

2020 - 2021
Sustainability Report



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About the Report

We are pleased to share our report, which includes our strategies and prominent examples of our activities in 2020 and 2021 in line with the holistic sustainability approach of Sun Tekstil. We are very excited to bring the impact of our work to the attention of our stakeholders and to magnify this impact together to "Lead the way to a sustainable textile industry for a better future" through our sustainability reports, which are very valuable to us and which we aim to publish every year.

The second Sustainability Report of Sun Tekstil, which you are currently reviewing, covers also our 2020 report, which we postponed because of the pandemic, and this report covers the activities we carried out at Sun Tekstil and its subsidiary Ekoten Tekstil between 1 January 2020 and 31 December 2021. We have prepared our report considering the 10 principles and basic reporting principles of the United Nations Global Compact, of which we are a signatory and a stakeholder since 2014, World Economic Forum (WEF) key sustainability metrics, industry-specific standards and prioritization approaches set by the Sustainability Accounting Standards Board (SASB), and the criteria of the World Business Council for Sustainable Development (WBCSD) Reporting Matters methodology.

As can be seen in the content of our report, in Sun Tekstil's holistic sustainability approach section, in addition to our group sustainability goals and activities, we also emphasized and shared the specific goals and activities that we have determined for Sun Tekstil and Ekoten Tekstil according to the different processes and needs of our companies.

We hope that our goals and activities including good practices will improve over the years. We are aware of the importance of partnerships for purpose in this journey, which we set out with the heartfelt belief that it is possible to design a sustainable future, and we expect you to send your valuable comments, suggestions, and contributions to our e-mail address below.

Sun Tekstil Sustainability Department
surdurulebilirlik@suntekstil.com.tr



Messages from Our Chairpeople



Elvan Ünlütürk

Sun Tekstil
Chairperson of the Board

Dear Stakeholders, at the beginning of 2020, great changes occurred in our lives due to the effects of the COVID-19 pandemic, which led the whole world to adopt a new normal. We deeply felt the sadness of the coexistence of many natural disasters that made us once again aware of the striking effects of the Anthropocene. In this period, when the values and lifestyle of society were questioned and reshaped, the business world also focused more on a major value change beyond changing the way they do business.

Fortunately, we have been constantly supporting our activities that create value for society and the world with better practices in our journey that we started many years ago with the aim of "designing a sustainable future together". In the years 2020 and 2021, when we experienced global crises, we went through a process in which we, as all stakeholders, better understood the importance of creating resilient societies and value chains, and the importance of corporately managing global risks and opportunities and disseminating them throughout the value chain.

During the pandemic process, in which we obtained positive results from our proactive approach, first, we managed the resulting acute effects in the best way, and thanks to having strong communication networks with all our stakeholders, we implemented all of our management scenarios where everyone would recover as soon as possible. For the continuity of measures after overcoming acute effects and resilient business processes, we have prepared the Sustainability Performance Scorecards for our suppliers, which is an important output of our holistic sustainability approach, in 2019. We have detailed the question sets of the Sustainability Performance Scorecards and begun to implement them in 2020. We have 219 suppliers in five regions of Türkiye, and we conduct monthly inspections at the production facilities of our suppliers that perform 80% of our production. We score them using our performance scorecards consisting of nine different categories, which we have prepared considering the international standards and the needs of our stakeholders. Moreover, we provide feedback to our suppliers in line with the results and provide consultancy for improvement studies.

In order to improve the effectiveness and dissemination of our values, which we placed at the core of our corporate culture, among our employees and stakeholders in our ever-growing structure, we organized workshops attended by our 450 employees, and we created the "Sun Route" metaphor together to express our common values in the same language and perspective. We aim to ensure the sustainability of our values by conducting studies on concrete behavioral indicators that will enable us to internalize wholeheartedly the values that we also adopt in our daily lives by visualizing.

The programs that we have designed for the development of our talents and young talents have been awarded by various platforms and institutions. Our young talent program, the Sun Design Project, was awarded as one of the Top 100 Talent Programs in 2021. We were awarded the "Learning Organization and Learning Agility Category Grand Prize" as part of the "Human Value Awards 2021" organized by PERYON; thus, we once again experienced the pride of being a developing organization that has been improving every day with the impact of all our value-creating programs.

We, together with our stakeholders, attach great importance to implementing corporate social responsibility projects that have a high impact and create value for society. We are happy to establish "partnerships for purpose" that focus on projects that have high social benefits such as Back to School, We are Strong Together, Aids to Refugee Camps in Rwanda and Uganda, and Change Leaders Association's Sparks Program, which we carried out in 2020 and 2021.

With our "circular by design" approach, we develop designs considering the next life of our products thanks to our applications that make a difference in our material selection and design techniques. In line with our goals to use certified sustainable raw materials that are traceable through all production processes, we produced 32% of all our products using sustainable raw materials in 2020, and this figure was 60% in 2021. Under the leadership of our R&D Center and within the framework of valuable cooperation with our stakeholders, we carry out the required innovation studies for the goal of using 100% sustainable raw materials in 2040. Besides our raw material usage goals, with our capsule collection goals, we adopted design approaches based on the circular fashion concept. Therefore, we have focused on using the products that are idle in our stocks by transforming them into original designs with creative perspectives in our re-imagined capsule collections, as well as sustainable and recycled collections. We have guaranteed our commitment to applying environmentally friendly production techniques in all processes until the next life of the products for all our stakeholders by providing transparency and traceability. One of the most important problems of our resource-intensive industry is the textile waste that occurs in production. We started an industrial symbiosis project on mechanical recycling to increase the rate of value-added recycling from textile to textile for textile waste, and we have been carrying out R&D studies to improve chemical recycling techniques.

We believe that sustainable transformation cannot be considered separately from digital transformation, and we make significant investments to implement our strategies in line with these concepts. In the last five years, we have invested more than 10 million USD in digitalization. Thanks to our digital transformation activities in design and collection processes before the pandemic, we have been among the partners that have made a difference in providing services to their customers through digital platforms. As of 2021, we started to present fit samples of our designs to our customers, whose infrastructure is compatible with our system, in the digital environment by using 3D design software. Thus, we reduced the production of physical samples by 40% for the models that we decided on the final version on the digital platform. Thus, we have saved raw materials, energy, labor, and time. In order to use the power of big data more effectively, we migrated our ERP software to SAP infrastructure and started to carry out all our business processes on a single platform. We have significantly improved our decision support infrastructure based on data analysis thanks to the in-house developments carried out by our specialized teams.

Considering all these, our digitalization steps, sustainability-oriented efforts, and human-oriented understanding have become very significant indicators of the increasing continuity of our achievements and that our company will continue to rise by gaining momentum. I would like to express my sincere thanks to all our employees and stakeholders who have contributed to our efforts to make the best of our journey to offer fashion to the world and offer a future to fashion.

Kind regards,
Elvan Ünlütürk

Messages from Our Chairpeople



Günkut Gürşen

Ekoten
Chairperson of the Board

Dear Stakeholders, we have been feeling the impact of extreme climate conditions much more nowadays when the climate crisis has reached dramatic levels. The 6th Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), which was published at the beginning of 2021, was accepted as a "code red for humanity". As an organization that prioritizes the fight against these impacts, we decided to set more ambitious goals in line with the framework and science-based approaches of the Paris Agreement.

Thanks to the investments made in line with our strategic plans for our greenhouse gas emissions management processes, which we have been reporting in accordance with international standards since 2012, and our productivity-enhancing efforts, we reduced our emissions by 10% between 2019-2020 and 30% between 2020-2021. Thanks to our strengthened governance mechanism, commitments, and risk and opportunity analysis approaches, we were rated with the "B-Management" score in the Climate Change

Program 2021 by the Carbon Disclosure Project (CDP), the largest international environmental reporting platform, in which we were involved in 2012. Thus, we were two levels above the textile industry, the average global score of which is "C". We know the value of establishing partnerships with all supply chain stakeholders in the effective fight against the climate crisis, and we carry out inclusive processes in line with it. Thanks to the good practices we implemented, we took part in the Global Leaders List by getting an "A" score in the CDP Supplier Engagement Rating Program 2021.

In 2022, we aim to be among the few Türkiye-based textile companies that have committed to setting science-based targets for the Science Based Targets Initiative Platform. We believe that the most important elements of the roadmaps for the transition to the low carbon economy are the use of certified raw materials, as well as the improvement of all processes starting from design using digital solutions. Therefore, we made several investments in 2020 and 2021, particularly in 3D design software, artificial intelligence-based automatic quality control systems, production execution systems, and ERP software transformation. In order to minimize the consumption of clean water resources, which is one of the negative environmental impacts of our industry, we are committed to investing in an advanced treatment plant with an innovative technology that will provide 95% water recovery in 2022.

We want to implement transformation together with all our supply chain stakeholders by setting more ambitious targets for tackling climate change with a holistic perspective, and we want to inspire by creating successful examples in our industry. I would like to express my sincere thanks to all our employees and stakeholders who contributed sincerely to this important journey.

Kind regards,
Günkut Gürşen



About Us

SUN
TEKSTİL

The Values That Shape Us

We have embodied and visualized our values with a sea voyage and islands to ensure that our five values, which we have found together, are involved in the lives of our colleagues, newcomers, and young talents.

