauty has also inspired our production processes. We create not only products, but also experiences making people feel good, reliable solutions, and a vision for a sustainable life.

At every step of production, we adhere to national and international standards while integrating the principles of transparency, traceability, and measurability into all our processes. We build not only our products, but also our social impact, environmental awareness, and corporate governance approach with the same rigor. The sustainability reporting we began in 2021 has now become an inseparable part of the way we do business. Every year, with stronger, more ethical, and environmentally conscious steps, we advance this vision further.

Our sustainability report, covering the period from January 1 to December 31, 2024, and published this year for the fourth time, highlights all the values that shape our corporate culture—from the strong bonds we build with our employees to our fight against the climate crisis. Prepared in accordance with the GRI Standards, we share this report with all our stakeholders in an open, sincere, and committed manner.

If you would like to share your feedback and suggestions with us, you can reach us at info@ertecosmetics.com.

Let's move forward together toward a sustainable future.





Chairman's Message



Dear Stakeholders,

At Erte Cosmetics, we view sustainability not only as a goal to be achieved but also as a core value that underpins all our methods of business conduct. In all our operations, we consider our environmental, social, and economic impacts and move forward with determination to create lasting and positive effects for our stakeholders, society, and the planet. We are pleased to share with you the fourth edition of our Sustainability Report, which reflects this approach.

Adopting the most advanced technologies and best practices in the industry to minimize our environmental impact is a cornerstone of our corporate principles. Through our investments in renewable energy and energy efficiency projects, we not only improve our operational performance but also fulfill our responsibility in the fight against global climate change. We support our commitment in this regard through tangible actions by meeting a significant portion of our production facilities' energy requirement by means of solar energy.

We go beyond producing environmentally friendly products by integrating the philosophy of a circular economy into our business processes, recovering waste, and designing reusable packaging. In line with our Zero Waste policy, we minimize our impact on nature while also setting an example guiding the industry.

Moreover, as we integrate sustainability into our activities, we implement innovations that are not only environmentally focused but also human-centered. In our sustainability journey, managed with a holistic perspective, we regard the health, safety, well-being, and career development of our employees as an integral part of our strategy. Accordingly, we advance with human resources policies grounded in inclusivity and equal opportunity.

We support a participatory corporate culture through continuous training programs aimed at developing the competencies of all our employees, leadership development opportunities, and feedback mechanisms. By embracing diversity and inclusion as a core value, we create a work environment where everyone—regardless of age, gender, culture, belief, or disability—can contribute, be respected, and have equal opportunities. This commitment to people not only enhances our internal efficiency but also contributes to our vision of building a more just, inclusive, and sustainable future at the societal level.

This report reflects the concrete steps we have taken toward our sustainability goals and demonstrates our strategic vision and commitment to fulfilling our responsibilities. With our increasingly strong collaborations for a more sustainable future, we aim to expand our impact and the contributions we offer to our stakeholders. We thank you, our valued stakeholders, for being with us throughout this transformation journey and look forward to shaping a more resilient, fair, and sustainable future together.

Sincerely,
Chairman of the Board



Overview of Erte

About Erte Cosmetics

Erte was founded in 2003 and is a subsidiary of Erkul Group. Erte Cosmetics is a leading strategic partner for contract manufacturing and private label services.

As a manufacturer providing full-service support in the development and production of perfumes, home fragrances, bath and body care products, skincare, and hair care products, Erte Cosmetics supports its clients at every stage—from the conceptual phase to the final product. Offering tailored solutions that cover all stages—from concept development and formulation to packaging design, production, filling, and worldwide distribution—Erte Cosmetics delivers both flexibility and quality to its clients in contract manufacturing and private label services. The company's production facility is located in Istanbul, covering an area of 40,000 m². Erte Cosmetics' design team operates in the United Kingdom, while its production activities take place in Istanbul. Erte Cosmetics demonstrates full transparency across all production processes, from raw material procurement to packaging. This approach not only enhances operational efficiency but also ensures adherence to the highest quality control standards. The management organization consists of senior executives reporting to the Chairman of the Board, supported by middle managers reporting to these senior executives. Decisions on all matters are made based on evaluations conducted between the senior executives and the Chairman of the Board.

Within the company, alongside the Board of Directors, there are several committees in operation, including the Human Resources Committee, Occupational Health and Safety Committee, Grievance Committee, Disciplinary Committee, Ethics Committee, and Sustainability Committee.

Erte Vision, Mission ve Corporate Values

Our Vision

We are the world of possibilities with only two non-negotiables; QUALITY and RESPONSIBILITY, in everything, everywhere and all the time.

As a purpose driven company to democratise beauty, we aim to be a global player and to shape the future of beauty by nurturing trust and lasting partnerships with our clients, suppliers and employees.

Our Mission

With our continuous improvement culture through on-trend innovations, capability investments and cost efficiency programs, we are solution partner to many leading private brands in the world to make beauty more beautiful.



We Are Reliable and Fair

We value our stakeholders' opinions of us, and based on our honesty principle, we do not make any promises we cannot keep. We do not compromise on honesty, fairness, or integrity under any circumstances.



We Are Customer-Oriented

We work diligently to ensure sustainable, trust-based and constructive relations with our customers. We never cease to provide the best services by understanding their expectations and demands to create mutual values together.



We Are Successful

We acknowledge that it is our duty to continuously strive for greater success; this makes us who we are and is one of our most important values. Even if our goals may be challenging, having full confidence that we will achieve them even in the most difficult conditions without despair, we never give up on our belief that the strength we get from our employees will always lead us to prosperity.



We Are Innovative

We know very well that innovation is a journey, indispensable for our sustainable growth. With this mindset, we never stop renewing our business processes and technology and improve our product quality and diversity by closely following global developments.

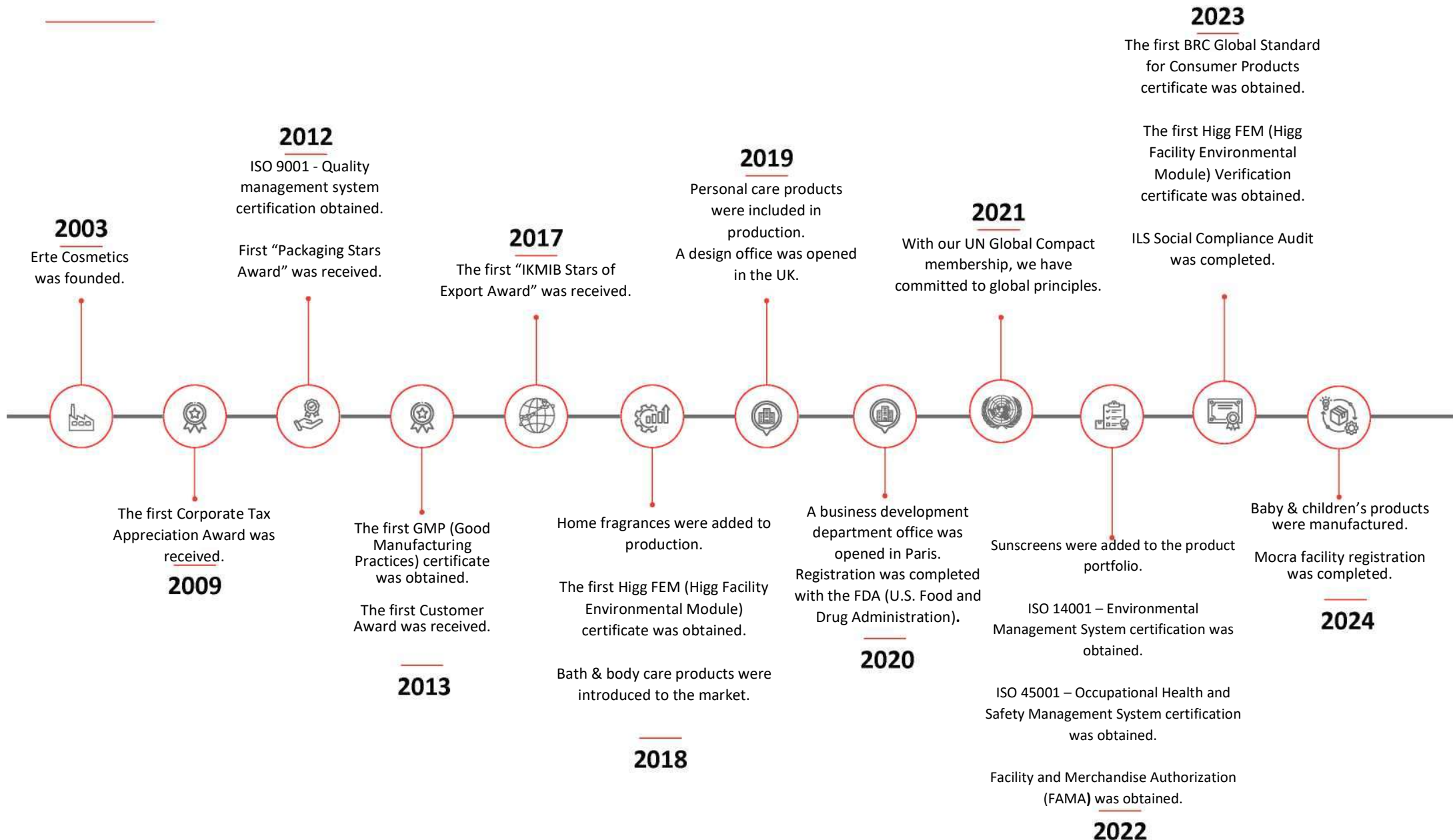


We Respect People

Honoring the dignity of every human being, we do not compromise on respect, sincerity, or transparency in our relations with our customers, suppliers and every segment of the society, and especially with our employees.



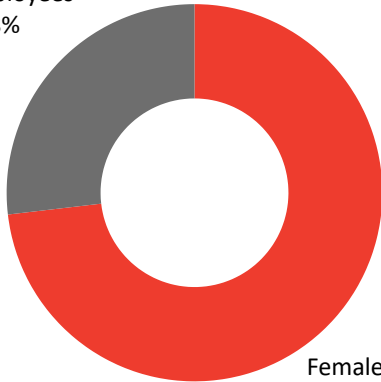
Milestones





ERTE in Numbers

Male Employees
26.8%



In 2024, women make up **73,2%** of our 339-person team; this strong representation allows us to maintain our leading position in the industry.

