

LUCIEN
ARKAS
VINEYARDS



2022

Sustainability Report



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ABOUT THE REPORT

We are eager to compile our sustainability report, which details our efforts following the sustainable development goals starting from 2021, on a voluntary basis. The report's content interprets Lucien Arkas Vineyards' principles in light of development goals, and it touches on the key details we want to share with you on our journey from soil to glass for a sustainable future. In our sustainability communication report, we present the days' worth of research and work of 13 voluntary colleagues from various departments, as well as our projects, goals, and the aims of these goals. We are happy to provide our esteemed shareholders with our 2022 sustainability report.



ABOUT US

Lucien Arkas Vineyards was established in 2004 under the name of Idol Wines. In 2010, Lucien Arkas, Chairman of Arkas Holding, acquired the vineyard and changed its commercial name to Lucien Arkas Vineyards. While viniculture and winemaking are its primary activities, Lucien Arkas Vineyards also provides gourmet services through its restaurant, which is housed inside the same complex.

Arkas Holding was established in 1902, and its primary business areas include agency services, port services, and logistics services that combine sea, land, rail, and air transportation. Arkas Holding has 57 offices in 23 countries and employs numerous people through its 63 companies.

TÜRKİYE'S LARGEST ORGANIC VINEYARD ON A SINGLE LOT

Lucien Arkas Vineyards is one of the group companies that carries out operations in the food industry under the roof of Arkas Holding. Established in 2006 as Türkiye's largest organic vineyard on a single lot on 288,62 acres of land in Torbalı, Izmir, our vineyards now feature 21 different grape varieties based on soil and climate conditions. At our new vineyards established in Denizli/Guney in 2021, we are extending our taste range and growing our organic vineyard lands with a total of 7 distinct grape varieties, two of which are produced for the first time in our vineyards, taking into account quality-enhancing aspects.

We carry out chateau-style production in our winery built within our vineyards in Torbalı. Grapes grown in organic vineyards are processed and bottled at our winery in the same site. All of the analyses required along the journey from grape to glass are performed at our winery's laboratory. Our production facility has a total tank capacity of roughly 2,500,000 liters, with an annual output rate of 1,400,000 bottles. Our goal is to optimize quality by combining traditional production processes with modern technologies and previous knowledge.

Our rocky and hilly regions beyond the vineyards were rehabilitated and made agriculturally viable, with olive farming chosen as the greatest match for the soil. We now have 30,000 olive trees to help provide oxygen.