Since we have been operating in the Aegean Region for 35 years, we have created our **compass** and **route** by using the **Sun Route** metaphor, which has always reflected our desire to keep the spirit of the Aegean Region alive and our goal-oriented approach.

We have adopted the design of value islands and their symbols with catchy, intelligible, attractive, and meaningful messages

 <p>With our value of "by designing our dreams", we tried to convey to our target audience the messages that we are different thanks to our values, original, innovative, creative, courageously hanging, and versatile.</p>	 <p>With our value of "improving", we tried to convey to our target audience the messages that we developed and produced creative solutions, that we believe in lifelong learning, that we develop together with all our stakeholders, and that we have a culture of appreciation.</p>	 <p>With our value of "adding value", we tried to convey to our target audience our messages that we are reliable, fair, transparent, and responsible with our values, that we invest in a sustainable future, and that we offer equal opportunities.</p>	 <p>With our value of "with love", we tried to convey to our target audience the messages that we work with team spirit and pleasure, that we communicate sincerely and openly, and that we work with fun.</p>	 <p>With our value of "we do the best", we tried to convey to our target audience the messages that we constantly improve, that we are target oriented, and that we are fast, flexible, and agile.</p>
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Milestones

- 1987** Sun Tekstil was founded in İzmir
- 1989** First export
- 1991** Knitting Department was established
- 1994** Dyeing Department was established
- 2000** Sun Tekstil becomes the majority shareholder of Ekoten Fabrics
- 2010** Research and Development Centre was established in İzmir
- 2012** Sun Textile UK Ltd was founded
- 2012** London and Leicester design offices were opened in the UK
- 2012** La Coruna design office was established in Spain
- 2016** Second production plant was opened in Manisa, Turkey for garment manufacturing
- 2018** Investment in new knitting factory for Ekoten Fabrics
- 2022** Sun Tekstil has started to be traded at BIST.



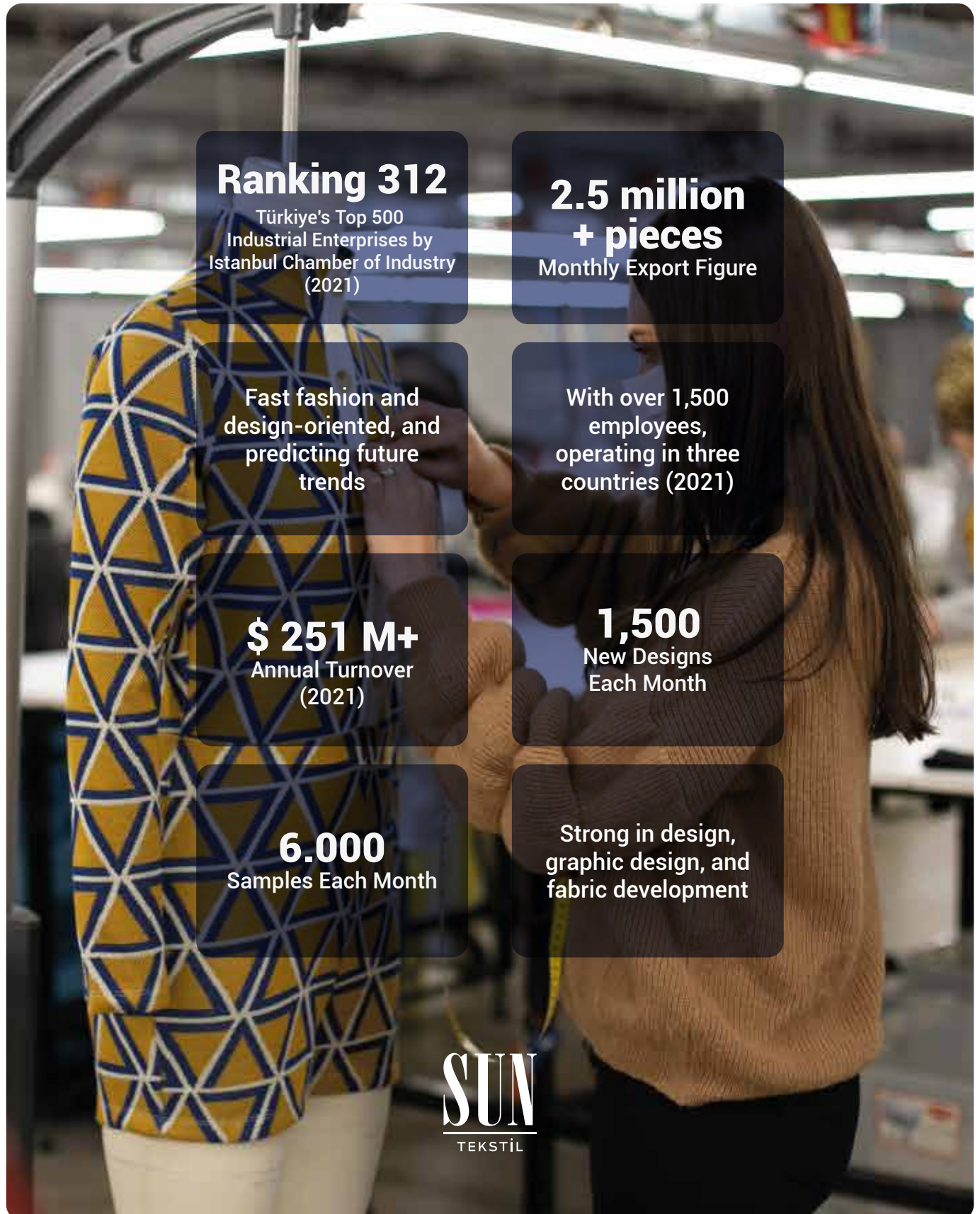
Sun Tekstil

Sun Tekstil Sanayi ve Ticaret Anonim Sirketi was founded and became operational in 1987 to manufacture, export, and make domestic trade of weaving, knitwear, textile, and apparel products. The company carries out its production operations in its facilities in the Torbali district of Izmir province and Manisa province. The company currently designs, manufactures, and sells women's clothing collections for brands operating in the global ready-made clothing retail sector.

The company, which has a total production capacity of 300 thousand units per month in its facilities in Torbali and Manisa, provides approximately 10% of the total garment sales from these facilities. About 90% of its products are provided by about 30 apparel suppliers that make exclusive production for Sun Tekstil. In 2021, overseas sales to more than 10 countries constitute 96% of Sun Tekstil's solo sales. Moreover, according to the data reported by the Türkiye Exporters Assembly (TIM), Sun Tekstil has been the company with the highest export in the Aegean Region Garment and Clothing sector since 2018.

The company's strategic geographical location and its ability to produce value-added products compared to its peers provide a competitive advantage. The company's major markets are Spain, the UK, and France. The company's largest customer is a Spain-based retail group with 6,477 stores in 95 countries, and a trademark that is registered in 123 countries. The company's second-largest customer group is in the UK, and it is followed by the customer group in France. In order to respond quickly to customer demands and to maintain close contact with the customer, the company has a total of 4 design offices: one office in Türkiye and one office in Spain that belong to the company itself, and two offices in the UK that belong to the subsidiary company, Sun Textile UK LTD.





Ranking 312

Türkiye's Top 500
Industrial Enterprises by
Istanbul Chamber of Industry
(2021)

2.5 million + pieces

Monthly Export Figure

Fast fashion and
design-oriented, and
predicting future
trends

With over 1,500
employees,
operating in three
countries (2021)

\$ 251 M+

Annual Turnover
(2021)