Female Employees
73.2%



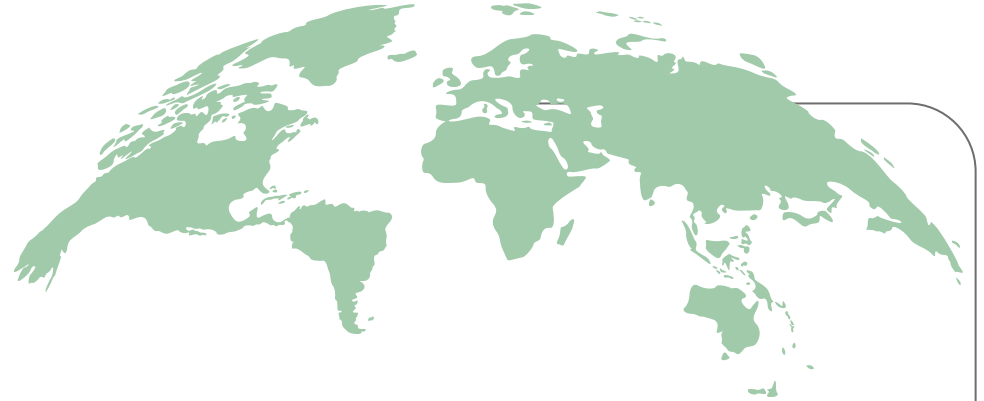
Women make up **60%** of our white-collar workforce.



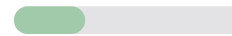
Women make up **79%** of our blue-collar workforce.



We successfully resolved **100%** of the messages received through our Suggestions and Complaints mechanism.



WE EXPORT TO 65 DIFFERENT COUNTRIES.



Together with our new business partners that we have included in our supply chain, we recorded a **31%** growth compared to 2023.



23% of our workforce is under 30 years old,
68% is between 30 and 50 years old,
9% is over 50 years old.



We saw a **15,56%** growth in exports compared to 2023.



Certificates



Quality
Management
System



Environmental
Management
System



Occupational Health
and Safety
Management Systems



Cosmetic Good
Manufacturing
Practices



Good
Manufacturing
Practices



United Nations
Global Compact



FDA Cosmetics
Regulations
Modernization Act
(MoCRA)



Sedex Members
Ethical Trade
Audit



British Retail
Consortium Global
Standards (BRCGS)



Higg Index – Higg FEM
(Facility Environmental
Module)



Disney ILS Social
Compliance Program



TSE COVID-19 Safe
Production Certificate



MEMBERSHIPS



Our company is a member of the following organizations:

- Istanbul Chemicals and Chemical Products Exporters' Association – 2005
- PLAT Association of Private Label Product Manufacturers and Suppliers – 2018
- United Nations Global Compact – 2022

AWARDS

IKMIB "Stars of Export" Awards



2017



2018



2019



2020



2022



2024

Corporate Tax Appreciation Awards



2009



2010



2011

Packaging Stars Awards



2012



2012



2013

Product Portfolio

Hair Care



Children's Products



Baby Care



Perfume



Gift Set



Inspired by the elegance of nature, Erte Cosmetics offers comprehensive solutions with a wide product range that takes a holistic approach to beauty—ranging from perfumes and home fragrances to personal care and skincare.

Each of our products is carefully formulated to meet diverse needs and lifestyles, while never compromising on our principles of quality and responsibility.

In addition to our core products, we prioritize variety and sensitivity through functional care products specially developed for men, gentle formulas suitable for children’s delicate skin, and eco-friendly packaging selections.

Every product bearing the Erte Cosmetics signature adapts to the dynamics of modern life while perfectly reflecting our brand’s commitment to quality, trust, and aesthetics. With our international presence reaching dozens of countries today, we turn beauty into a universal language transcending borders.

Bath & Body Care



Skin Care



Home Fragrance



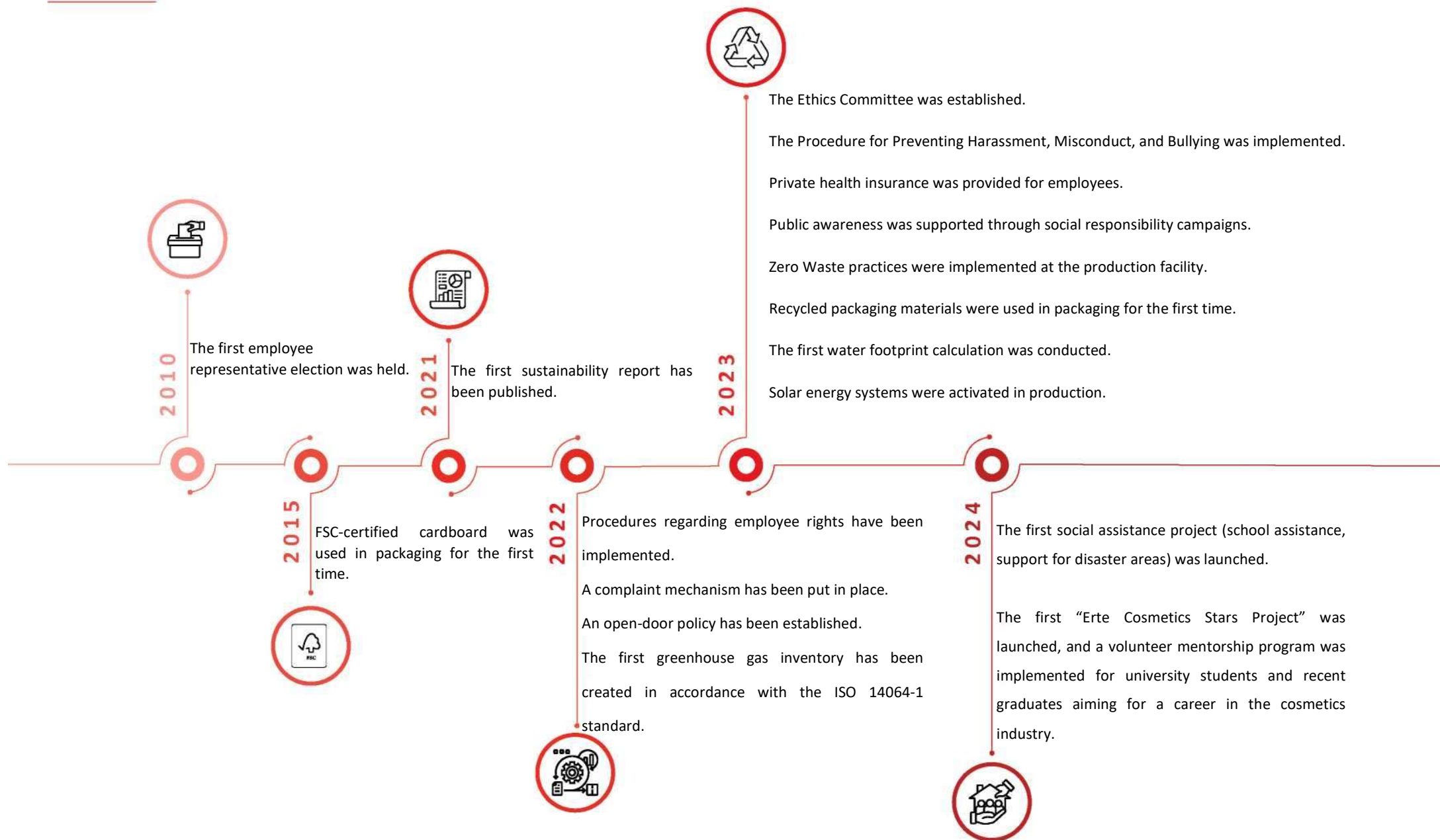


SUSTAINABILITY MANAGEMENT





Milestones in Our Sustainability Journey





Approach to Sustainability

Analyzing our material issues with the right approach while managing our impacts in the areas of environment, society, governance, and economy is one of the cornerstones of our strategic decision-making processes. This enables us to minimize negative impacts while focusing on areas of activity that create positive value. The prioritization analysis conducted in accordance with the GRI Standards is an important step in enhancing transparency and accountability in sustainability reporting.

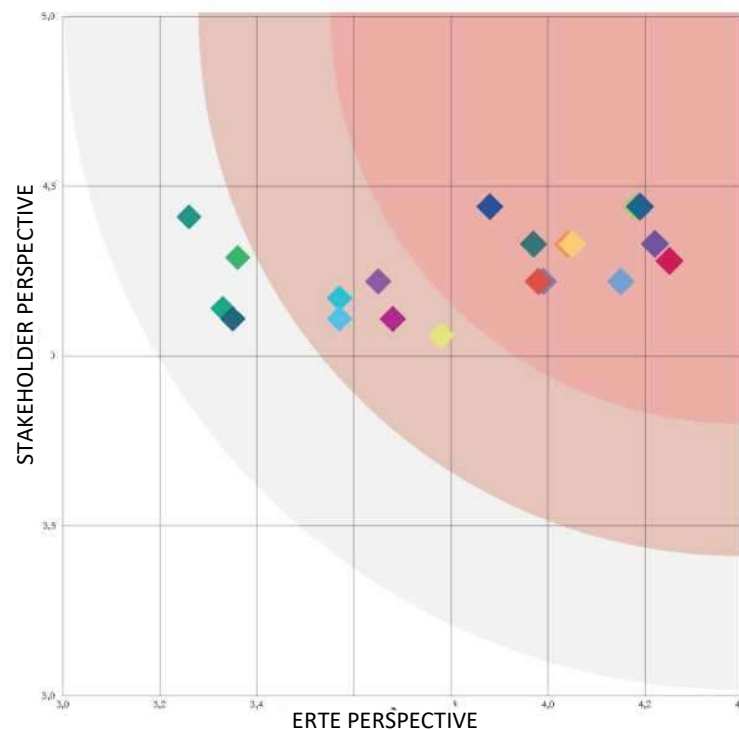
How Was the Significance Analysis Conducted?

Due to developments in the field of sustainability and our desire for continuous improvement, we have renewed our prioritization analysis. During this renewal, we did not remain at the same point but improved our analysis processes.

Our 2024 materiality analysis has been comprehensively expanded in terms of the diversity of topics covered and the number of stakeholders involved in the process, and updated with a more holistic approach.

Our survey consists of two sections: “significance” and “impact.” The “significance” section is detailed under four subheadings: environmental, social, governance, and sectoral sustainability, measuring the significance of such issues from the perspective of stakeholders. The “impact” section, on the other hand, has been evaluated from a mutual interaction perspective, taking into account how the company affects such sustainability issues and the level of impact of the same issues on the company.

Within the scope of the analysis, information was obtained from a group of 44 people representing various internal and external stakeholders, such as our customers, suppliers, employees, and management. The data obtained in line with the strategic perspective of senior management and the valuable contributions of stakeholders was evaluated holistically to define Erte Cosmetics' sustainability materiality. Accordingly, a Sustainability Materiality Matrix was created to guide the organization's long-term goals.