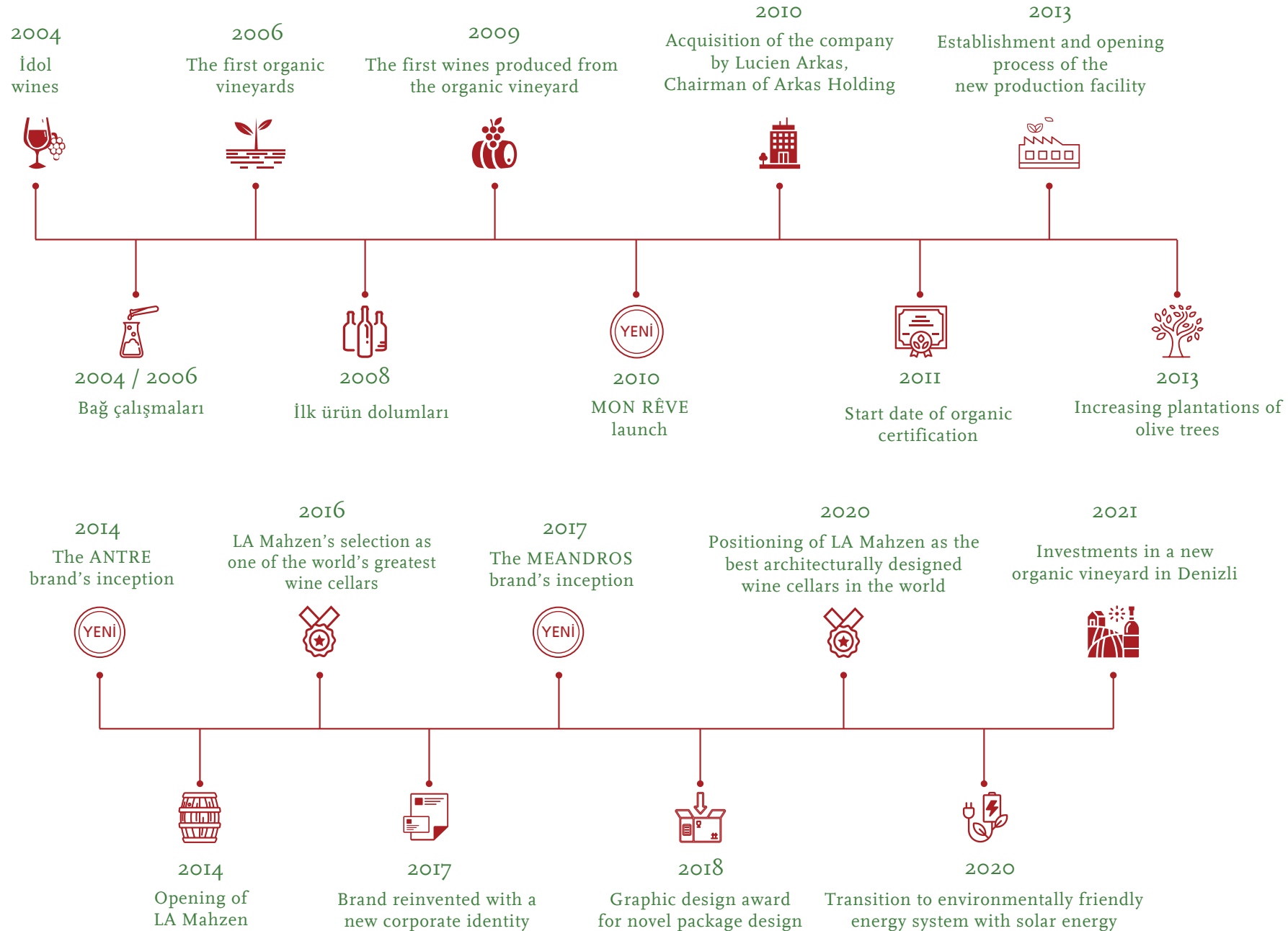
LA MAHZEN

Lucien Arkas Vineyards provides a chance to taste its wines directly at LA Mahzen located in its Torbalı, Izmir, facility. Established in 2015, LA Mahzen has a 4,500 square meter restaurant space surrounded by a breathtaking vineyard setting. Its exquisite stone and timber construction has earned several architectural awards.

LA Mahzen has swiftly become one of the most renowned and prominent restaurants not only in Izmir, but also in the Aegean Region, thanks to its differentiated menu with unique tastes from Turkish and world cuisine, as well as high-quality service.

THE MOST NATURAL BOND BETWEEN YOU AND THE FUTURE

HISTORY





OUR ILLUSTRATIONS

Every one of our products has a backstory that emerges as it is consumed.

Our product tales are brought to life with unique illustrations created for every brand. The multi-award-winning Canadian artist Mark Summers used the scratchboard technique to produce our illustrations.



TUMULUS

King tombs, or tumuli, are earthen mounds containing historical riches and mysteries that may be found all over the world. Mysterious richness is reflected in the figure of the tumulus.



AMAZON

Izmir now is in the region known historically as Smyrna. Historians claim that the Amazon queen Smyrna inspired the city's name. Strong character and a sense of independence are reflected in the figure of the warrior woman riding a horse.