1,500

New Designs
Each Month

6.000

Samples Each Month

Strong in design,
graphic design, and
fabric development

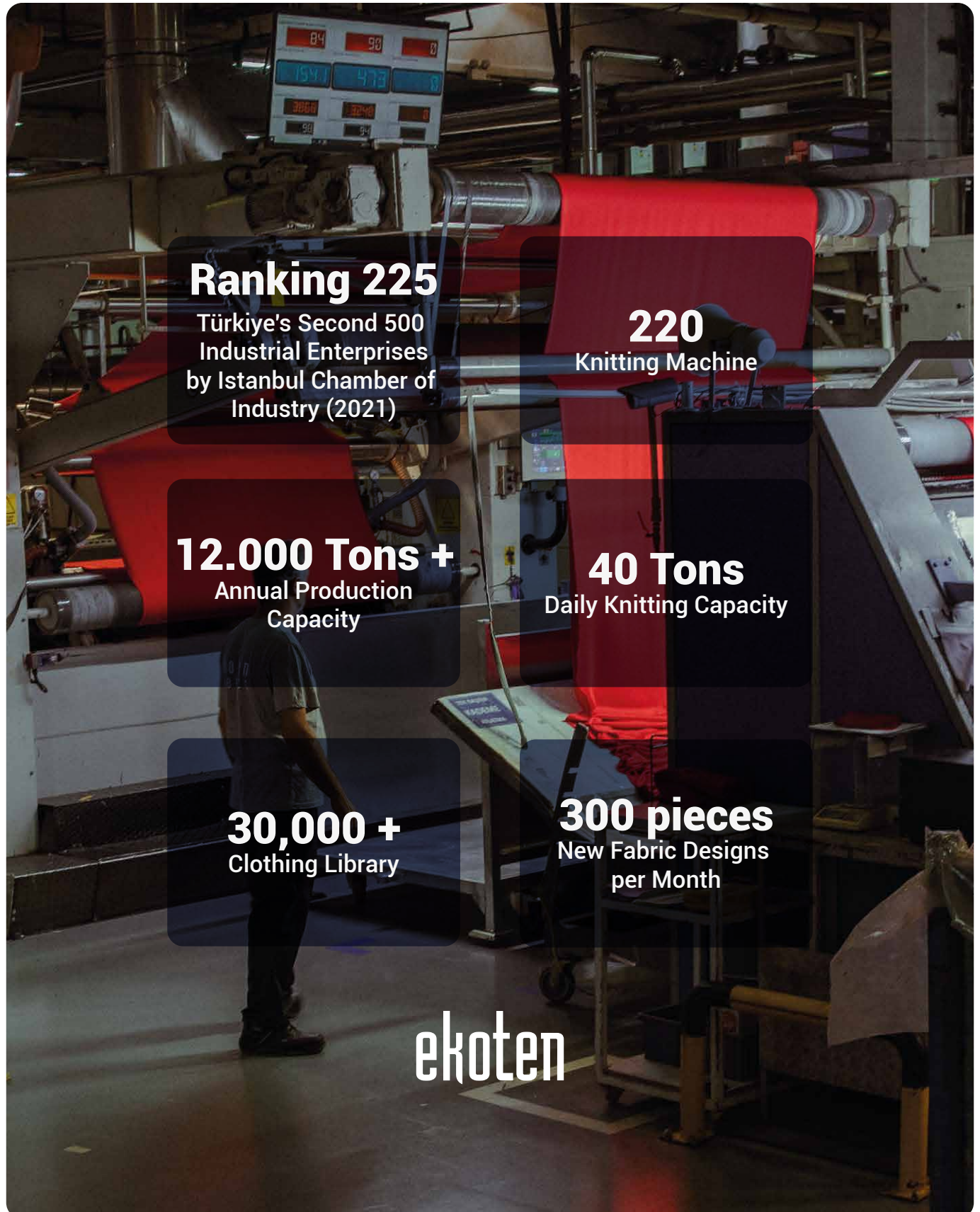
Ekoten

Ekoten Tekstil, which was founded in 1994 and has been operating affiliated with Sun Tekstil since 2000, has two production facilities in Torbali/Izmir. With a total of 206 circular knitting machines in an area of 20 thousand square meters in its facility located in the Torbali Organized Industrial Zone, it produces various high-quality knitted fabrics and sells its fabric collections. Ekoten has a production capacity of 1,200 tons per month and designs about 300 new fabrics per month. Dyeing, finishing, and quality control processes are carried out in Ekoten's facility in Torbali. Ekoten sells 20-25% of its fabric products to Sun Tekstil. In addition to the fast fashion market, Ekoten produces fabrics for technical textiles as well as medical and activewear textiles, which have had a significant part in its strategy for the last 3 years. The target markets and customers of the company are the suppliers of domestic and American brands and internationally registered brands operating especially in the active clothing and global ready-made clothing retail market in Europe.

Sun Textile UK

Sun Textile UK Limited continues its activities in the international arena with the ability to keep its competitive power by being close to the customers in the global market, using the power of advanced design and product development together with the design team based in the UK, and providing flexible and fast service to customers.





Ranking 225

Türkiye's Second 500
Industrial Enterprises
by Istanbul Chamber of
Industry (2021)

220

Knitting Machine

12.000 Tons +

Annual Production
Capacity

40 Tons

Daily Knitting Capacity

30,000 +

Clothing Library

300 pieces

New Fabric Designs
per Month

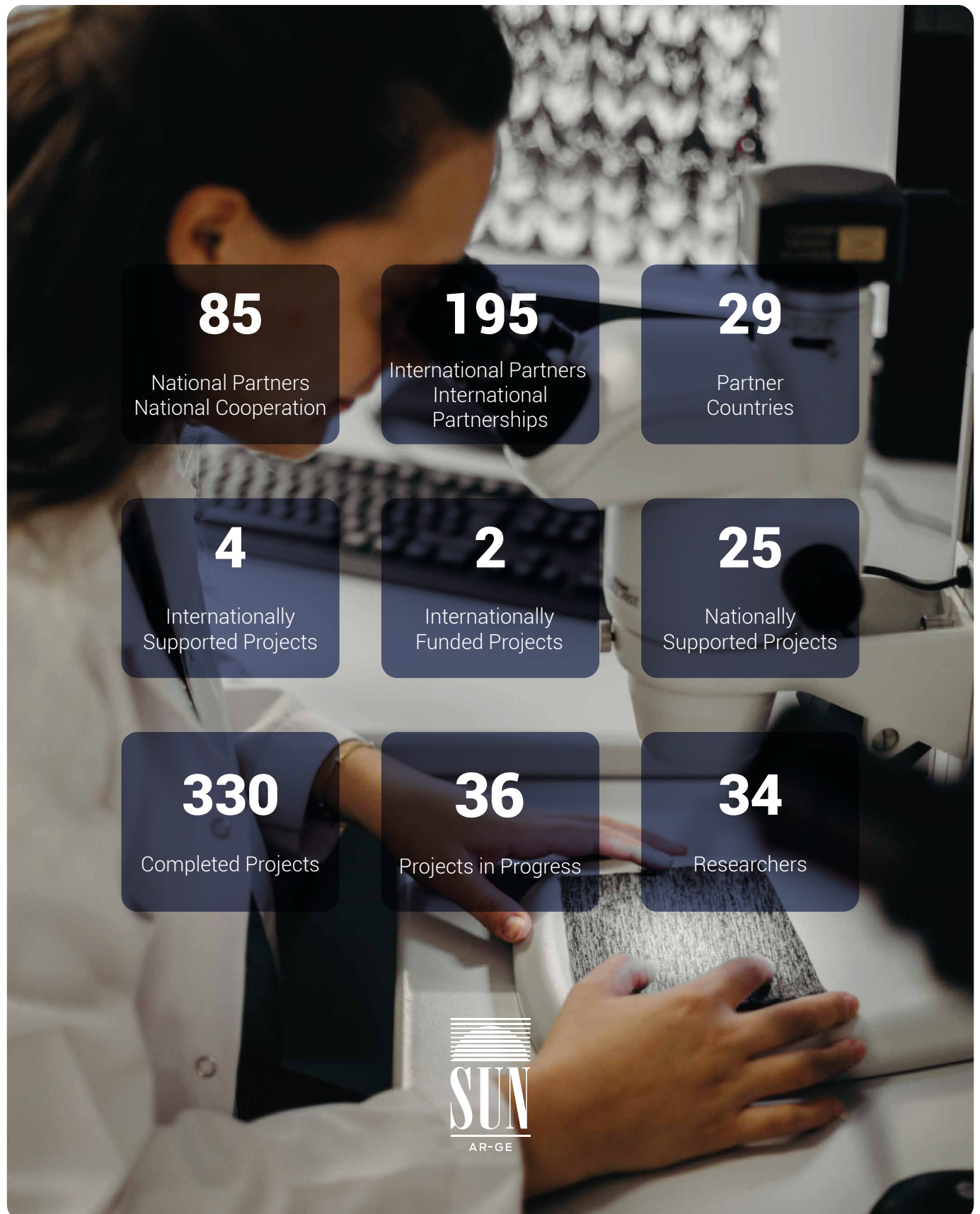
ekoten

Sun Tekstil Sustainability Report

As Sun Tekstil R&D Center, we act with the mission of increasing profitability by offering innovative products, services, processes, and technologies to our stakeholders within the corporate group, as well as offering innovative and accessible solutions that facilitate the life of our customers and business partners. While operating to be an organization with intellectual capital that can develop new technology and business opportunities for all areas related to textiles, we always keep the perspectives of creating added value, interaction, universality, innovation, and sustainability in focus.

As the 145th company with the highest R&D expenditures in Türkiye, we benefit from several internal and external sources in the Innovation Cycle of Sun Tekstil, which is our main methodology, while carrying out our R&D activities. We take opportunities through our collaborations, platforms we are a member of, and events we attend or hold. With experts from different disciplines, we evaluate these opportunities in accordance with the system we have designed specifically for our organization. Thus, we not only have the opportunity to progress more efficiently with leaner processes but also shape and manage our project portfolio in accordance with our corporate priorities. We restructure our processes according to the target markets of the ideas that we conceptualize the project; thus, we are able to adapt to a wide range of markets, from fashion to health. By including our key stakeholders in our business plan in our processes as soon as we identify them, we increase both our productivity and the success rate of the project, thus achieving a more sustainable business model.