Our Essentials

- Customer satisfaction and consumer communication
- Supply chain and responsible procurement
- Information security
- Occupational health and safety practices
- Waste and wastewater management
- Responsible resource consumption
- Research and development and innovation
- Product safety
- Ethics and transparency
- Corporate reputation and brand value management
- Sustainable product content

Our priorities


- Protecting ecosystems and biodiversity
- Circular economy
- Greenhouse gas emissions
- Climate change
- Energy efficiency

Our Values

- Employee rights and corporate welfare
- Diversity, equality, and inclusion
- Social contribution and social responsibility approaches
- Talent management and organizational development



Alignment of Key Issues with the Sustainable Development Goals (SDGs)

| Our essentials | | |
|--|---|--|
| Customer satisfaction and consumer communication | SDG 12: Responsible production and consumption |         |
| Supply chain and responsible procurement | SDG 8: Decent business and economic growth SDG 12: Responsible production and consumption | |
| Information security | SDG 8 Decent business and economic growth | |
| Occupational health and safety practices | SDG 3: Good health and well-being SDG 8: Decent work and economic growth | |
| Waste and wastewater management | SDG 6: Clean water and sanitation SDG 12: Responsible consumption and production SDG 14: Life below water | |
| Responsible resource consumption | SDG 12: Responsible consumption and production | |
| R&D and innovation | SDG 9: Industry, innovation and infrastructure | |
| Product safety | SDG 12: Responsible consumption and production | |
| Ethics and transparency | SDG 16: Peace, justice, and strong institutions | |
| Corporate reputation and brand value management | SDG 8: Decent business and economic growth SDG 16: Peace, justice, and strong institutions | |
| Sustainable product content | SDG 12: Responsible consumption and production SDG 13: Climate action | |

| Stakeholder Group | Type of Communication | Frequency of Communication |
|--------------------------------|---|----------------------------|
| Employees | Surveys and Research | At various intervals |
| | Training Activities, internal communication platforms (news screens, intranet), Announcements and Notices | Continuously |
| | Suggestion and Reward System | Continuously |
| | OHS Committees, Working Groups, and Committees | At various intervals |
| | Performance Management and Career Development Meetings, Social Events | At least twice a year |
| | Management Meetings, Communication Meetings | At various intervals |
| Suppliers | Sustainability Report | Once a year |
| | One-on-One Meetings | Upon Request |
| | Supplier Code of Conduct | Continuous |
| Product End Users | Product Labels | Continuous |
| | Marketing Communication Activities | Continuous |
| | Trade Show Participation | At various intervals |
| Local People | Sustainability Report | Once a year |
| | Request, Suggestion, and Complaint Mechanism | Continuously |
| Sectoral Operators | Meetings and Discussions | At various intervals |
| | Exhibition Participation | At various intervals |
| | Sustainability Report | Once a year |
| Local Governments | Meetings and Discussions | At various intervals |
| | Sustainability Report | Once a year |
| Public Institutions | Meetings and Discussions | Upon request |
| | Public Audits | At various intervals |
| | Sustainability Report | Once a year |
| Non-Governmental Organizations | Memberships | Continuously |
| | Meetings and Discussions | Upon request |
| | Sustainability Report | Once a year |
| Universities and Academics | Scholarships and Internship Opportunities | At various intervals |
| | Mentoring | At various intervals |



RESPECT FOR THE ENVIRONMENT





Our Energy Management

At Erte Cosmetics, we view energy management as a key component of our responsibility in combating climate change and our commitment to sustainable production. Through systematic practices developed to monitor, manage, and continuously improve our energy consumption, we have made reducing our carbon footprint a top priority.

Our energy transition initiatives, launched in 2022, reached a significant milestone by 2024. The rooftop solar power plant at our Istanbul production **campus now covers 70% of our electricity consumption**. To **maximize the system's capacity**, we implemented an expansion investment in 2024. With this strategic step, we achieved tangible and measurable progress aligning fully with our goal of reducing fossil fuel dependence and minimizing our environmental impact.

In line with our approach to reducing natural resource consumption, we focused on lowering electricity usage. **Traditional lighting systems were replaced with LED and motion-sensor systems**, and behavioral awareness initiatives and visual reminders were implemented to prevent unnecessary consumption. By achieving the reduction targets set at the beginning of 2024, we delivered measurable improvements. A similar approach was applied to natural gas consumption, strengthening **building insulation performance and implementing measures to raise employee awareness**.

In the future, we will focus on reducing energy intensity, gradually expanding our renewable energy generation capacity, and fully implementing ISO 50001 Energy Management System requirements across all business processes. With our efficiency-driven management approach, we are building a resilient energy management model that meets not only today's operational needs but also the climate responsibilities of the future.



With the capacity expansion investment we made in 2024, we aimed to improve our solar power system capacity to 100% and took action in this regard.

Despite our increased production scale, we have made progress in energy efficiency by reducing our electricity consumption per product by 7%.

| Energy Consumption | Unit | 2022 | 2023 | 2024 |
|---|-------|--------------|--------------|--------------|
| Natural Gas Consumption | kWh | 383.426,00 | 425.890,33 | 436.328,87 |
| Fuel Consumption in Generators and Vehicles | Liter | 12.409,16 | 14.588,99 | 12.156,78 |
| Block A Electricity Consumption | kWh | 1.059.989,00 | 1.102.232,53 | 1.157.334,52 |
| Block C Electricity Consumption | kWh | 799.437,11 | 527.897,61 | 496.221,20 |

Our solar energy investment, which is operational at our production facilities in Istanbul, currently covers 70% of our electricity consumption.





Our Water Management

The reality of limited freshwater resources has rendered water a strategic resource for every business. At Erte Cosmetics, in line with the importance we place on the sustainable management of water resources, we launched water footprint reporting in accordance with the ISO 14046:2019 standard in 2023. Within this scope, we conducted our second reporting in 2024 by comprehensively evaluating our water consumption data. During the reporting process, we completed our blue, green, and gray water footprint calculations by including all consumption areas, such as domestic use and drinking water, in addition to water used in production activities. Upon analysis, we aimed to comprehensively reveal the environmental impacts of our water use sources and to concretize our responsible water management approach. By means to the monitoring studies carried out at our A Block address, we are able to separately track the deionized water used in production and the water consumption of other usage areas, thus enabling a detailed analysis of water usage efficiency.

We focused on reducing water consumption as part of our 2024 environmental goals and set a measurable reduction target in this direction. By means of applications increasing employee awareness and systematic improvements in daily processes, **we reduced our domestic water consumption by 2% compared to 2023.**

We reuse water from deionization units at appropriate points and strengthen our operational discipline by implementing practices that prevent unnecessary use.

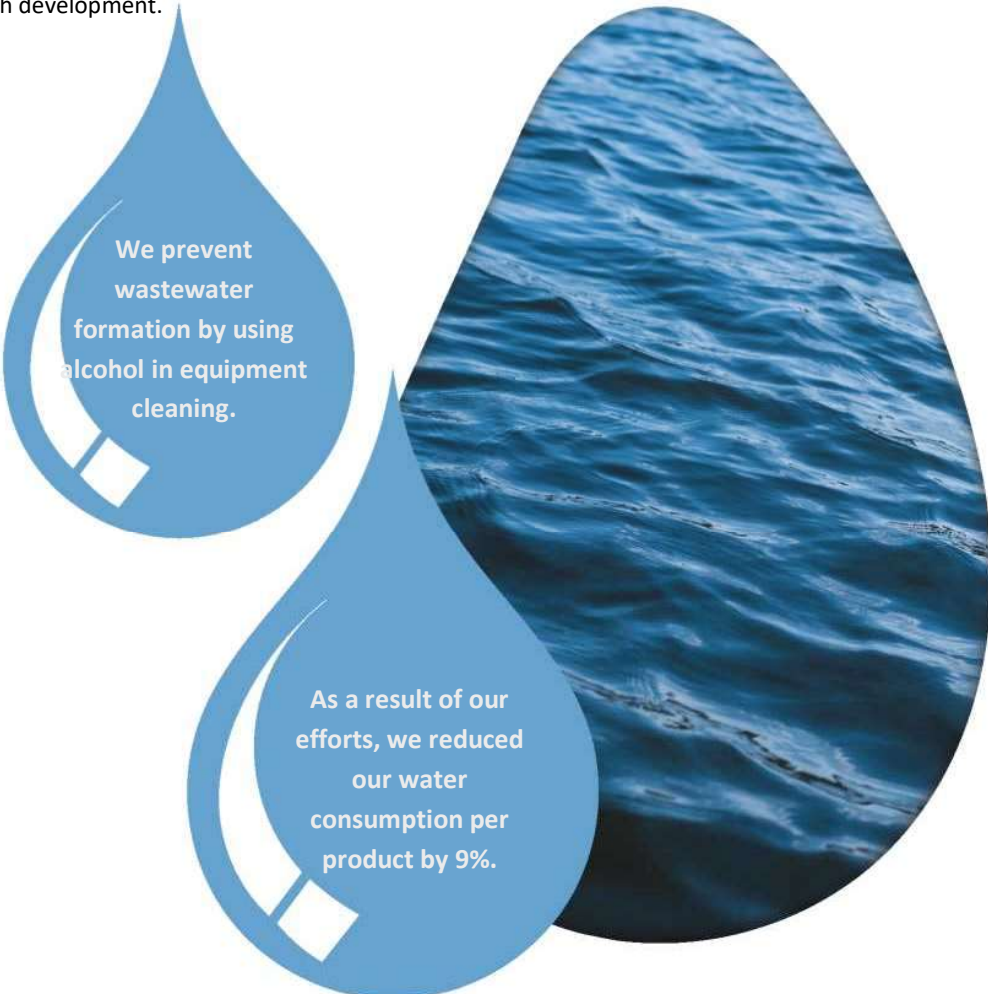
We redesign our processes with a focus on water efficiency and shape our product development in line with this approach. We are reducing water dependency with the “waterless” (waterless cosmetics) product groups in our portfolio and shifting towards formulations with low environmental impact. Moreover, we are optimizing washing processes by using compressed air and water blowers in boiler cleaning operations, significantly reducing the amount of water required for washing. With this holistic approach, we demonstrate that we treat water not merely as a production input, but as a strategic asset that must be protected.

| Total Water Consumption (m³) | 2022 | 2023 | 2024 |
|------------------------------|-------|-------|-------|
| Block A | 5.805 | 5.143 | 5.452 |
| Block C | 4.043 | 3.715 | 3.230 |
| TOTAL | 9.848 | 8.858 | 8.682 |

Our Wastewater Management

We collect process-related wastewater in appropriate tanks at the facility and ensure its treatment and discharge in compliance with regulations by transporting such to authorized treatment plants only through licensed companies.

We focus on recovery beyond disposal: we clean the equipment we use in **alcohol-based production with alcohol instead of water; we purify the alcohol after use in distillation systems and return for reuse.** With this closed-loop application, we reduce water and alcohol consumption while completing many production processes without generating process-related wastewater. We are permanently deepening our culture of responsible resource use through such development.