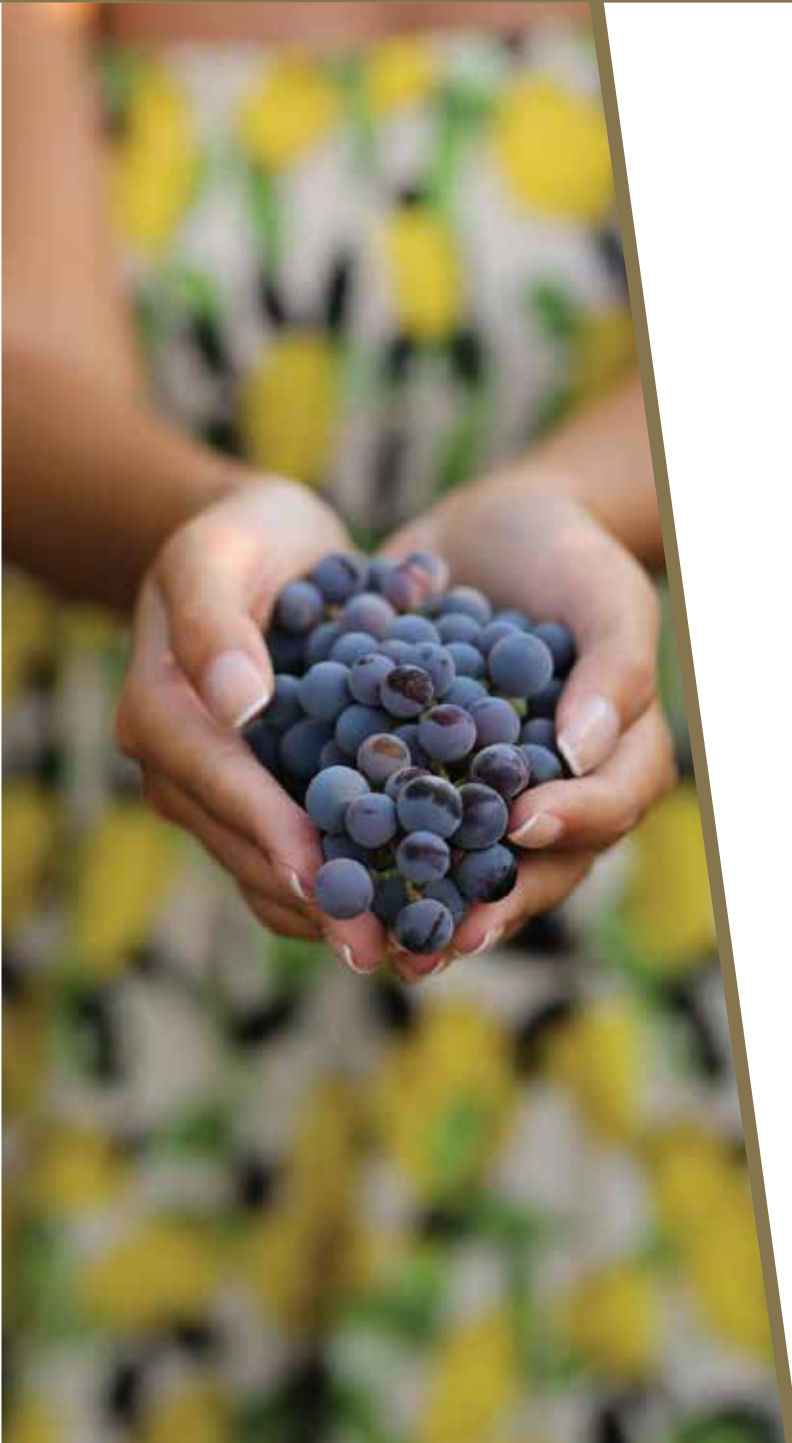
SHIP

Since ancient times, ships have been an important part of transportation. The ship figure represents the transition from the high seas to a safe harbor, that is to say, the tranquility that follows a long day.



WOMAN PLAYING HARP

Often seen among the artifacts left by the ancient Aegean civilizations, the figure of the Woman Playing Harp represents elegance and quality.



OUR SUSTAINABILITY APPROACH

Our approach to sustainability is founded on the idea that the grape's journey from soil to the glass may illuminate a sustainable future. With the motto "The Most Natural Bond Between You and the Future", we carry today's values into the future.

To have sustainable effects with our work, we strive to ensure that our projects are sustainable and generate permanent social benefits. We perform all of our responsibilities to safeguard and recover water, one of our diminishing resources. We apply a comprehensive water management process to ensure that water is used efficiently, and we educate all our staff on how to use resources effectively and efficiently.

We aspire to leave a more habitable planet for future generations by lowering resource consumption and enhancing energy efficiency during the normal production process. Since the first day we began our journey toward sustainable agriculture, we have maintained our understanding of organic agriculture and ensured the continuation of our agricultural operations without damaging natural life. We blend the history bequeathed to us by civilizations thousands of years ago with the value of the past and today's technology, and we care for the environment and everything that lives on this land so that wine can be made here again in years to come.



THE POLICY

To maintain the sustainability of our operations, Lucien Arkas Vineyards prioritizes the effective management of health, environment, quality, energy, carbon emissions, and resource use.

We follow all applicable legislation, national and international legal regulations and methods, as well as our shareholders' demands and expectations.

We defend our employees' rights and contribute to their growth by creating a fair and democratic work environment, in which social justice is constantly improved. We encourage increased employment for women by enabling their equitable and effective involvement in the business world.

We measure greenhouse gas emissions resulting from our operations and set goals for precautions to be taken to reduce them. We lower our carbon emissions by utilizing renewable resources and support a wide range of projects for energy efficiency and effective use of resources. We monitor how we use resources to ensure their availability, and we also want to raise awareness of our staff on the efficient use of resources.