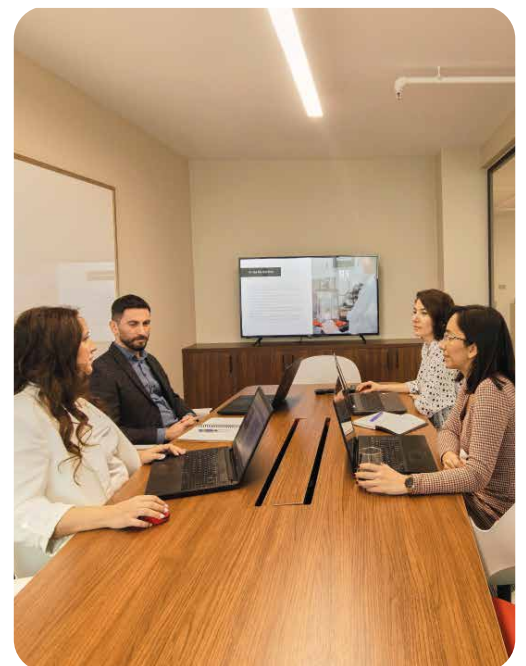
We care about wholism in our sustainability perspective in the R&D activities, and we consider the material, process, and environment as a whole. With this perspective, we took action in 2021 by creating three project consortia with a high impact value.

We prepared the PLASTICE Project based on the fact that only 20% of the total plastic produced is recycled today and hoped to improve this figure by developing valuation processes compatible with state-of-the-art chemical recycling technologies. We completed the project application prepared by a consortium of 25 strong stakeholders from academy, industry, research, and technology organizations from Austria, Belgium, France, Greece, Italy, Spain, the Netherlands, and Türkiye in 2021. The PLASTICE Project, where Sun Tekstil R&D Center will represent recycling to increase the value in the textile industry, has been entitled to get funds as part of the Horizon Europe Program.



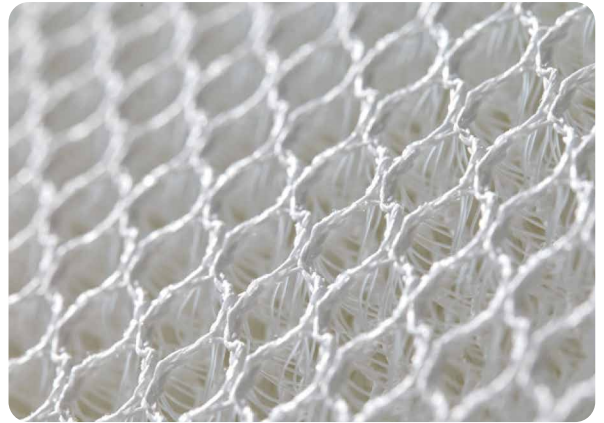
We created two project consortia to apply to two different international project funds in 2022 in order to eliminate the multiple repetitive and challenging tasks involved in fabric production processes and to improve the qualification of the workforce. In one of these projects, we, in cooperation with 12 partners from 7 countries, focus on the inclusion of human-robot interaction in production processes, while in the other project, we, as 2 partners from 2 countries, focus on the use of artificial intelligence applications.

We care about the transition to a safe circular economy in accordance with our strategic goals, and we consider all of the design, production, use, and end-of-life processes. In order to support these studies, we created a consortium to apply for an international project fund. In this cooperation, which will be carried out together with 14 partners from 5 countries, we focus on functional raw materials that will provide "Safe and Sustainable Design Criteria".



We continue our research on regenerated cellulosic fibers by establishing international collaborations to bring new materials into circular fashion with a focus on sustainability. In this context, we have been trying to develop new materials together with start-up companies in Finland.

In 2021, we completed the "Development of Sustainable Yarn and 3-D Warp Knitted Fabric Structures for Automotive Textile Applications Project", which we started with the aim of promoting the use of sustainable materials in the field of technical textiles and funded as part of the TUBITAK Technology and Innovation Funding Programme (TEYDEB 1501). 3D warp-knitted fabrics produced using sustainable yarns developed by the project partners were introduced to the market through affiliated partnerships.



In 2021, we continued our research on recycling from textile to textile, which is one of the issues that the fashion industry has been trying to find solutions. We started our collaboration with a US-based start-up company that specializes in the chemical recycling of fabrics made of synthetic fibers. In 2022, we aim to make an important contribution to the circular economy by continuing to research in this field, where we made our first experiments.



With the raising awareness about the importance of reuse and recycling of textile materials, as Sun Tekstil R&D Center, we started to concentrate our research in this direction. In addition, due to changing consumption habits and fashion sense and the increasing number of consumers who are encouraged to change their behavior, we foresee that the market for reusable products that can be easily cleaned by washing will grow, and we develop our strategies accordingly. We have been developing reusable products with similar performance that can replace the disposable products available in the market.

In line with our 2020-2021 goals, we focused on projects such as the production of reusable diapers with specially developed textile structures, the design and development of reusable surgical aprons and covers with superior comfort, and the development of reusable masks using 2D and 3D textile structures with improved comfort and barrier features. Moreover, we have also included topics such as the development of insulated coveralls and bed covers with high washing strength and suitable for sterilization to be used in patient beds.

As Sun Tekstil R&D Center, we have adopted a mission to primarily develop the innovation ecosystem in our region. In this context, we come together with entrepreneurs and focus on technology transfer, cooperation, and mentoring activities. In 2021, we took a part in the Stakeholders Office under Izmir Bilimpark A.Ş., which is one of the leading technoparks of our region and brings together industrial organizations and entrepreneurs. We pay regular visits to come together with young entrepreneurs who develop new technologies, and we establish mutually beneficial collaborations. Our other initiative in this context is the Sun Tekstil R&D Office, which we opened in the "IzQ Innovation Center", which was established to develop entrepreneurship, R&D, and innovation awareness in Izmir. We opened this office to develop together with the start-up companies in the "Entrepreneurship Center", and we continue our activities to broaden the horizons of our R&D Center researchers and to disseminate our current knowledge.



We are happy to support the development of scientific research in Türkiye by allowing the students and researchers to use almost 60 devices available in our strong laboratory infrastructure of our R&D Center as part of our collaborations with universities.

You can access the Promotional Brochure on Devices and Equipment of Sun Tekstil R&D Center Laboratory through this [link](#).👉

For more information and collaborations, you can visit our **R&D Center** 👉 page on our website.



Achievements



ETİKA Türkiye Ethics Award 2020
(7th time) (Sun Tekstil)



Aegean Garment and Apparel
Exporters Association, Export
Platinum Award 2020
(Sun Tekstil)



INOVALIG 2019 Innovation Cycle
Category Türkiye Championship
organized by the Türkiye
Exporters Assembly (concluded in
2020 due to the pandemic)



Partnership for Sustainability
Award 2020 Finalist organized by
Global Compact Ukraine
(Sun Tekstil)



Aegean Garment and Apparel
Exporters Association, Export
Platinum Award 2021
(Sun Tekstil)



UTIB TechXtile Innovation League
Championship – Most
Sustainable Project & Company
Project Award 2021
(Sun Tekstil R&D Center)



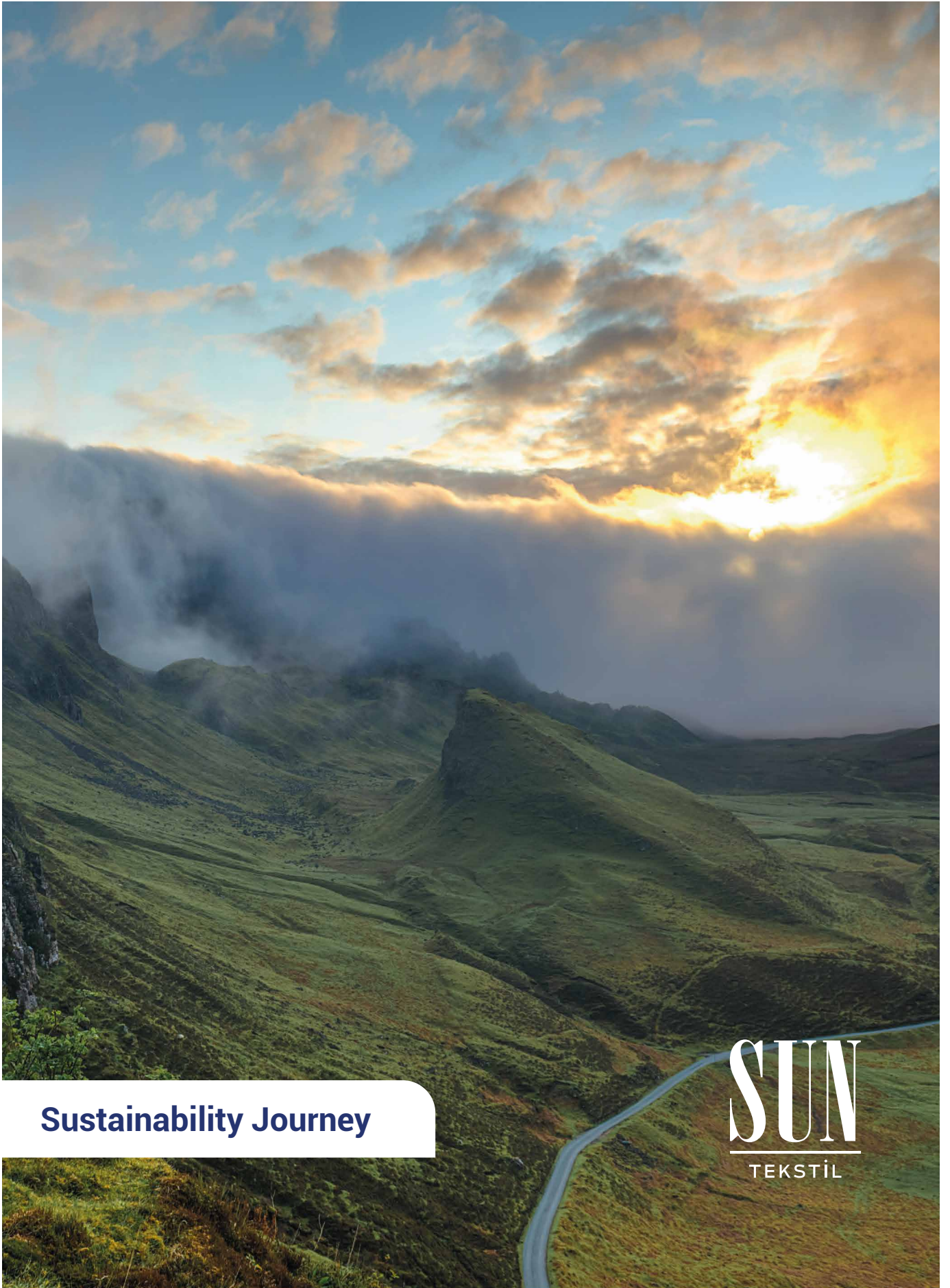
PERYON Human Value Awards
2021, Learning Organization and
Learning Agility Category
Grand Prize
(Sun Tekstil)