We prevent wastewater formation by using alcohol in equipment cleaning.

As a result of our efforts, we reduced our water consumption per product by 9%.



Responsible Resource Consumption

With our **“Waterless”** cosmetic product lines, we significantly reduce dependency on water in production, managing this critical resource for our industry more efficiently, systematically, and traceably. Waterless formulations make products more concentrated and lightweight, thereby reducing the need for packaging materials and significantly limiting waste generation throughout production and supply processes. This improvement in product weight and volume also optimizes resource use during storage and shipping, contributing to a reduced overall environmental impact throughout the product life cycle. Additionally, the amount of waste generated at the end of the product’s life is reduced, creating a holistic gain that aligns with our circularity goals.

In packaging design, we prioritize recyclable materials and, in line with our goal of reducing plastic usage, incorporate **Post-Consumer Recycled (PCR)** materials. Our refillable packaging solutions encourage positive behavioral change among users, reducing single-use packaging consumption while making the environmental benefits achieved over the product’s life tangible. We adopt an inclusive, gender-neutral, and minimalist approach in product naming, language, and visual communication.

For paper- and cardboard-based packaging, we select **FSC-certified** materials to ensure traceability and secure responsible sourcing of forest products. The combination of water-efficient product design, circular packaging choices, and transparent sourcing practices reduces our environmental impact, strengthens brand trust, and delivers a strong value proposition that aligns with stakeholder expectations.



By choosing FSC-certified materials for our paper and cardboard-based packaging, we ensure traceability and secure responsible sourcing of forest products.



We use Post-Consumer Recycled (PCR) materials.



With our “waterless” cosmetic product groups, we significantly reduce water dependency in production.



We offer refillable packaging solutions.

At Erte Cosmetics, we place resource efficiency at the heart of our product and packaging design.





Our Waste Management

As Erte Cosmetics, we are aware that every product we manufacture becomes a part not only of store shelves but also of the environmental impact chain. With this awareness, we regard waste management as a commitment to protecting our resources, fulfilling our responsibility to the environment, and leaving a livable world for future generations. By building a system in which waste is controlled not at the moment it is generated but even before it occurs, we prioritize environmental integrity throughout all our processes from production to consumption.

We structure this approach — which prioritizes environmental integrity across all stages from production to consumption — within the scope of the Zero Waste initiative and the ISO 14001:2015 Environmental Management System; and we manage policy, objectives, responsibilities, and performance monitoring elements in a harmonized manner.

We ensure legal compliance and traceability through color-coded collection, proper temporary storage, MOTAT declaration processes, and the Medical Waste Acceptance Certificate; we work with licensed recovery/disposal facilities and strengthen awareness through regular training on labeling, storage, and segregated collection. In line with our procedures and plans, we implement process improvements that reduce contaminated waste and carry out packaging optimization with our suppliers; thus, even as production volumes increase, we achieve meaningful reductions in both hazardous and non-hazardous waste quantities.

We treat the reduction of hazardous waste as a strategic priority and work systematically to decrease the amount generated per product. In this context, we provide regular waste management training to our teams, implement process improvements that limit the formation of contaminated waste, and encourage the transition to packaging options that result in less contamination together with our suppliers. While reducing waste intensity through product-based projects, we also lower packaging consumption through refillable packaging solutions and manage end-of-life waste from our products responsibly. At the same time, we regularly monitor stock materials and proactively prevent stock items from turning into waste through planning, shelf-life/lot management, and proper storage practices. By adopting this approach also for non-hazardous waste, we expand practices that strengthen efficient resource use. Despite the increase in production volume, as a result of these holistic efforts, we achieve significant reductions in both hazardous and non-hazardous wastes compared to the previous period.

In the upcoming period, our priority is to effectively reduce the amount of hazardous waste and to spread the circular economy approach across our entire value chain by actively involving our suppliers in the process. As Erte, we are transforming our waste management into a continuously improving and value-creating field of transformation through efficiency, material recovery, and design-oriented improvements.

Despite an increase in our product volume in 2024, we reduced our hazardous waste volume by 40.33% compared to 2023 and our hazardous waste volume per product by 43%.

| Waste Quantities (Tons) | | 2022 | 2023 | 2024 |
|-------------------------|--|-------------------|-------------------|-------------------|
| Hazardous Waste | Recycled Waste (Recycled packaging, waste sent for recovery) | 3.684,00 | 5.077,00 | 31.255,00 |
| | Hazardous waste dispatched to incineration plants | 375,00 | 155,00 | 301,00 |
| | Hazardous waste sent to intermediate storage | 10.589,00 | 45.526,00 | - |
| | Hazardous waste dispatched to regular storage | 2,00 | - | - |
| | Total hazardous waste | 14.650,00 | 50.758,00 | 31.556,00 |
| Non-Hazardous Waste | Recycled Waste (Recycled packaging, waste sent for recovery) | 80.120,00 | 22.730,00 | 140.546,00 |
| | Waste and Packaging Waste Sent to Solid Waste Landfill | 94.180,00 | 123.390,00 | 124.650,00 |
| | Total Non-Hazardous Waste | 174.300,00 | 146.120,00 | 265.196,00 |
| TOTAL | | 188.950,00 | 196.878,00 | 296.752,00 |





Our Greenhouse Gas Emissions

At the core of our corporate sustainability approach lie concrete actions that contribute to combating climate change. In this context, we implement our strategic practices aimed at reducing our carbon footprint with environmental responsibility and in alignment with international standards.

As Erte Cosmetics, we have been systematically continuing our ISO 14064-1 corporate carbon footprint reporting process, which we initiated in 2022. In our 2024 greenhouse gas inventory, prepared in accordance with the ISO 14064-1 standard, our emission sources under six categories were assessed, and a total of 11.428,72 tons CO₂eq (carbon dioxide equivalent) emissions were calculated.

According to the analysis of the inventory data, the source with the highest share of our total emissions was “indirect emissions from purchased goods,” classified under Category 4. This finding clearly demonstrates the critical role of sustainable supply chain management within our greenhouse gas reduction strategies. As Erte Cosmetics, we plan our actions with the aim of effectively managing this input, which constitutes a significant portion of our greenhouse gas inventory. With an approach grounded in the principle of sustainability, we are re-evaluating our procurement principles to consider the environmental impacts of product and service providers during supplier selection.

Following Category 4 emissions, logistics activities related to product shipments also remain among our high-impact areas. To effectively manage this significant source of greenhouse gas emissions, we prioritize **logistics companies that adopt green logistics principles and provide shipment consolidation and route optimization**. Through this approach, we achieved reductions in our emissions under Category 3, specifically those classified as “downstream transportation and distribution-related indirect emissions,” in 2024. We prioritize sourcing raw materials from suppliers located in closer proximity. In the upcoming period, we aim to obtain the Authorized Economic Operator (AEO) Certificate to shorten shipment durations and distances in import and export operations, thereby enabling further reductions in our Category 3 emissions.

With the rooftop solar energy system investment implemented at our production facility, **we supplied 70% of our electricity consumption from renewable sources in 2024**. As a result of our greenhouse gas inventory studies conducted in accordance with ISO 14064-1, this renewable energy investment allowed us to **achieve a reduction of 220,32 tons CO₂eq emissions under Category 2 (indirect emissions from imported energy)**.

Looking ahead, we aim to further increase the share of renewable energy and approach energy management through a more systematic framework.

| Categories | Emissions (tons CO ₂ eq) | Percentage Distribution |
|------------|--------------------------------------|-------------------------|
| CATEGORY 1 | 181,33 | %1,59 |
| CATEGORY 2 | 730,87 | %6,40 |
| CATEGORY 3 | 3.198,44 | %27,99 |
| CATEGORY 4 | 7.304,16 | %63,91 |
| CATEGORY 5 | 13,92 | %0,12 |
| CATEGORY 6 | 0 | 0 |

| Scopes | Emissions (tons CO ₂ eq) |
|---------|-------------------------------------|
| Scope 1 | 181,33 |
| Scope 2 | 730,87 |
| Scope 3 | 10.516,52 |

Location-Based 11.428,72 tons CO₂eq

Market-Based 11.428,72 tons CO₂eq

**ERTE COSMETICS HAS PREVENTED EMISSIONS EQUIVALENT TO A DIESEL
VEHICLE TRAVELING 1.297.214,31 KM BY MEANS OF THE GREENHOUSE GAS
REDUCTION ACHIEVED THROUGH THE SOLAR ENERGY INVESTMENT.
THIS DISTANCE IS EQUIVALENT TO CIRCUMVENTING THE EARTH
32 TIMES ALONG THE EQUATOR.**

* The circumference of the Earth at the equator is accepted as 40,075 km. For greenhouse gas reduction calculations, data from DEFRA 2024 source Passenger vehicles; Car by size, average car, diesel was used.



Sustainable Supply

Sourcing all our inputs responsibly—from the fragrance and aroma ingredients used in our perfume, body care, face and hair care products to alcohols/solvents, and from glass packaging to recycled (PCR) plastic packaging—forms the foundation of our product safety and brand integrity. We regard procurement not merely as obtaining the right materials, but as establishing long-term, transparent business partnerships with stakeholders who share our values. We maintain communication with our suppliers through phone calls and on-site visits, and we make a deliberate effort to choose new business partners from Istanbul and surrounding regions whenever possible in order to reduce transportation-related environmental impacts. In doing so, we support local employment and regional economic development while also prioritizing small enterprises that meet our criteria.

Our Supplier Code of Conduct is a concrete expression of our commitment to building a sustainable and ethical sourcing ecosystem. We expect our business partners to embed these principles into their operations so that we can jointly elevate product and service quality, ensure lasting customer satisfaction, and support a fair, accountable, and transparent market culture. Guided by transparency, mutual trust, and continuous improvement, we make compliance with regulations, traceability, and ethical business practices a shared standard across our value chain.

In selecting suppliers, we evaluate compliance with **SC (Social Compliance) programs, SEDEX/SMETA, ISO 9001** (Quality Management), **ISO 14001** (Environmental Management), **ISO 45001** (Occupational Health and Safety), and **ISO 22716** (Cosmetic Good Manufacturing Practices—GMP), as well as **FAMA (Disney Facility and Merchandise Authorization)** requirements. Through such evaluation, we actively encourage our suppliers to adhere to standards and pursue continuous improvement.

We continue to update our Supplier Code of Conduct and strengthen our monitoring and evaluation approach by regularly reviewing our supplier selection criteria, progressing in line with a planned schedule.



By 2024, we will have ensured that 100% of new suppliers comply with environmental compliance, human rights, and occupational health and safety principles.