We prioritize the use of recyclable materials in our product design.

By implementing a zero waste management system, we ensure that materials are recycled and repurposed as resources.

By prioritizing the health and safety of our employees, we safeguard the workplace well-being and make constant improvements. In order to maintain a healthy and safe work environment, we constantly inspect the physical conditions, identify risks, and take appropriate actions.

We provide our employees with appropriate training so they may contribute to continuous development and improvement.

OUR PRIORITIES REGARDING SUSTAINABILITY



WATER: For life to continue, it is crucial that we preserve water and provide future generations with access to clean water supplies. Accordingly, we pay attention to efficiently manage our water supplies.



RENEWABLE ENERGY: We prioritize the use of environmentally friendly green energy and minimize the use of fossil fuels, which are one of the primary causes of the climate crisis.



ENERGY EFFICIENCY: Through our work, which incorporates the required engineering and technology advancements, we make sure that energy resources are used more effectively and efficiently and reduce energy waste.



PRODUCT QUALITY: By minimizing the environmental effect at every stage of the product's life cycle (design, production, usage, and waste management), we want to achieve the final product without sacrificing quality. Additionally, we always prioritize customer satisfaction.



HUMAN RIGHTS AND EMPLOYEE WELLBEING: We uphold equitable working conditions, defend the rights of workers, guarantee everyone's safety and respect for human dignity, encourage the development of a sustainable work environment in the workplace, boost employee satisfaction, and increase loyalty and productivity among them.



ZERO WASTE APPROACH: We put in place integrated systems that enable waste minimization, and more effective and efficient use, reuse, and recycling of resources.



RISK ANALYSIS: To ensure the success of our sustainability projects, we anticipate and manage any possible risks.



COMPLIANCE: In all of our activities, we comply with legislation and legal obligations, as well as regulations.



OCCUPATIONAL HEALTH AND SAFETY: We conduct our occupational health and safety operations in compliance with the relevant legislation and obligations. We place a high priority on preserving the physical and emotional well-being of our employees by creating a secure work environment in the areas where we conduct business.



OUR PROJECTS



Recovery of heating water (yearly water savings of 700 tons)



Rainwater collection and recovery



Monitoring water usage and water saving



Assembling a team for water management and generating savings



Appropriately placing luminaires in workspaces and increasing the quantity of LEDs



Electrical analyzers



Electric vehicle charging stations



Purchasing a tractor with a Europower engine



Purchasing a harvester with a Europower engine



Raising awareness by using a motto on e-mail addresses and packaging materials



Carrying 24 tons fewer bottles and producing roughly 3 tons less CO₂ during production by using a lighter bottle



Using recyclable label on our Idol product



Sending all products with labels abroad for recycling



Preserving the biodiversity and ecosystem





OUR SHAREHOLDERS

ŞİŞECAM

“Şişecam and LA Organik have a long history together and many lovely tales to tell. Our 750 ml wine bottle from the Smyrna Cabernet Sauvignon series and its journey from the vineyards to the filling process is among the first that springs to mind. Personally, I am proud of the merger of Şişecam, one of the top five producers of glass packaging worldwide, and LA Organik, one of the most significant businesses in Türkiye that comes to mind when discussing high-quality wine. The primary factor contributing to the sustainability concept of the LA Organik brand is the environmentally friendly glass packaging at the heart of this merger, which is infinitely recyclable. In the meantime, we are able to act in accordance with the same vision because of the decor improvements we performed in a way that affects the environment less. I would like to say that we completely support all the efforts we have made without compromising on quality.”

Gürsu Cansunar
Alcoholic Beverages Sales Manager

MODERN PACKAGING

“LA Organik Bağcılık is a pioneer in sustainability. It adopts organic agriculture methods in an effort to safeguard natural resources. It contributes not only to the local economy by creating employment opportunities, but also to tourism and gastronomy. It promotes local and cultural history by conserving traditional viticulture techniques and takes precautions to safeguard the ecosystems. It is a pioneering company in terms of ethical trade, fair competition, and how it treats its employees and business partners. With all these efforts, our customer has become a successful role model for integrating viticulture management with environmental and societal responsibility.”

Fırat Durak
Customer Representative

İZMİR CEM OFSET

“For more than 10 years, İzmir Cem Ofset has maintained a business partnership with LA Organik Şarapçılık. Their inventive and rigorous approach to label design and application has been our primary motivator in generating successful business outcomes. The sustainability of this motivation and partnership has enabled us to make investments aimed at lowering our carbon footprint and increasing the use of FSC-certified and recyclable raw materials. We will continue to encourage one another for a more habitable world through our honest, transparent, and open communication with LA Organik Şarapçılık.”