Capital Magazine's "Top 100
Female-Friendly Companies
2021" Survey, Group with Highest
Female Manager Ratio Category
Grand Prize



Ekoten was rated Score B with its
Carbon Transparency Project in
the Climate Change Program
2021, and Score A in the Supplier
Relationship Rating (SER)
Program.



Sustainability Journey

SUN
TEKSTİL

Holistic Sustainability Approach

With our holistic sustainability approach based on all dimensions of sustainable development, we believe that we, together with our stakeholders, create value by reflecting the concepts that are an important and integral part of our company culture to all our activities.



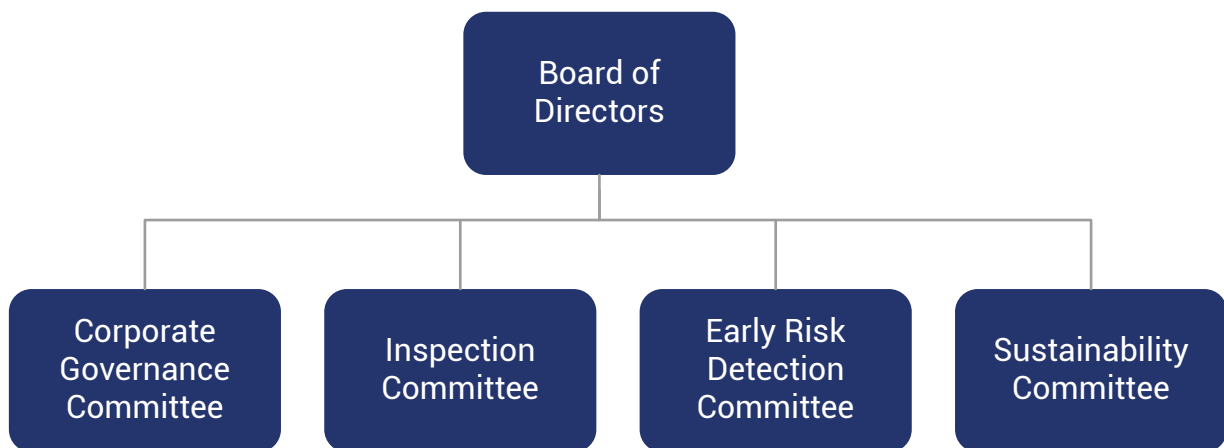
Sustainability Journey

- 2001** Ekoten Water Management Program was started, and water consumption has been reduced.
- 2011** Ekoten Quality Management System was established.
- 2012** Ekoten joined the CDP Climate Change Program.
- 2014** Sun Tekstil became a member of the United Nations Global Compact (UN. Global Compact-UNGC) and began reporting the progress.
- 2015** Sun Tekstil became a signatory of the Women's Empowerment Principles (WEPs).
- 2018** Sun Tekstil Sustainability Committee was established. Priority SDGs were identified and working groups were established.
- 2019** Sun Tekstil's first Sustainability Report was published.



Sustainability Governance

Following the roadmap of conducting a stakeholder analysis, preparing a prioritization matrix, determining priority SDGs, and establishing working groups under the leadership of the Sun Tekstil Sustainability Committee established in 2018, we have created our governance mechanism for the management of sustainability titles of high importance for our companies.



Our Stakeholders

We wholeheartedly believe that sustainable transformation is only possible together with all stakeholders and the importance of partnership for purposes. In our sustainability journey, we have focused on identifying all of our key stakeholders and developing strategies for communicating with them in the most effective way. Within the scope of our analysis, we categorized our stakeholders in terms of their proximity and impact, and we developed specialized communication strategies.

Sun Tekstil

- Suppliers
- Employees
- Public
- Customers

- Non-Governmental Organizations
- Financial Organizations
- Universities
- Media Members

- Employee Families
- Trade Associations
- Unions
- Trade Unions
- Prospective Employees
- Society