RESPECT FOR HUMANITY





An Honest, Fair, True-to-its-Word ERTE

As Erte Cosmetics, we consider treating all our employees and stakeholders in accordance with human rights not merely a duty, but an essential element of human dignity. With this understanding, we adopt a human-centered approach in our methods of business conduct, in our internal team relations, and in all dialogues we establish with our stakeholders.

From recruitment processes to daily operations, equality and inclusiveness form the foundation of all our human resources practices. Our recruitment policy is based on merit, competence, and alignment with our corporate culture—regardless of religion, language, race, gender, age, disability status, or any other form of difference.

In order to strengthen our approach to human rights on an institutional level, we joined the United Nations Global Compact in 2022. This global framework not only clarifies *what* we must do but also *how* we must do it; and under the leadership of our Human Resources department, we implemented our “Social Compliance Policy.”

- We respect the fundamental human rights of all our employees and business partners; we have a zero-tolerance policy towards rights violations.
- We oppose all forms of discrimination and do not permit marginalization based on gender, ethnicity, age, religion, disability, or any other reason.
- We provide equal opportunities and establish a fair working environment.
- We prioritize providing all our employees with fair wages, safe conditions, and a healthy work environment.
- We support freedom of association and collective bargaining, encouraging our employees' determination to defend their rights.
- We take a clear and uncompromising stance against forced labor, child labor, and all forms of inhumane practices.
- We offer social rights and leave policies that improve our employees' quality of life, not just as a right, but as a sign of respect.
- We take all necessary measures to prevent human rights violations.

We make such commitments an integral part of our corporate culture through our “Business Ethics Training” and “Business Ethics Handbook.” We extend our human-centered approach beyond internal practices to encompass our entire supply chain. The Supplier Rules we share with our business partners clearly demonstrate that these values are a shared responsibility not only for us but for all stakeholders we work with.

Complaint Mechanism

In line with our sustainability approach, we operate a transparent Feedback and Grievance Mechanism that enables our employees and stakeholders across our value chain to voice their concerns. This mechanism is open to our entire value chain; in addition to our employees, our suppliers, subcontractors, business partners, distributors/customers, and local community representatives can directly access and use these channels.

Notifications may be submitted anonymously or with identification through the on-site Feedback and Grievance Box, or remotely via the email address ethics@ertecosmetics.com and the Human Resources telephone line. Confidentiality is essential at every stage of the process, and our non-retaliation principle applies to all stakeholders.

The boxes are opened by the Human Resources department between the 20th and the end of each month; notifications are evaluated with an equal, impartial, and evidence-based approach. Issues are classified under the categories of anti-bribery and anti-corruption, anti-discrimination and anti-harassment, employee rights and working conditions, and occupational health and safety. Required corrective/preventive actions are identified and submitted to management; approved improvements are implemented and their closure is monitored by our Feedback and Grievance Committee.

Our open-door policy complements this structure: managers are expected to listen to employees with empathy and without judgment, enabling early identification of concerns and the development of rapid and lasting solutions.



In 2024, a total of 21 reports were received through our network, all of which were carefully evaluated and resolved at the end of the process by initiating the necessary improvement measures.



Employee Engagement

We recognize that work is not solely about production; therefore, we act with great care to provide a working environment where our employees feel valued, safe, and motivated. We meticulously consider every detail—from physical conditions to social facilities—and build a work culture grounded in respect and inclusiveness.

We approach employee well-being holistically and design our compensation policy fairly and transparently, based on the nature of the role, the employee's experience, and the internal salary scale. During the job offer stage, all salary and benefits are communicated clearly, while annual salary increases are planned in January in a balanced and performance-focused manner, taking into account the company's performance in the previous year, official inflation data, sectoral trends, and macroeconomic indicators. Throughout this process, we prioritize fairness, balance, and consistency.

In order to ensure that our employees can benefit from healthcare services as effectively as possible, we provide all personnel with Supplementary Health Insurance. Through such practice, we enable them to access private healthcare services at broader coverage and lower cost, integrated with the social security system.

In order to enhance the employee experience, we offer one additional day of leave to be used within three months following an employee's birthday. So as to support work-life balance, we provide access to contracted childcare services, within legal requirements, for our female employees with children aged between 24–60 months. Through this practice, we both encourage women's employment and strengthen commitment and continuity within the organization.

Supporting our employees in achieving their individual career goals forms the foundation of our Human Resources approach. In line with clearly defined role profiles and competency expectations for each position, we operate a systematic structure that supports development. Throughout the year, regular feedback and goal-setting meetings are held between managers and teams, and personalized development plans are created based on the outcomes of these discussions. Organizational needs and employee competencies are evaluated together, and when appropriate, appointment and promotion decisions are implemented with transparent criteria.

With the goal of cultivating future leaders and experts from within the organization, we provide functional development programs, coaching/mentoring practices, and rotation opportunities. Our Career Management System includes clear and understandable criteria for job changes, assignments, and role transitions. We review staffing plans twice a year (February and July), update workforce planning accordingly, and announce emerging opportunities to our existing employees first.

In 2024, we supported the development of a total of 30 colleagues by conveying them to a new stage in their careers and guiding them to a more advanced level.



Birce BAPİR
Product Specialist

Working at Erte Cosmetics is both enjoyable and rewarding for me. It is a pleasure to be part of a team that always prioritizes customer satisfaction. Thanks to its dynamic structure, I am constantly learning, developing, and finding opportunities to contribute. We work with a team that is competent in their field, solution-oriented, and passionate about their work. I believe our ability to respond quickly and accurately to issues, along with our friendly approach, sets us apart. We add value to the environment and society through waste management, energy conservation, and social responsibility projects. These efforts demonstrate that the company is not just a manufacturer but also an institution that provides social benefits.



Abidin UYAR
Finished Goods
Warehouse Team
Leader

I have been working at Erte Cosmetics since 2005. We are a family that prioritizes quality above all else, maximizes customer satisfaction, and embraces innovation and opportunity. As a technical team, I should mention that we are a team capable of providing the best answers to any questions asked. Our company structure is part of an operational process that can cater to every customer with a wide range of products. As a team that prioritizes a friendly business approach, we are delighted to be part of this process. At Erte Cosmetics, the importance we attach to occupational health and safety is one of our most important distinguishing features. I would like to thank Erte Cosmetics, which stands by its employees in good times and bad, never withholds its support, and moves forward with even more confidence into the coming years, and I wish for the continuation of our successful years.

Breast Health Seminar

As part of Breast Cancer Awareness Month, we organized an informative seminar for our female employees in collaboration with the Breast Surgery Center at IAÜ VM Medical Park Hospital. During the event, we shared information on the importance of early diagnosis, the necessity of regular check-ups, and basic facts about breast health. With this seminar, we aimed to support our employees' health awareness, contribute to their quality of life, and strengthen social awareness.



Strategic Growth Workshop

During the two-day Leadership Summit held as part of our Strategic Growth Workshop in Antalya in May, we discussed the strategic role of new generation leadership in our company's growth. Throughout the program, our trainers guided us with their valuable contributions, helping us strengthen our leadership vision and move forward with more solid steps toward the future.



Gifts for Special Occasions

In order to create a work environment supporting well-being and motivation, we handed out meaningful gifts on special occasions such as New Year's, Mother's Day, and Father's Day. While conducting the selection and distribution processes with a fair and inclusive approach, we aligned with our sustainability principles by prioritizing local producers and low-environmental-impact alternatives whenever possible. We helped making our employees feel valued by selecting such meaningful gifts.



Stationery Package

In order to support our employees' children on their educational journey and strengthen equal opportunities, we handed out comprehensive stationery packages to 105 students of elementary school age and above. Including basic school supplies, we aimed to facilitate our families' preparations for the school year, alleviate the increased financial burden associated with the start of school, and ensure our children begin their studies with greater motivation. We plan to continue the program at regular intervals in the future, expand the scope, and continuously improve the content thereof based on the actual needs.



LİDERLİK ZİRVESİ

Şirketimizin stratejik büyümesi için gelecekte ihtiyaç duyulan yeni nesil liderliğin rolünü tüm yöneticilerimizin katılımları ile gerçekleştirilen Liderlik Zirvesi gündeminde konuştuk.

İki günlük bu öğrenme ortamında eğitimci olarak gelişim yolculuğumuza **Özgür GÜREŞ** ve **Ayla TÜRKMEN** eşlik etti.

Her şey daha güçlü bir **ERTE KOZMETİK** için!



New Year's Organization

In order to share the spirit of unison this year, we organized a New Year's dinner attended by our blue-collar and white-collar colleagues. At the event, we focused on enhancing interaction between teams while ensuring an inclusive gathering experience. We created a pleasant environment for sharing that strengthened employee experience and corporate belonging.



Bonus Support

We position our bonus program as a strong part of our employee value proposition. We made bonus payments four times a year, during religious holidays, May 1 Labor and Solidarity Day, and New Year's. We manage this program as part of our overall reward and recognition approach, guided by principles of fairness, predictability, and transparency. We share the announcement and payment schedule in advance, enabling our employees to plan accordingly. This approach makes effort and contribution visible, provides economic flexibility for holiday and year-end spending, and strengthens motivation and organizational commitment.

Bowling Tournament with Employees

In order to strengthen employee engagement and team spirit, we organized a bowling tournament with the participation of teams from different departments. Throughout the event, we reinforced teamwork and communication; we created an inclusive and enjoyable ambiance supporting work-life balance.



Gift for the newlyweds

We view new marriages as one of the milestones in life that our corporate culture values; we celebrate such blissful occasions with a special gift. We take pride in being able to accompany all our employees in their beautiful moments outside of work life, and we share their joy. We regularly improve the timing and communication methods of the process by taking feedback into consideration.



Baby Benefits

In order to share in the joy of every new addition to our family, we give gift cards to our colleagues who have a baby. With this practice, we provide flexibility in meeting the needs of the new birth period while tangibly showing our employees that we are with them on their parenting journey.

GELECEK
biziz.



Contribution to Society

Cosmetic Stars Mentorship Project

In addition to our Development Center and Talent Pool programs, which unlock the potential of our employees, we also support young people.

As Erte Cosmetics, we launched the Cosmetics Stars Project in collaboration with the Future is Clearer Youth Platform, opening up our experience to young people aiming for a career in the industry. In the mentorship program we launched in April 2024, we paired 10 volunteer mentors from our company with 10 young people who want to shape their careers in cosmetics.

Each pairing consisted of a total of three meetings focusing on warming up and discovering resources, areas of interest, career goals, and goal identification.



Cap Donation to the Spinal Cord Injury Association

We ran a plastic cap collection campaign, combining social benefit with our circular economy approach. By delivering the collected caps to the Spinal Cord Injury Association, we contributed to getting wheelchairs to individuals in need. With the voluntary participation of our employees, we both supported accessibility and raised awareness of recycling. Since 2020, we have collected 99 kilograms of caps through this initiative.