Ellio Corsini
Sales Director

AKİMTAŞ A.Ş.

“Since its foundation, we have supplied LA Organik with various products needed in wine production. We particularly admire their sensitivity in organic winemaking, as well as their commitment to quality and hygiene. Being a business partner with LA Organik, which has contributed significantly to the growth of the Turkish winemaking industry, strengthens our portfolio.”

Burç Ataman
General Manager



ORGANIC PRODUCTION

At Lucien Arkas Vineyards, we demonstrate our commitment to the environment via sustainable agriculture and production techniques, which we develop daily through supporting projects.

Today, the most widely used sustainable agriculture systems are organic agriculture and good agricultural practices. This system is built on ecological processing mechanisms, biodiversity, and cycles that are adjusted to local conditions rather than utilizing inputs that have detrimental effects. Organic agriculture adopts a holistic strategy that ensures healthy ecological cycles. By feeding the soil with natural inputs and avoiding harmful inputs that lead to structural disorders in the plant and soil structure over time, this fundamental method promotes the creation of healthy and efficient agricultural products with the holistic nutrition of the plant and living soil.

Long-term studies on organic agriculture systems in European countries show that organic farms have more soil organic matter content and higher biodiversity than conventional farms. Increasing the amount of organic matter in the soil increases the activity of microorganisms while preserving biodiversity and vitality. By adding more organic matter to the soil, organic agriculture boosts the capacity of the soil to bind carbon while simultaneously lowering emissions through minimum tillage. Moreover, organic agriculture forbids the use of nitrogen fertilizers and pesticides, which contribute to global warming and are among the biggest sources of emissions. Organic agriculture is more productive and uses 45% less energy. Greenhouse gas emissions are 40% less compared to the emission rates of conventional systems.

There are no toxic or soil-damaging impacts caused by the preparations used in organic agriculture. Furthermore, one of the management strategies—that is, keeping predatory insects in the environment — has the effect of lowering the number of harmful insects. Utilizing organic farming methods to maintain the presence of other beneficial animals and insects in the ecosystem is the foundation of pest management for businesses conducting organic agriculture. Therefore, it is crucial to preserve biodiversity both for the success of organic agriculture and the ecosystem's balance.



WATER MANAGEMENT

One of the cornerstones of our sustainability goals is water management, which is centered on the goal of leaving a livable world to future generations by preventing the contamination and depletion of water sources with the conscious use of water. Our main focus is to reduce the amount of water used in cleaning and cooling systems, which give rise to high water consumption.

The first stage involves measuring the amount of water consumed in various processes and installing water meters at key locations to detect leaks and losses.

The goal is to reduce water consumption by using water spray heads and to prevent unnecessary use of water by cleaning the facility and equipment with the dry sweeping method.

Additionally, the CIP system in our tanks has been improved to ensure reduced water consumption.

Aiming to save around 700 tons of water annually, improvements have been made in the recycling process of water used for heating during production.

Our hot water requirements have prompted new investments with the goal of reducing water consumption in the washing and preparation stage by around 35%.

The goal is to collect, store, and use rainwater where it is most useful to promote environmental sustainability.



ENERGY

We take care to reduce our effects on the environment and use resources more efficiently, with developmental and corrective actions we take in sustainability and energy efficiency.

Renewable solar energy systems provide 48% of the electricity used in our production process.

By utilizing technologies like energy-efficient lighting systems, insulation measures, and energy management systems at our facility, we optimize our energy consumption. Our goal is to maximize efficiency while using the fewest resources possible.

As Lucien Arkas Vineyards, we will keep acting in accordance with environmentally friendly processes and sustainability principles. We are committed to fulfilling our environmental responsibilities and leaving a better planet for future generations. These actions include using renewable energy sources and improving energy efficiency.



WASTE

Organic Waste

We use the byproducts of our main process as raw materials for other processes instead of considering them as waste.

The grape seeds that remain after the winemaking process are separated and processed into grape seed oil, which can be used in the fields of both cosmetics and health. We ensure that the pulp residue is used as animal feed. As a source of nitrogen, we recycle our pruning waste from the vineyard back into the soil.

One of our top priorities is the recovery of the inevitable waste that arises from our processes and using fewer resources in all of our processes to ensure the sustainability of our business.