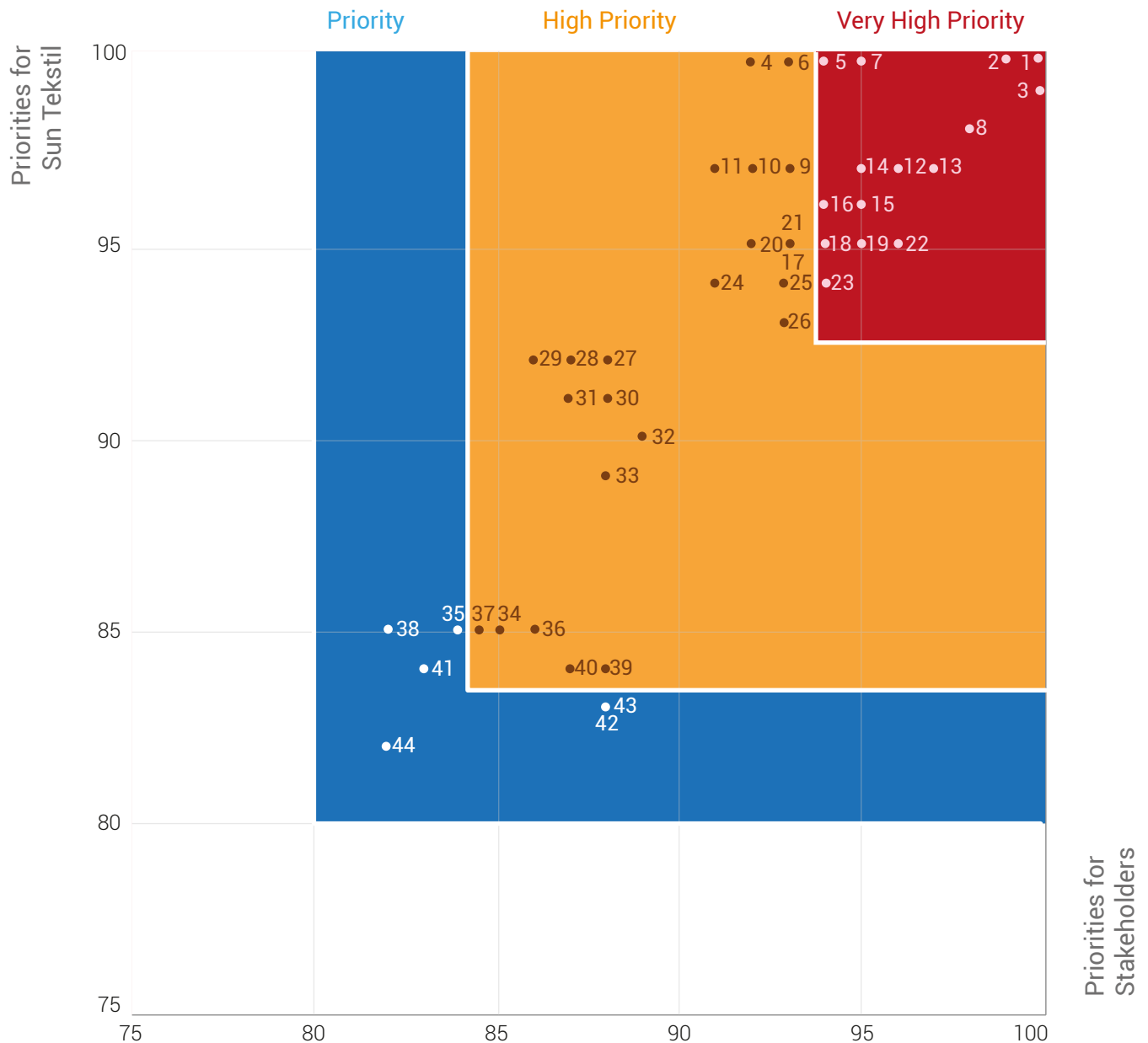
Stakeholder Communication Strategy

Stakeholder	Communication Method	Content	Communication Platform
Employees	Life in Sun Survey	Measuring awareness and maturity through sustainability questions included in the survey	Online survey platform and manually filled forms
	Sun Academy Sustainability Training Programs	Increasing awareness and knowledge through sustainability training programs consisting of various modules	Sun Academy
	In-Class Sustainability Training Programs	Increasing awareness and knowledge through sustainability training programs consisting of various modules	In-class training
	Launch of the Sustainability Report	Information about the publication and content of our sustainability report of the relevant year and sharing motivation for reviewing it	In-house e-mail Presentation and event Video sharing through common area televisions and Sun Academy
	Senior Management Message	Sharing the senior management's message specific for that year about our sustainability strategies and vision	In-house e-mail Sun Academy SunIK Announcement System Sun Cloud
	Events Attended by Our Executives	Information about participated events, summaries or citations from our executives' posts, and sharing the records of the participated session	In-house e-mail Sun Academy SunIK Announcement System Video sharing from Sun Academy
Customers	Launch of the Sustainability Report	Information about the publication and content of our sustainability report for the relevant year	Company website
	Sustainability Presentations	Sharing customer-oriented sustainability presentations that cover our current sustainability activities	Online meetings Physical meetings and events
Suppliers	Launch of the Sustainability Report	Information about the publication and content of our sustainability report for the relevant year	Company website Sharing e-mail with the letter from the CEO
	Sustainability Presentations	Sharing customer-oriented sustainability presentations that cover our current sustainability activities	Online meetings In- class training
	Supplier Sustainability Training Programs	Increasing awareness and knowledge through sustainability training programs consisting of various modules for the needs identified in line with the scorecards and strategies	Online meetings In- class training
Shareholders / Investors	Sustainability Sustainability Report	Information about the publication and content of our sustainability report for the relevant year	Company website Sharing e-mail with the letter from the CEO
Regulatory Bodies and Local Administrations	Sustainability Presentations	Sharing customer-oriented sustainability presentations that cover our current sustainability activities	Online meetings Physical meetings and events
All Stakeholders	Sustainability Presentations	Sharing customer-oriented sustainability presentations that cover our current sustainability activities	Online meetings Physical meetings and events Social media posts

Prioritisation Matrix

At the core of our sustainability strategies, which we have prepared to create value for all our stakeholders and the world, are the issues that all our internal and external stakeholders consider a priority. Adopting inclusive communication approaches, we identify our risks and opportunities, common goals, and roadmaps from a holistic perspective by classifying together the issues that our stakeholders consider as a priority, particularly global and sectoral trends. We review the issues we have determined and classified using qualitative and quantitative methods every year and update our prioritization analysis every two years.

In our analysis, which we updated in 2021, we found that 23 of the 44 priority issues were among the high-priority issues particularly due to the COVID-19 pandemic.



Determination of Our Priority SDGs

No	Subheading	Related SDG
Very High Priority	1 Effective Governance	8 - 16
	2 Ethics	8 - 16 - 17 - 5 - 10
	3 Anti-Bribery and Anti-Corruption	8 - 16 - 10
	4 Transparency	3 - 5 - 8 - 10 - 12 - 17
	5 Raw Material Traceability	3 - 5 - 8 - 15 - 12 - 13 - 9
	6 Traceability of Production Processes	3 - 5 - 8 - 12 - 13 - 9
	7 Human Rights Strategy	5 - 8 - 10 - 17 - 16
	8 Combating Climate Change	5 - 8 - 10 - 17 - 16
	9 Digitalization	3 - 6 - 9 - 12 - 15
	10 Innovation for Sustainability Technologies	3 - 9 - 12 - 15 - 17
	11 Energy Management	7 - 9 - 13
	12 Production Process Innovation	3 - 6 - 9 - 12 - 15
	13 Greenhouse Gas Emissions Management	7 - 9 - 13 - 12
	14 Decarbonization	7 - 9 - 13 - 12
	15 Supplier Interaction and Collaboration	3 - 5 - 8 - 10 - 12 - 13 - 17
	16 Social Compliance in Supply Chain	4 - 5 - 8 - 10 - 16 - 17
	17 Talent Management	4 - 5 - 8 - 10
	18 Water Management	6 - 12 - 13 - 9
	19 Chemical Management and Zero Discharge of Harmful Chemicals to Nature	6 - 12 - 13 - 14 - 15 - 9
	20 Waste Management	12 - 13 - 15 - 9
	21 Environmental Compliance in the Supply Chain	4 - 6 - 12 - 13 - 14 - 15 - 17
	22 Inclusiveness, Equality, and Diversity	5 - 8 - 10 - 17 - 16
	23 Use of Sustainable Raw Materials	6 - 9 - 12 - 13 - 15
High Priority	24 Occupational Health and Safety Management Systems	8 - 3 - 10 - 4
	25 Circular Economy	12 - 3 - 9 - 15 - 6
	26 Responsible Procurement Training and Commitments	4 - 5 - 8 - 10 - 12 - 17
	27 Financial Risk Management and Control Systems	16 - 8 - 9
	28 Non-financial Risk Management and Control Systems	16 - 13 - 10 - 8
	29 Management of Climate Change Risks and Opportunities	13 - 14 - 15 - 9
	30 Eco-Design	12 - 13 - 9 - 15 - 6
	31 Packaging and Use of Packaging	12 - 13 - 9 - 15 - 6
	32 Stakeholder Commitments	17 - 16 - 8 - 12 - 13 - 10
	33 Transparency and Constant Dialogue with Stakeholders	17 - 16 - 8 - 12 - 13 - 10
	34 Financial Performance	8 - 9 - 10
	35 Value Created for Society	8 - 9 - 10 - 11 - 16 - 17
	36 Contribution to Sustainable Development Goals	8 - 9 - 10 - 11 - 16 - 17
Priority	37 Suggestion and Feedback Mechanisms	8 - 16 - 10
	38 Socio-Economic Impact on Society	11 - 8 - 10 - 3 - 5
	39 Cyber Security	16 - 9
	40 Recycling	12 - 15 - 8 - 9 - 6
	41 Health and Well-Being	3 - 8
	42 Biodiversity	15 - 14 - 13
	43 Animal Welfare	15 - 14 - 13
	44 Partnerships for Purposes	16 - 17

Working Groups

We have been constantly improving our approach to sustainability governance. We have changed the structure of our working groups, which were established in 2018, and have been supporting the sustainability strategies and activities of all our group companies, to the task force mechanism at the end of 2021. Thus, in addition to managing our priority issues in line with the specific needs of our companies, we aim to strengthen the decision-making mechanisms of our companies in line with their sustainability activities.



- 1. Effective Governance
- 2. Ethics
- 3. Anti-Bribery and Anti-Corruption
- 27. Financial Risk Management and Control Systems
- 28. Non-financial Risk Management and Control Systems
- 29. Management of Climate Change Risks and Opportunities
- 34. Financial Performance
- 44. Partnerships for Purposes



- 7. Human Rights Strategy
- 17. Talent Management
- 22. Inclusiveness, Equality, and Diversity
- 24. Occupational Health and Safety Management Systems
- 37. Suggestion and Feedback Mechanisms
- 41. Health and Well-Being



- 23. Use of Sustainable Raw Materials
- 25. Circular Economy
- 30. Eco-Design
- 31. Packaging and Use of Packaging
- 40. Recycling
- 42. Biodiversity
- 43. Animal Welfare



- 4. Transparency
- 5. Raw Material Traceability
- 6. Traceability of Production Processes
- 15. Traceability of Production Processes
- 16. Social Compliance in Supply Chain
- 21. Environmental Compliance in the Supply Chain
- 26. Responsible Procurement Training and Commitments
- 32. Stakeholder Commitments
- 33. Transparency and Constant Dialogue with Stakeholders





We Get in Touch
with Society

- 35. Value Created for Society
- 36. Contribution to Sustainable Development Goals
- 38. Socio-Economic Impact on Society
- 44. Partnerships for Purposes



Sustainable
Environment

- 8. Combating Climate Change
- 12. Energy Management
- 13. Greenhouse Gas Emissions Management
- 14. Decarbonization
- 18. Water Management
- 19. Chemical Management and Zero Discharge of Harmful Chemicals to Nature
- 20. Waste Management
- 25. Circular Economy
- 42. Biodiversity



Digitalization

- 9. Digitalization
- 10. Innovation for Sustainability Technologies
- 11. Production Process Innovation
- 39. Cyber Security