Regular Food Support for Street Animals

In line with our social responsibility approach, we provided regular food support for stray animals. With the contributions of our employees, we procured the food and delivered such to designated feeding points.

"Rebirth" Exhibition

Inspired by the transformative power of art, we organized an exhibition themed "Rebirth." With this exhibition, we created an inspiring meeting place for our employees and visitors, drawing attention to the concepts of renewal, hope, and sustainability. We made this event, which strengthens the place of art and social awareness in our corporate culture, part of creating value together with our stakeholders.



Partner School - Winter Clothing Support

In order to support equal opportunities in education, we sent coats and boots to our sister school in Ağrı, Şehit Uzman Çavuş Tuncer Doğan Middle School. We determined the needs in collaboration with the school administration, paying attention to size and fit, and managed the logistics process in a planned and transparent manner. With this support, we contributed to the students' ability to continue their education more comfortably in winter conditions.



Awareness Activities

On symbolic days of the social and environmental agenda—such as World Environment Day and International Women's Day—we published informative content on our corporate social media accounts. In these posts, we highlighted the scope and messages of these days to draw the attention of our stakeholders; we aimed to raise awareness and foster a shared consciousness on sustainability issues.





Training and Development Activities

We continuously invest in the professional and personal development of our employees. We prepare our annual training plans in light of current business requirements and employee feedback; in addition to technical training, we offer rich content in the areas of leadership, digital skills, sustainability, and personal development. In line with our goal of making learning continuous, we plan to gradually implement e-learning platforms along with mentoring and coaching applications; thereby aiming to make our development steps more systematic and effective.



We increased the average training time per person from 125 hours in 2023 to 132 hours in 2024 in line with our competency development goals.

Diversity and Inclusion

We consider diversity as the source of our corporate strength; we offer equal opportunities to all our colleagues without discrimination based on religion, language, race, gender, age, or disability. As of 2024, we have observed that 73.2% of our employees are women and 52% of our managers are women. Compared to 2023, we have achieved a 2% increase in the percentage of female managers. This increase clearly demonstrates the effectiveness of our inclusive recruitment and development programs. Our anti-discrimination policy is communicated to all our employees in a clear and understandable manner. In this context, we evaluate the reports submitted through effective and impartial mechanisms, and we strictly apply the principles of confidentiality and non-retaliation. Through inclusive leadership training, awareness workshops, and support processes for employees with disabilities, we continuously strengthen a safe working environment where diversity is valued; we uphold the principles of equality, respect, and justice as indispensable standards of our work culture.

| Employee demographic distribution | 2023 | 2024 |
|---|------|------|
| Total number of employees | 330 | 339 |
| Total number of female employees | 240 | 248 |
| Total number of male employees | 90 | 91 |
| Number of female white-collar employees | 58 | 56 |
| Number of male white-collar employees | 34 | 36 |
| Number of female blue-collar employees | 177 | 186 |
| Number of male blue-collar employees | 43 | 50 |
| Number of employees with disabilities | 8 | 11 |

Occupational Health and Safety

As an organization, we comply with existing laws and regulations regarding workplace safety and employee health. We provide safe and healthy working conditions for everyone, from our employees to our suppliers and business partners.

At Erte Cosmetics, occupational health and safety is one of our top priorities within the organization; in this regard, we operate an Occupational Health and Safety Committee, regularly assess operational risks, and meet at least once every two months. We analyze identified risks along with their root causes and resolve them quickly. When an accident occurs, we perform root cause analysis and aim to reduce accident rates through the measures we take. Since flammable and explosive substances are used in chemical processes, we prioritize fire prevention measures. In this context, we provide regular information and awareness training to all personnel. We provide new employees with 12 hours of basic occupational health and safety training, informing them of their legal rights and responsibilities, introducing them to the work environment, and implementing annual training plans based on their department.

We provide our employees with all the personal protective equipment appropriate for their work. We regularly inspect and maintain equipment and machinery both through our in-house technical staff and accredited organizations. We provide all our employees with a safe and healthy working environment, continuously improve occupational health and safety, and steadfastly pursue our efforts to prevent workplace accidents.



We conducted two OSH drills in 2024

| Occupational Health and Safety | 2024 |
|---|-------|
| Number of work-related fatalities | 0 |
| Number of high-consequence work-related injuries (excluding fatalities) | 4 |
| Rate of high-consequence work-related injuries (excluding fatalities) | 49,28 |
| Number of recordable work-related injuries | 5 |
| Rate of recordable work-related injuries | 64,50 |
| Number of days lost due to work-related injuries, fatalities, and illnesses | 30 |
| Severity rate of accidents | 4 |
| Occupational disease rate | 0,72 |
| Lost Time Injury (LTI) frequency rate for direct workforce | 5,32 |
| Lost Time Injury (LTI) severity rate for direct workforce | 39,95 |

**Ratios are calculated based on 1,000,000 working hours.*



Customer Health and Safety

As Erte Cosmetics, we prioritize the health and safety of our consumers and customers throughout our value chain, managing all our processes in accordance with international standards to minimize risks without compromising product quality. In line with this, we hold ISO 9001 Quality Management System, ISO 22716 Cosmetic Good Manufacturing Practices, BRCGS CP, ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System, and Sedex social compliance certificates. In addition to international standards such as European and FDA standards, we comply fully with local laws and regulations to provide our customers with reliable, high-quality, and safe products.

We meticulously manage our production process at every stage, from raw material procurement to packaging. When we add a new product to our portfolio, our team of experts tests such for compliance with relevant standards and regulations. Once we meet the quality and safety criteria, we transparently document the results and share with consumers. We conduct dermatological suitability, protective efficacy, and performance analyses (SPF, UVA/UVB protection factor, water resistance, usage, and ophthalmological evaluations) in accredited laboratories. Following the completion of the tests, we prepare a Product Information Sheet and Product Safety Assessment to document the toxicological safety of the raw materials used.

We determine our quality objectives within the scope of the Quality Management System based on customer expectations, Good Manufacturing Practices, hygiene, and occupational safety standards; we identify areas for improvement through regular reporting and continuously strive for improvement.

We place continuous improvement of the customer experience at the heart of our approach; we systematically measure expectations and perceptions through regular customer satisfaction surveys. We analyze data collected through multi-channel feedback in accordance with privacy principles; we clarify trends, root causes, and areas for improvement. We periodically follow up on the closure of actions we have created for process improvements, service levels, and customer communication; we aim to permanently increase satisfaction with a transparent, measurable, and repeatable management model. Thanks to this closed-loop approach, we don't just listen to our customers' voices, we turn such into concrete results.



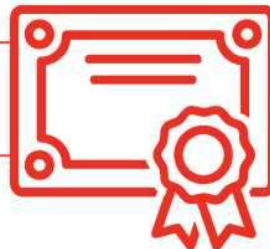
Tests and Analyses Applied for Product Safety

| | |
|-----------------------------|---|
| Raw Material Safety | Supplier documentation, allergen, heavy metal, and pesticide analyses, stability and purity tests |
| Formulation Safety | Microbiological tests, preservative efficacy tests (Challenge Test), Stability test |
| Finished Product Safety | Dermatological Test (Patch Test), Eye and Mucosa Compatibility Test (Ophthalmological Test) and Toxicological Assessment (Safety Assessment Report) |
| Performance and User Safety | Efficacy Test (Moisturizing Test, TEWL Test, SPF, UV-PF, Water Resistant Test) and User Test (User Trial Test) |

We manage our production operations in a fully compliant manner with European quality standards and Good Manufacturing Practice (GMP) principles, ensuring our processes are traceable, safe, and efficient.



We aim to obtain the International Featured Standards - Home and Personal Care (IFS HPC) certification.



We base our marketing and labeling on transparency, accuracy, and respect for consumer rights. We share product contents, usage instructions, and health and safety warnings in a clear and understandable manner, in accordance with applicable legislation and relevant standards; we avoid misleading statements and support all our claims and promises with verifiable data. Our ethical, fair, competitive, and transparent approach to marketing strengthens customer trust while enhancing our brand value in the long term and ensuring a consistent, traceable corporate stance across all communication channels.

Ingredients list

Warnings regarding product use in three different languages: Turkish, English, and the customer's native language



Flammable cosmetic liquid symbol



Informative visuals regarding recyclable product packaging and product use period





Quality and R&D

We meet consumer expectations and industry dynamics with our product portfolio designed using innovative and sustainable formulation technologies. We manage all our processes, from R&D to production, prioritizing human and environmental health, in accordance with responsible packaging principles and international standards; we position ourselves as a reliable solution partner for our customers with consistent quality, speed, and flexibility.

We adopt an innovation approach integrated with our sustainability goals; in this regard, we are strengthening our R&D investments. **We design our production operations in full compliance with European quality standards and Good Manufacturing Practice (GMP) principles, managing our processes in a traceable, safe, and efficient manner.** Our highly equipped, versatile filling lines and flexible labeling capacity enable us to respond quickly to different product types while simultaneously increasing efficiency and product quality.

Our experienced R&D team and quality control and microbiology laboratories enable us to develop customer-focused, safe, and effective formulations. Through the joint efforts of our Quality, Innovation, and R&D teams, we integrate our innovative investments with a “sustainable economy” approach, offering solutions that reduce our environmental impact without compromising product safety and performance. This approach tangibly supports our goal of establishing a strong and lasting position in local and global markets.

Our Priorities in R&D and Sustainability

As Erte Cosmetics, we place great importance on combining innovation with sustainability in the world of beauty and personal care. Our goal is not only to develop effective and reliable products, but also to create value for the environment and society.

Natural and Responsible Raw Materials

In selecting the raw materials we use, we prioritize naturalness, traceability, and environmental impact criteria. By choosing plant-based ingredients obtained from renewable sources and materials sensitive to the ecosystem, we aim to reduce our carbon footprint. Additionally, through certified and ethically sourced supply chains, we ensure trust and transparency for our consumers.

Trend Technologies and Innovative Approaches

Our R&D team closely follows new-generation technologies in the cosmetics sector, including biotechnological ingredients, water-saving formulations, and solid-form products. Through this approach, we develop innovative solutions that meet consumer needs while supporting environmental sustainability.

Sustainability in Formulations

During the formulation phase, we prioritize minimizing water usage, selecting ingredients compatible with recyclable packaging, and delivering high performance with low environmental impact. We continue to expand our commitment to developing products that are cruelty-free and aligned with vegan principles. By using encapsulation technologies, we increase the bioavailability of active ingredients, achieving high efficacy even at lower concentrations. We design our formulations according to biodegradability criteria and contribute to water conservation through our waterless solutions.