Sustainable water management is a key component of our business' environmental responsibilities. We carefully follow all regulatory guidelines to recycle the wastewater produced at our business back into the ecosystem. We regularly inspect wastewater and take appropriate action in case of any non-compliance. We continuously work to preserve water, minimize residues, and optimize our production flows and treatment procedures.

In order to allow waste to be reused as a resource, we develop and improve systems that enable recycling

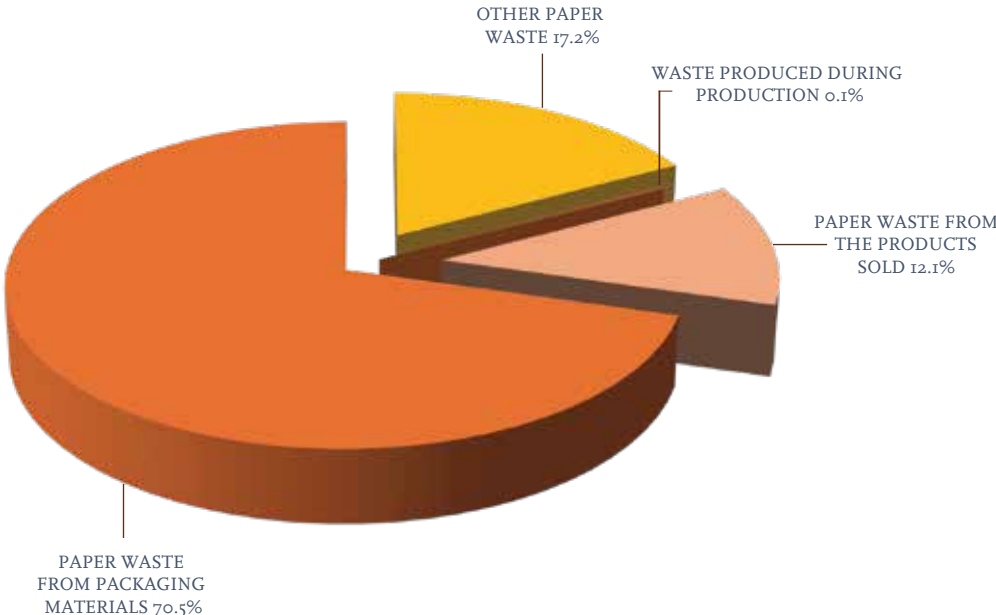


WASTE

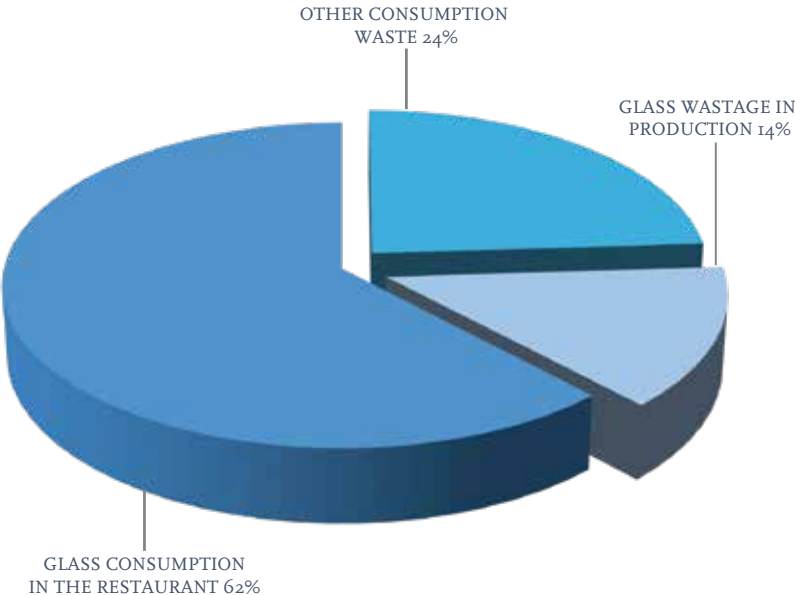
While 0.1% of our cardboard waste comes from our bottling operations, the other 70% comes from cardboard packaging that is compulsory for the transportation and protection of packaging materials. We are committed to minimizing the use of resources not only within the factory but also outside by encouraging our suppliers to use lighter-weight protection packages.

While about 14% of our glass waste comes from production, almost 86% of the waste is recycled from consumables of the restaurant, production department, and other departments. We adopt a responsible consumption approach since we are aware that no resource is limitless.