Our Priority Sustainable Development Goals



Sustainability Goals

	Human Resources	Society
	<ul style="list-style-type: none"> • To ensure the adoption and dissemination of our values by our employees by implementing the Value of Month Program in 2022 • To reinforce our corporate culture by sharing our Business Principles with all our employees in 2022 • To implement our action plans determined in line with the results of our Employee Satisfaction and Engagement Survey 2021, 'Life at Sun Survey', in 2022 such as the Positive Leadership Conversations, Conversations Amongst Us, and sharing meetings with our employees who have completed their 2nd and 6th month. 	
	<ul style="list-style-type: none"> • To provide our leaders with training programs that will improve their competence to give feedback according to the performance and potential of employees in 2022. • To improve our automated reporting infrastructure by improving our digital human resources processes and to implement the SunIK mobile application that will improve the communication with employee personal transactions in 2022. • To implement workplace ergonomics studies as part of our OHS applications in 2023 • To start research studies on the evaluation of workplace psycho-social risk factors as part of our OHS studies in 2023 	<ul style="list-style-type: none"> • To prepare our comprehensive Sun Tekstil community-oriented works strategy and to present it to our stakeholders in 2022 • To continue our current scholarship programs in the 2022/2023 academic year

Sustainability Goals

Design	
	<ul style="list-style-type: none"> • To develop 5 sustainable capsule collections, 4 recycled capsule collections, and 2 re-imagined capsule collections in 2022 • To design and present specified collections in the digital environment and to convert them into orders without producing any physical samples for these collections in 2022 • To implement our pilot study, which we started in 2022 for the value-added recycling of fabric wastes, in all our production processes • To manufacture at least 90% of our production using sustainable materials in 2030 • To develop innovative solutions that will enable us to manufacture 100% of our products using sustainable materials by 2040
	<ul style="list-style-type: none"> • To produce at least 50% of all our collections we developed in 2022 using sustainable raw materials • To declare our roadmap of low-carbon product manufacturing by 2025 • To present all our stakeholders with our action plans to protect biodiversity by 2025

Sustainability Goals

Environment	
	<ul style="list-style-type: none"> • To get Higg FEM verification from independent organizations for the production facilities of Sun Tekstil in 2022 and to make it regularly • To start ISO 14001 Environmental Management System compliance works for the production facilities of Sun Tekstil in 2022. To apply for ISO 14001 certification for the main production facility of Sun Tekstil in Torbali in 2023 • To start works for compliance with the ISO 14064 Greenhouse Gas Calculation and Verification Management System for the production facilities of Sun Tekstil in 2022. To initiate compliance processes for the ISO 14064 Greenhouse Gas Calculation and Verification Management System and Carbon Disclosure Project Climate Change reporting for the production facilities of Sun Tekstil in 2023. Verification of our greenhouse gas calculations by independent organizations in accordance with ISO 14064 Standard in 2024 • To start Higg FEM compliance studies in our supply chain and to apply our compliant environmental performance scorecards in 2023. To get Higg FEM verifications from independent organizations for our specified manufacturers in our supply chain in 2024. To make applications and verifications a rule as of 2026 • To initiate ISO 14001 Environmental Management System compliance studies for the specified manufacturers in our supply chain in 2024 and get ISO 14001 certification for the specified suppliers in 2026, and invest in an advanced treatment plant that will provide 95% water recovery in 2022.
	<ul style="list-style-type: none"> • To commit to the Science Based Targets Initiative Platform in 2022 and to present our science-based greenhouse gas emission reduction targets to the platform for evaluation by the end of 2023 • To support the climate change and greenhouse gas emission management processes of our Sustainable Supply Chain Meetings by the end of 2022 • To balance our mains electricity use with an I-REC certificate in 2022 • To explain our Roadmap to a Low Carbon Economy by the end of 2024 • To establish a governance mechanism to measure and monitor the impact of our value chain on biodiversity by the end of 2024 • To invest in an advanced treatment plant with an innovative technology that will provide 95% water recovery in 2022 and to commission it in the first quarter of 2023

Sustainability Goals

	Digitalization	Supply Chain
	<ul style="list-style-type: none"> • To organize training programs for our relevant teams to develop our Robotics Process Automation (RPA) competencies for making repetitive processes with no value-added efficient in 2022 • To develop automatic reports for our internal resources in our SAP software, which we completed the migration in 2022, thus benefiting from big data to ensure labor and resource efficiency 	<ul style="list-style-type: none"> • To hold Sustainable Supply Chain Meetings and training programs for our suppliers to improve EU Green Deal compliance in our supply chain in 2022 • To align the Sustainability Performance Scorecards we implemented as part of our sustainable supply chain management approach with the EU Green Deal and Higg FEM criteria in 2022
	<ul style="list-style-type: none"> • To adapt the artificial intelligence-based automatic quality control systems used in our knitting machines to more complex fabric structures and to make investments so that these systems can be used in more of our knitting machines in 2022 • To hold EcoTalks events for training and experience sharing, especially for improving the levels of digital culture topics in line with the department-based evaluations to be carried out using our digital maturity index measurement tool in 2022 	<ul style="list-style-type: none"> • To support the EU Green Deal compliance processes and resilience of our suppliers by starting Sustainable Supply Chain Meetings by the end of 2022 • To conduct current situation analysis using Sustainability Performance Scorecard tools for our suppliers, to organize training programs to support our suppliers in areas open to improvement, to perform joint improvement studies, and to develop joint projects