Our goal with our R&D department is to become a pioneer in the industry with state-of-the-art products redefining the concept of beauty and which are both human and nature-friendly. Supported by scientific research, our innovations aim to offer consumers not only quality but also a sustainable future. Every product we create is produced with the responsibility of giving back to nature what we take from it. Because we believe that the beauty of the future is only possible through sustainability.





RESPECT FOR ETHICAL RULES





Respect for Ethical Rules

We conduct our operations with strict adherence to ethical principles and do not tolerate any practices that may lead to corruption, bribery, or conflicts of interest. In all our business processes, we prioritize fairness, transparency, and accountability; and through the ethical rules we define for our employees, business partners, and suppliers, we secure an equitable, responsible, and honest working culture.

In order to embed the ethical culture across the entire organization, we have prepared the **Code of Business Ethics and Operation Principles Handbook** and support it with regular training programs. Our handbook includes provisions on ethical compliance principles and responsibilities, data and information security, prevention of conflicts of interest, reporting of ethical violations, and the operating principles of the Ethics Committee. This structure enables us to manage ethical risks proactively and to consistently maintain high corporate awareness.

We conduct ethical governance through the Ethics Committee, which consists of three members—one chair and two members—appointed by our Chairperson of the Board. Through the **Ethics Committee**, we plan and implement training and communication activities aimed at increasing the awareness of our employees on ethical matters, and we oversee the effective implementation of applicable legislation as well as the Code of Business Ethics and Operation Principles across all our areas of activity. We evaluate complaints and notifications regarding these matters and coordinate the resolution processes.

Ethics Violation Reporting Process

Notifications regarding behaviors that violate ethical principles and rules may be submitted in writing, verbally, or via e-mail (etik@ertecosmetics.com). We promptly review applications submitted to the Ethics Committee, organize the necessary meetings, collect relevant information and documents, and finalize the applications within a maximum of two weeks. We report the evaluation results to our Chairperson of the Board and immediately put approved decisions into effect.

We rigorously protect confidentiality throughout the reporting processes and ensure that whistleblowers are safeguarded against retaliation. All investigations are conducted in accordance with the principles of impartiality and privacy. In the event of a confirmed violation, we impose the necessary sanctions in line with the Disciplinary Procedure and the Personnel Regulations, and we implement corrective and preventive measures to ensure that unethical behaviors do not recur.

Through this framework, we position ethical governance as an integral part of our sustainability performance, and we permanently safeguard our responsibility to stakeholders, legal compliance, and our corporate reputation.

Ethics Policy

At Erte Cosmetics, we place ethical values at the heart of our business and conduct all our activities with integrity, transparency, and a sense of responsibility. Our Ethics Policy, created to guide a wide range of stakeholders from our Board of Directors to our employees, suppliers, and business partners, is an integral part of our corporate culture.

Our policy encompasses full compliance with laws and regulations, honesty, fair treatment of competitors, protection of confidentiality, fulfillment of responsibilities to shareholders, transparency in relations with public authorities, political organizations, and the media, establishing trust-based relationships with suppliers and business partners, respect for human rights and the environment, prevention of harassment, bullying, and all forms of misconduct, proper representation of the company, prevention of money laundering, and ensuring the fight against bribery and corruption.

While our senior management takes the lead in embracing these values within the organization, all our employees are expected to act in accordance with these principles. Even in matters not explicitly covered in our policies, we act in accordance with the spirit of our ethical values and continuously fulfill our responsibilities to our stakeholders.

Erte Cosmetics' Ethical Policy is not merely a set of rules to be followed, but a fundamental value system that illuminates our path to sustainable success.





Information Security

We protect the confidentiality of our company's financial and commercial secrets, information that could weaken our competitive strength, employee rights, and financial and commercial secrets, information that could weaken our competitive strength, employee rights and data, and agreements made with our business partners in accordance with the Personal Data Protection Law No. 6698; we act with diligence to ensure the security of this information. We fully comply with applicable legislation and our Information Security Management Policy when processing legal and personal data relating to our customers, employees, business partners, and suppliers.

We protect all records kept at our organization with physical and electronic safeguards. We support data security with firewalls and antivirus software. Access to these records is managed through role-based access principles appropriate to the defined roles of authorized personnel.

To support the protection of information security, we require every employee joining our team to sign a "Confidentiality and Security Commitment." Our Information Technology Department regularly monitors all personnel's compliance with the terms of this commitment and ensures that data is protected. When we detect a potential information security incident, we immediately implement our Data Breach Procedure. We identify the source of the incident, document the process by preparing an Information Security Incident Report, and implement the necessary corrective measures. We aim to obtain ISO 27001 - Information Security Management System certification in the future. In this way, we continuously strengthen our information security culture and continue to fulfill our responsibilities to our stakeholders.

| Ethics-Related Indicators | 2023 | 2024 |
|---|------|------|
| Percentage of all employees participating in ethics training | 11,3 | 6,40 |
| Employees' awareness levels regarding ethical issues (on a scale of 1-5 points) | 4 | 4 |
| Number of managers who have received ethical leadership training | 19 | 8 |
| Total number of ethical complaints received | 0 | 0 |
| Number of incidents related to bribery and corruption | 0 | 0 |
| Number of complaints related to bribery and corruption | 0 | 0 |
| Number of confirmed corruption incidents | 0 | 0 |

We are aiming for ISO/IEC 27001 certification; we are continuously developing our information security culture and strengthening our responsibility towards our stakeholders.

Zero Tolerance for Corruption and Bribery

We build our relationships with all our stakeholders—from the companies we purchase products and services from, to their employees, to our business partners, suppliers, and agents—on our stance against corruption and bribery. We plan to transform this approach from a mere principle into a living governance system.

In this regard, we aim to clearly define unacceptable behavior, clarify expectations and responsibilities, and guide our stakeholders in practice through the Anti-Bribery and Corruption Procedure we are preparing. Thus, we strengthen our sustainable business models with a defined and functioning system in this area; we maintain our honest, consistent, and transparent cooperation with our employees and all our stakeholders without interruption.

Bribery and Corruption Related Indicators

2024

Number of information security breaches experienced

0

Number of information security complaints received

0





ANNEXES





Performance Indicators

OPERATIONS AND SUPPLY CHAIN PERFORMANCE INDICATORS

| Number of Suppliers | 2023 | 2024 |
|-----------------------------------|--------|--------|
| Number of local suppliers | 140,00 | 170,00 |
| Number of international suppliers | 70,00 | 105,00 |
| Total number of suppliers | 210,00 | 275,00 |
| Number of newly added suppliers | 7,00 | 15,00 |
| Supplier Assessment (%) | 2023 | 2024 |

Percentage of new suppliers assessed using environmental criteria %100 %100

Percentage of new suppliers evaluated using social criteria %100 %100

Compliance with Laws and Regulations

Fines paid (TL) due to non-compliance with laws and regulations during the reporting period 0 0

Fines paid (TL) during this period for non-compliance cases that occurred in previous reporting periods 0 0

ENVIRONMENTAL PERFORMANCE INDICATORS

Water Consumption

Total water consumption (m3) 8.858,00 8.682,00

Water Footprint

Blue water footprint (m3) 12.872,91 8.768,00

Grey water footprint (m3) 228,66 1.617,40

Green water footprint (m3) 0,00 0,00

Energy Consumption

Natural Gas Consumption (kWh) 425.890,33 436.328,87

Fuel Consumption in Generators and Vehicles (Liters) 14.588,99 12.156,78

Block A Electricity Consumption (kWh) 1.102.232,53 1.157.334,52

Block C Electricity Consumption (kWh) 527.897,61 496.221,20

Waste Quantity (tons)

Recycled waste 22.730,00 140.546,00

Non-Hazardous Waste Quantity Waste sent to solid waste landfill 123.390,00 124.650,00

Total non-hazardous waste 146.120,00 265.196,00

Recycled waste 5.077,00 31.255,00

Hazardous Waste Quantity Waste sent to incineration plant 155,00 301,00

(tons) Waste sent to intermediate storage 45.526,00 -

Total hazardous waste 50.758,00 31.556,00

Total Waste Quantity (tons) 196.878,00 296.752,00

Greenhouse Gas Emissions

Scope 1 (tCO2e) 123,45 181,33

Scope 2 (tCO2e) 714,82 730,87

Scope 3 (tCO2e) 5.501,36 10.516,52

Total emissions (tCO2e) 6.340,00 11.428,72

SOCIAL PERFORMANCE INDICATORS

Labor Force

Total hours worked 2.400,00 2.400,00

Number of Turkish employees 330,00 339,00

Number of foreign employees 0 0

Number of disabled employees 8 11

Total number of female employees hired 92 68

Total number of male employees hired 41 32

Number of university student interns 5 5

Number of permanent contract employees 330 339

Number of fixed-term contract employees 0 0

Employee Distribution by Gender 2023 2024

Number of employees 330 339

Number of female employees 240 248

Number of male employees 90 91

Percentage of female employees 72,7 73,2

Percentage of male employees 27,3 26,8



| Employee Distribution by Gender | 2023 | 2024 |
|--|------|------|
| Number of female white-collar employees | 58 | 56 |
| Number of male white-collar employees | 34 | 36 |
| Number of female blue-collar employees | 177 | 186 |
| Number of male blue-collar employees | 43 | 50 |
| Employee Distribution by Title and Average Years of Service | 2023 | 2024 |
| Senior managers | 12 | 15 |
| Middle managers | 8 | 10 |
| Specialists & Blue-Collar Workers | 263 | 287 |
| Employee Distribution by Age | 2023 | 2024 |
| Number of employees under 30 years old | 78 | 81 |
| Number of employees between 30 and 50 years old | 225 | 229 |
| Number of employees over 50 years old | 27 | 29 |
| Number of Employees Returning to Work After Maternity Leave | 2023 | 2024 |
| Number of female employees taking maternity leave | 5 | 4 |
| Number of female employees returning from maternity leave | 3 | 2 |
| Diversity and Equality | 2023 | 2024 |
| Average gross hourly earnings gap between male and female employees | 50 | 70 |
| Customer Health and Safety | 2023 | 2024 |
| Non-compliance incidents related to product health and safety regulations during the reporting period | 0 | 0 |
| Customer Privacy | 2023 | 2024 |
| Total number of verified complaints received regarding breaches of customer privacy | 0 | 0 |
| Total number of identified customer data leaks, thefts, or loss cases | 0 | 0 |
| Marketing and Labeling | 2023 | 2024 |
| Number of cases of non-compliance with regulations and/or voluntary rules regarding product/service information and labeling | 0 | 0 |
| Total number of cases of non-compliance with regulations and/or voluntary rules regarding marketing communications (advertising, promotions, and sponsorships) | 0 | 0 |