CARDBOARD RECYCLING



GLASS RECYCLING





OUR STAFF

We are aware that every success achieved by Lucien Arkas Vineyards is due to our employees. In the journey of the grape from the vineyard to the glass, we recognize and appreciate the effort of our employees. We have a people-oriented approach and encourage our employees to improve in all areas. We conduct processes including recruitment, performance management, wages and benefits, promotion, and reporting without prejudice by using an egalitarian human resources approach. We carry out our processes irrespective of the age, belief, gender, sexual orientation, race, language, religion, ethnic background, political stance and socioeconomic or marital status of our employees.

We offer employment opportunities to many people, particularly in our vineyards and wineries, in order to increase employment in our region.

We encourage the growth of our employees and provide several training opportunities to help them become more competent.

WHITE/BLUE COLLAR (W/B) DISTRIBUTION OF TOTAL NUMBER OF EMPLOYEES

	2016		2017		2018		2019		2020		2021		2022	
	F	M	F	M	F	M	F	M	F	M	F	M	F	M
WHITE COLLAR	8	12	9	15	11	17	13	18	15	21	18	30	18	24
BLUE COLLAR	9	16	9	19	12	21	15	23	17	25	22	41	20	32

SENIORITY TABLE OF EMPLOYEES

2022	
PERCENTAGE OF EMPLOYEES WHO HAVE WORKED FOR AT LEAST FIVE YEARS	52%
PERCENTAGE OF EMPLOYEES WHO HAVE WORKED FOR AT LEAST EIGHT YEARS	25.5%



WOMEN EMPLOYMENT AND GENDER EQUALITY

At Lucien Arkas Vineyards, we emphasize gender equality, encourage men and women to be equally involved in all aspects of life.

In our human resources procedures, we conduct an objective evaluation by taking the employee's skills and experience into consideration, rather than using gender as a determining factor.

Being one of the few companies in Türkiye without the "glass ceiling effect" we employ 40.5% women overall, 42% of whom work in agriculture, and 31.8% of whom make up our executive team.

DISTRIBUTION OF THE TOTAL NUMBER OF EMPLOYEES BY GENDER (F/M)

	2016		2017		2018		2019		2020		2021		2022	
	F	M	F	M	F	M	F	M	F	M	F	M	F	M
GENEL	17	28	18	34	23	38	29	41	32	46	40	71	38	56
RATE	37.8%	62.2%	32.6%	65.4%	37.7%	62.3%	41.4%	58.6%	41.0%	59.0%	36.0%	64.0%	%40.5	%59.5
TOTAL	45		52		61		70		78		111		94	



QUALITY

While we offer our customers a diverse range of products tailored to different tastes, product safety and quality remain our top priorities. For this reason, we maintain a comprehensive food safety and quality management system that adheres to ethical guidelines, standards, and other applicable legal requirements. Our facility holds the certifications recognized by The Global Food Safety Initiative (GFSI), which are BRCGS Food Safety System, ISO 22000 Food Safety Management System, ISO 9001 Quality Management System, Sedex, and EOS (Ecocert Organic Standard). Our customers, certification bodies, and internal auditors monitor our operations through regular announced and unannounced audits, and compliance with applicable standards is verified annually. This year, like in previous years, the BRCGS Food Safety System Certificate maintains its top level of AA Grade.

Every year, internal and external training sessions are planned as part of the Quality Management Systems. The goal of these training sessions is to consistently improve the efficiency of food safety and quality management systems throughout the organization. During 2022, with a total of 1200 man*hours of training, a 108% increase was obtained compared to the previous year, and staff capabilities were improved.

Every request and complaint from customers about our products is considered. In response to the complaint, the quality department initiates corrective and preventive actions by conducting the necessary investigations with the food safety team and other relevant units in order to find a prompt and accurate solution. In this manner, the root cause is identified and the recurrence is prevented by taking preventative actions. In addition to minimizing complaints, another factor that improves customer satisfaction is the promptness of complaint responses. In this direction, we were able to improve our response times and in 2022, the customer responses were provided in 1.6 days.

All control and conformance analyses required for our products and raw materials are carried out by our competent personnel in our own laboratory. High-tech devices and systems are used for each of these analyses. Every year, our analyses are verified by an accredited laboratory.



OUR QUALITY CERTIFICATES





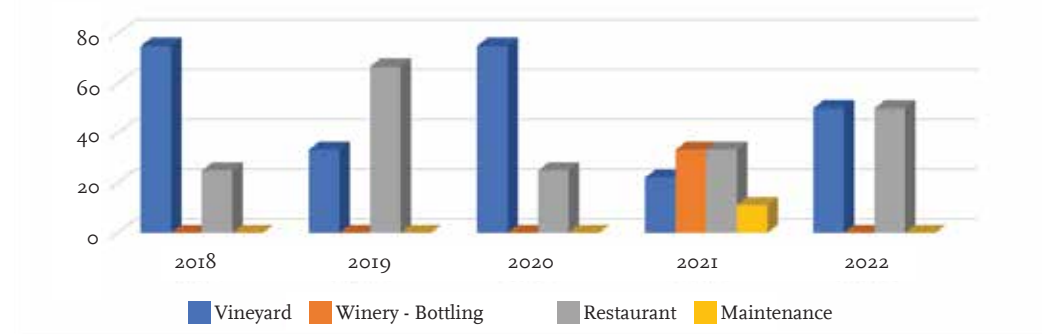
OCCUPATIONAL HEALTH AND SAFETY

At Lucien Arkas Vineyards, we always strive to create a safe working culture since we view occupational health and safety as an inherent aspect of working life. We conduct our occupational health and safety operations in compliance with the relevant legislation and obligations. We place a high priority on creating a safe and healthy work environment in the areas where we operate and preserving the physical and mental well-being of our employees.

We conduct risk assessments in every process to determine the actions to be taken. By adopting a risk-based way of thinking, we are able to foresee emergencies and accidents and attach importance to taking corrective actions and preventative measures in order to reduce risks. We want to create a conscious culture of safety in which our employees regard the safety of themselves and others as a responsibility. We provide occupational health and safety training starting from the date of employment and keep the knowledge of employees updated throughout their working period, beginning on the day of employment. In this regard, throughout 2022, 202 man*hours of occupational health and safety training sessions were organized. This amount makes up 15% of all the training hours provided by our organization.

Our constant objective is to have no occupational accidents. Any risks that are potentially dangerous or may result in occupational accidents are identified and forwarded to the relevant departments and an efficient system that ensures continuous improvement is built through field inspections carried out at least six times a year.

ACCIDENT DISTRIBUTION RATE





RISK MANAGEMENT

Strategic decision-making begins with risk management, which is also opportunity management. The recent global financial crises have increased the interest in risk and the systems that are working to manage it.

The goal of risk management at Lucien Arkas Vineyards is to minimize the effects of both internal and external risks. Environmental and climatic, financial, operational, legal, and technical risks are all covered by our risk plans. Our risks are managed by the relevant department, and top management conducts assessments on a quarterly basis.

Agricultural insurance serves as a safeguard against natural disasters like fires, floods, and diseases brought on by climate change, ensuring the sustainability of raw materials. Diversification of raw materials and products is another sustainability action we take. Through our diversification efforts in several terroirs, we lower risk, while providing our customers with a broad palate.

Any failure in our systems, in addition to cyber security incidents, can result in business interruptions, data loss, unauthorized access, and data privacy violations. This may lead to financial risk and reputational damage. In order to prevent possible risks, Arkas Server Systems and firewalls are used with the support of Arkas Holding's information systems.

Our risks are considered a part of our business routine, and they are continually reviewed and monitored.



A good wine is the product of good grapes, and good grapes are the fruit of good soil and its experts. We follow nature's rhythm and the ripening process of the fruit so that the grape absorbs the characteristics of this unique land and climate in which it grows. Every year, we express the distinctive flavor that nature provides in our wine. We combine the experience of these lands, which have been cultivated for thousands of years, with the light of science to deliver you unique flavors. At Lucien Arkas Vineyards, we appreciate and admire the effort that nature has invested in these fertile lands over the years.

With the texture of our wines, we hope to convey to you the treasure that nature offers us in every single grape.



Üretim ve Genel Merkez / Production and Head Office

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Tekfen Tower, Esentepe Mahallesi Büyükdere Caddesi
No: 209 K: 17 4.Levent - Şişli / İstanbul
T: +90 212 318 00 77

Torbali LA Mahzen Shop

Kuşcuburun Mahallesi
Başmimar Sinan Caddesi No: 81
Torbali - İzmir
T: +90 232 853 70 01 M: +90 530 218 67 97

Alsancak LA Mahzen Shop

Kültür Mahallesi İtalya Sokak
Necip Bey Apartmanı No:22 / B Konak - İzmir
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Mistral LA Mahzen Shop

Çınarlı Mah. Ankara Alfaltı Caddesi
Avm Blok No:15 / 1Z Konak - İzmir
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LA Mahzen Restoran / Restaurant

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