| Complaint Mechanism | 2023 | 2024 |
|---|-------|-------|
| Number of complaints received by the complaint mechanism | 1 | 21 |
| Number of complaints resolved annually | 1 | 21 |
| Number of complaints resolved | 1 | 21 |
| Percentage of all employees participating in ethics training (%) | 11,3 | 6,4 |
| Employees' awareness levels regarding ethical issues (Score: 1-5) | 4 | 4 |
| Number of managers who received ethics leadership training | 19 | 8 |
| Number of complaints received regarding discrimination | 0 | 0 |
| Number of complaints received regarding harassment | 0 | 0 |
| Number of complaints received regarding bribery | 0 | 0 |
| Information Security | 2023 | 2024 |
| Number of information security breaches experienced | 0 | 0 |
| Percentage of personnel who received information security training | 100 | 100 |
| Occupational Health and Safety | 2023 | 2024 |
| Number of employees covered by the occupational health and safety management system | 330 | 339 |
| Number of fatalities resulting from work-related injuries | 0 | 0 |
| Work-related injury fatality rate (%) | - | 0 |
| Number of work-related injuries with high consequences (excluding fatalities) | - | 4 |
| Work-related injury rate with high consequences (excluding fatalities) (%) | - | 49.28 |
| Number of recordable work-related injuries | - | 5 |
| Recordable work-related injury rate (%) | - | 64.60 |
| Number of days lost due to work-related injuries, deaths, and illnesses | 8 | 30 |
| Accident severity rate | 4 | 4 |
| Occupational disease rate* | 0,203 | 0,72 |
| Accident frequency rate* | 5,22 | 5,33 |
| Frequency rate of lost-time injuries (LT I) for direct labor* | 5,43 | 5,33 |
| Severity rate of lost-time injuries (LT I) for direct labor* | 10,86 | 39,95 |
| *Ratios are calculated based on 1,000,000 working hours. | | |



GRI Index

Statement of Use: Erte Cosmetics Industry and Trade Inc. has reported in accordance with GRI Standards for the period from January 1, 2024 to December 31, 2024. GRI 1 used: GRI 1 - Core 2021

| GRI STANDARD | LOCATION, PAGE | REMARKS |
|--|---|--|
| GRI 2: GENERAL DESCRIPTIONS 2021 | | |
| 2-1 Corporate information | About Erte Cosmetics & Export Network: Page 5,7 | |
| 2-2 Units included in the organization's sustainability reporting | About Erte Cosmetics: Page 5 | |
| 2-3 Reporting period, frequency, and point of contact | About the Sustainability Report: Page 3 | |
| 2-4 Restatement of information | | The report does not contain any restated information. |
| 2-5 External assurance | | The report has not undergone any external assurance review. |
| 2-6 Activities, value chain, and other business relationships | About Erte Cosmetics, Export Network, Memberships, Product Range: Pages 5, 7, 9, 10 | |
| 2-7 Employees | Diversity and Inclusion: Page 29 | |
| 2-8 Non-employee workforce | | There is no non-employee workforce. |
| 2-9 Governance structure and composition | About Erte Cosmetics: Page 5 | |
| 2-10 Nomination and election of the highest governance body | | Information has not been shared due to confidentiality. |
| 2-11 Chair of the highest governance body | Chairman's Message: Page 4 | |
| 2-12 Role of the highest governance body in overseeing the management of impacts | About Erte Cosmetics: Page 5 | |
| 2-13 Delegation of responsibility for managing impacts | | Information has not been shared due to confidentiality. |
| 2-14 Role of the highest governance body in sustainability reporting | Chairman's Message: Page 4 | |
| 2-15 Conflicts of interest | About Erte Cosmetics: Page 5 | |
| 2-16 Communication of critical concerns | Complaint Mechanism: Page 24 | |
| 2-17 Collective knowledge of the highest governance body | Chairman's Message: Page 4 | |
| 2-18 Performance evaluation of the highest governance body | Chairman's Message: Page 4 | |
| 2-19 Compensation policies | Contribution to Employees: Page 25 | |
| 2-20 Compensation determination process | Contribution to Employees: Page 25 | |
| 2-21 Annual total compensation ratio | | Data has not been shared for confidentiality reasons. |
| 2-22 Sustainable development strategy statement | Chairman's Message: Page 4 | |
| 2-23 Policy commitments | Sustainable Supply, Honest, Fair, True to Its Word, Respect for Ethical Rules: Pages 22, 24, 34 | |
| 2-24 Internalization of policy commitments | Sustainable Procurement, Honesty, Fairness, Integrity, Respect for Ethical Rules: Page 22, 24, 34 | |
| 2-25 Remediation processes for adverse impacts | Complaint Mechanism: Page 24 | |
| 2-26 Mechanisms for receiving advice and raising concerns | Complaint Mechanism: Page 24 | |
| 2-27 Compliance with laws and regulations | | There were no non-compliance issues with laws and regulations during the reporting period. |
| 2-28 Membership associations | Memberships: Page 9 | |
| 2-29 Stakeholder engagement approach | Interaction with Stakeholders: Page 15 | |
| 2-30 Collective bargaining agreements | | There is no collective bargaining agreement. |



| GRI STANDARD | LOCATION | EXPLANATIONS |
|---|--|---|
| GRI 3: MATERIAL ISSUES 2021 | | |
| 3-1 Process for identifying important issues | Approach to Sustainability: Page 14 | |
| 3-2 List of important issues | Approach to Sustainability: Page 14 | |
| GRI 204: PURCHASING PRACTICES 2016 | | |
| 3-3 Management of important issues | Sustainable Procurement: Page 22 | |
| 204-1 Ratio of expenditures made to local suppliers | Sustainable Procurement: Page 22 | |
| GRI 205: ANTI-CORRUPTION 2016 | | |
| 3-3 Management of important issues | Zero Tolerance for Corruption and Bribery: Page 35 | |
| 205-1 Operations assessed for risks related to corruption | Zero Tolerance for Corruption and Bribery: Page 35 | |
| 205-2 Communication and training on anti-corruption policies and procedures | Respect for Ethical Rules, Zero Tolerance for Corruption and Bribery: Pages 34, 35 | |
| 205-3 Verified cases of corruption and actions taken | Zero Tolerance for Corruption and Bribery: Page 35 | |
| GRI 301: MATERIALS 2016 | | |
| 3-3 Management of key issues | Responsible Resource Consumption: Page 19 | |
| 301-1 Materials used by weight or volume | | Information has not been shared due to confidentiality. |
| 301-2 Input materials from recycled sources used | | Information has not been shared due to confidentiality. |
| 301-3 Recovered products and packaging materials | | Information has not been shared due to confidentiality. |
| GRI 303: WATER AND WASTEWATER 2018 | | |
| 3-3 Management of key issues | Our Water Management & Wastewater Management: Page 18 | |
| 303-1 Interactions with water as a shared resource | Our Water Management & Wastewater Management: Page 18 | |
| 303-2 Management of impacts related to water discharge | Our Wastewater Management: Page 18 | |
| 303-3 Water withdrawal | Our Water Management: Page 18 | |
| 303-4 Water discharge | Our Water Management: Page 18 | |
| 303-5 Water consumption | Our Water Management: Page 18 | |
| GRI 306: WASTE 2020 | | |
| 3-3 Management of important issues | Our Waste Management: Page 20 | |
| 306-1 Waste generation and significant impacts related to waste | Our Responsible Resource Consumption, Our Waste Management: Pages 19, 20 | |
| 306-2 Management of significant impacts related to waste | Our Responsible Resource Consumption, Our Waste Management: Pages 19, 20 | |
| 306-3 Amount of waste generated | Our Waste Management: Page 20 | |
| 306-4 Waste avoided from disposal | Our Waste Management: Page 20 | |
| 306-5 Waste directed to disposal | Our Waste Management: Page 20 | |
| GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT | | |
| 3-3 Management of key issues | Sustainable Procurement: Page 22 | |
| 308-1 New suppliers evaluated using environmental criteria | Sustainable Procurement: Page 22 | |
| 308-2 Negative environmental impacts in the supply chain and measures taken | Sustainable Procurement: Page 22 | |



| GRI STANDARD | LOCATION | EXPLANATIONS |
|--|---|---|
| GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018 | | |
| 3-3 Management of key issues | Occupational Health and Safety: Page 29 | |
| 403-1 Occupational health and safety management system | Occupational Health and Safety: Page 29 | |
| 403-2 Hazard identification, risk assessment, and incident investigation | Complaint Mechanism, Occupational Health and Safety: Pages 24, 29 | |
| 403-3 Occupational health services | Occupational Health and Safety: Page 29 | |
| 403-4 Worker participation, consultation, and communication on occupational health and safety | Occupational Health and Safety: Page 29 | |
| 403-5 Occupational health and safety training | Occupational Health and Safety: Page 29 | |
| 403-6 Support for worker health | Contribution to Employees: Page 25 | |
| 403-7 Prevention and reduction of occupational health and safety impacts directly related to labor relations | Occupational Health and Safety: Page 29 | |
| 403-8 Workers covered by the occupational health and safety management system | Occupational Health and Safety: Page 29 | |
| 403-9 Work-related injuries | Occupational Health and Safety: Page 29 | |
| 403-10 Work-related illnesses | Occupational Health and Safety: Page 29 | |
| GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016 | | |
| 3-3 Management of key issues | Sustainable Procurement: Page 22 | |
| 414-1 New suppliers evaluated using social criteria | Sustainable Procurement: Page 22 | |
| 414-2 Negative social impacts in the supply chain and measures taken | Sustainable Procurement: Page 22 | |
| 3-3 Management of key issues | Customer Health and Safety: Pages 30, 31 | |
| 416-1 Assessment of the health and safety impacts of product and service categories | Customer Health and Safety, Quality, and R&D: Pages 30 - 32 | |
| 416-2 Incidents of non-compliance related to the health and safety impacts of products and services | | There has been no non-compliance with laws and regulations during the reporting period. |
| GRI 417: MARKETING AND LABELING 2016 | | |
| 3-3 Management of important issues | Customer Health and Safety: Pages 30, 31 | |
| 417-1 Requirements for product and service information and labeling | Customer Health and Safety: Pages 30, 31 | |
| 417-2 Instances of non-compliance related to product and service information and labeling | | There has been no non-compliance with laws and regulations during the reporting period. |
| 417-3 Instances of non-compliance related to marketing communications | | There has been no non-compliance with laws and regulations during the reporting period. |
| GRI 418: CUSTOMER CONFIDENTIALITY 2016 | | |
| 3-3 Management of important issues | Information Security: Page 35 | |
| 418-1 Verified complaints regarding breaches of customer confidentiality and loss of customer data | | There has been no non-compliance with laws and regulations during the reporting period. |



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