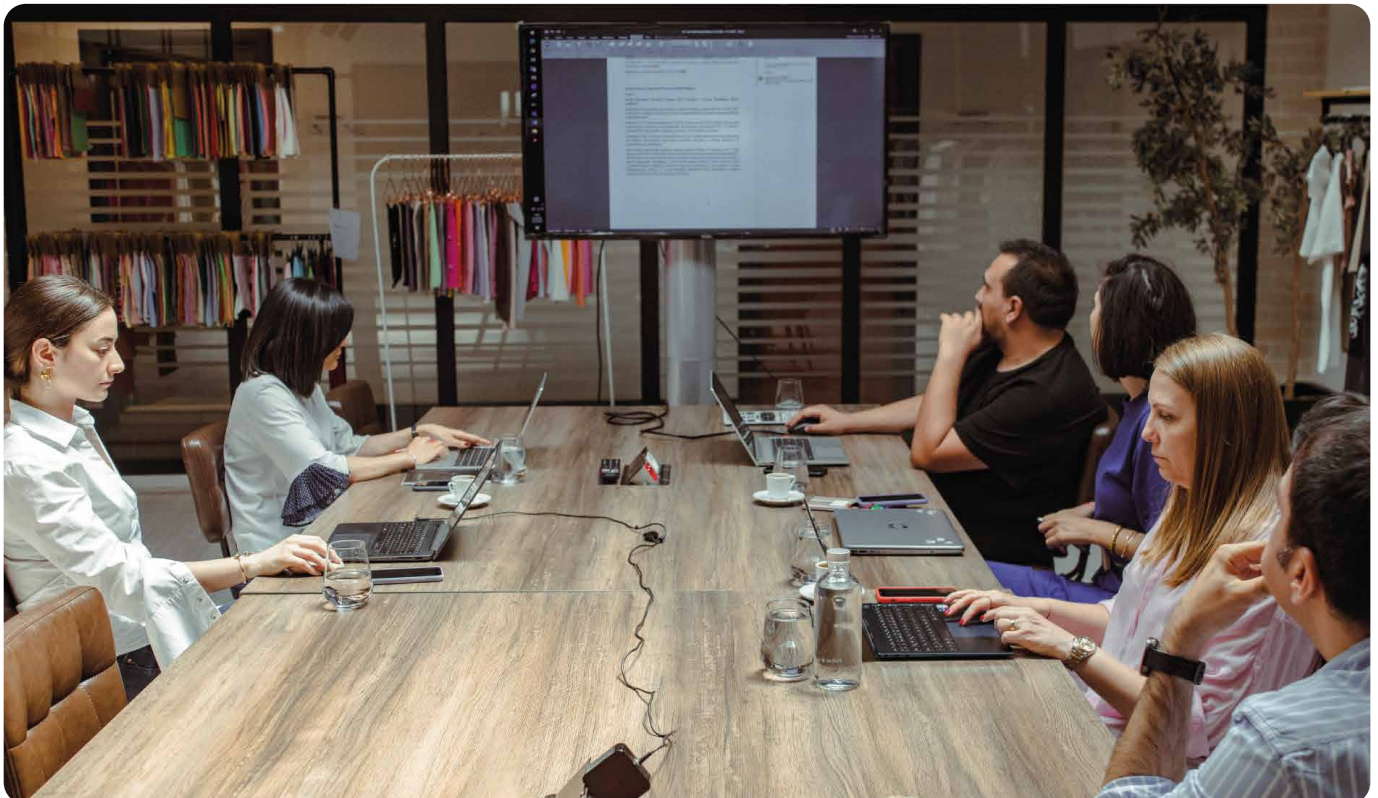
Corporate Governance

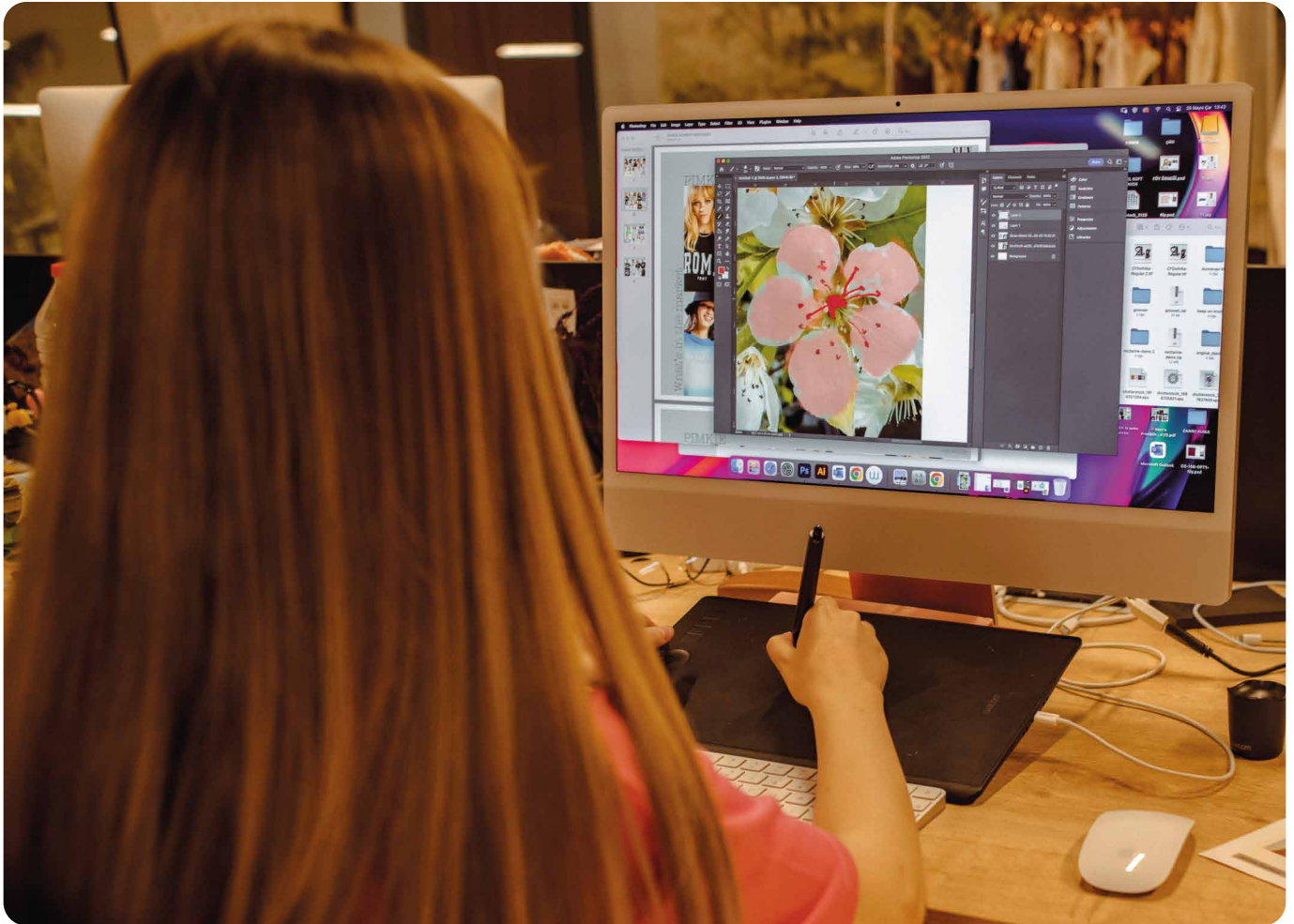
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Corporate Governance Approach

We believe that the resilience of an organization that creates value for society and all stakeholders depends on effective corporate governance approaches. Our long-standing committees established for the institutionalization and sustainability of our company form the basis of our corporate governance approach. The Audit Committee, the Early Detection of Risk Committee, and the Corporate Governance Committee have been established in 2018 in accordance with the "Corporate Governance Communiqué" published by the Capital Markets Board (CMB). The Sustainability Committee, which would undertake the constant development of our sustainability governance mechanism and activities, was established in the same year. Our working groups, task forces, and departments continue to work under the leadership of our committee, which undertakes the task of aligning sustainability, which forms the basis of our company strategies and is an integral part of our corporate culture, with all our activities and coordinating specific areas.

Our Corporate Governance Working Group, which is affiliated with our Sustainability Committee, carries out activities, especially those for the development of our company's governance mechanisms, and the creation and improvement of policies and procedures, by focusing more on employee engagement, involvement, and dissemination of knowledge. The work carried out by the task forces of Sun Tekstil and Ekoten under 6 categories that we have determined in line with the priorities of all our stakeholders and our company is performed under the guidance and supervision of the Sustainability Committee and our Board of Directors. Therefore, we constantly improve our governance mechanism and improve our practices in the fight against climate change, which is one of our most important issues.





Our internal inspection mechanism, which has been used for many years to maintain the resilience of our company, is carried out by our Internal Inspection Department, which adopts methods based on international standards in its applications, and under the supervision of our Board of Directors. We develop our practices within the scope of the 10 principles of the United Nations Global Compact, which we are a member of in 2014, and publish a Communication on Progress report open to the public every year, and we are committed to supporting it with a letter written by our Chairperson of the Board of Directors.

We aim to ensure compliance with ethical principles in all our activities by strengthening our long-standing social compliance and ethical compliance practices with the Ethics Committee we established in 2021.

We constantly improve our information security management practices by being aware of the importance of information security against the dangers of developing technology. We aim to reach the international level of good practices by complying with the ISO 27001 Information Security Management System Standard, which we began applying in 2021. We want to ensure the information security of our own processes and stakeholders with the most effective management systems using our applications that we will be certified by independent inspection organizations.

Audit Committee

The duty of the Audit Committee is to observe the effectiveness and adequacy of the internal control, risk management, and internal inspection systems, the functioning of the accounting and reporting systems together with these systems, and the integrity of the information generated on behalf of the Board of Directors, to make necessary preliminary assessments for the selection of independent inspection companies by the Board of Directors, to regularly monitor the activities of independent inspection companies selected by the Board of Directors and approved by the General Assembly. The Inspection Committee meets quarterly at least four times a year.

You can access the working principles of the committee through the [link](#). 🖱️

Early Detection of Risk Committee

The duty of the Early Detection of Risk Committee is to early detect the risks that may jeopardize the existence, development, and survival of our company, taking the necessary measures related to the identified risks and managing the risk. The Committee meets as often as it deems necessary and documents all its work in writing. The Committee submits reports covering information about its work and the results of the meeting to the Board of Directors.

You can access the working principles of the committee through the [link](#). 🖱️

Corporate Governance Committee

The duty of the Corporate Governance Committee is to determine whether the corporate governance principles are applied in our company, if not, the reason for it, and the conflicts of interest arising from not fully complying with these principles, to offer suggestions on improving corporate governance practices to the Board of Directors, and to observe the work of the investor relations department. The Committee also performs the duties of the Nomination and Compensation Committee as set out in the Corporate Governance Principles. The Committee meets as often as it deems necessary and documents all its work in writing.

You can access the working principles of the committee through the [link](#). 🖱️

You can access our policies and procedures through the [link](#). 🖱️

Sustainability Committee

We established our Sustainability Committee in 2018 to develop strategies in line with our holistic sustainability approach and to align our activities with the Sustainable Development Goals. Our committee, which continues its activities under the coordination of the Chairman of the Sustainability Committee and under the direction of the Sustainability Management Department, under the Board of



Directors, consists of members with competencies that contribute to the development of strategies for all dimensions of sustainability. Its members include all relevant representatives, especially our board members, independent board members, general managers, environmental engineers, human resources specialists, and corporate communication specialists. Thus, our committee focuses on inclusiveness and participation.

The working principles of our committee have been shared in our company, particularly for our members. We have established our sustainability task forces in order for our company and our stakeholders to add value to our world and society, to determine our priority targets, global risks, opportunities, climate change strategies, and all necessary governance mechanisms within the scope of sustainability in line with the studies of our committee, which leads our companies.

Sustainability Task Forces

We have established task forces for the effective management of the goals, which we have set in line with our materiality analysis studies, and for disseminating them to all our departments with the participation of our colleagues. Sub-working groups operating with the participation of almost 100 employees as permanent members enable employees to participate in decision mechanisms throughout our company.

The working principles of our committee have been shared in our company, particularly for our members.



**Design and
Development of
Products**

Design and development of environmentally friendly products in line with customer needs and new trends.



**Supply Chain
Management**

Improving our work to implement the competencies and activities of our suppliers in line with Sun Tekstil's goals, determining strategies in line with the laws and action plans that will affect the supply chain.



Digitalization

Development project in order to make business models more efficient by using sustainable technologies.



**Sustainable
Environment**

Projects for ensuring the sustainable management and effective use of natural resources; conducting studies to prevent waste, and reducing waste them through recycling and reuse.



**Human
Resources**

Developing projects to increase the implementation of our strategies for training planning, leadership development, internalization of values, talent management, and gender equality.



**Touching
the Community**

Developing works, projects, and strategies that create value for society, determining corporate social responsibility projects and organizations to cooperate.

Ethics Committee

Our ethical principles are at the core of our corporate structure shaped by our values and corporate culture. We have implemented our principles, which have been internalized by Sun Tekstil and supply chain stakeholders for many years, under the supervision of our Human Resources, Social Compliance, and Internal Inspection Departments and under the leadership of our Board of Directors.

We strengthened our governance mechanism thanks to our Ethics Committee established in 2021. We included the implementation processes of our Ethical Principles in our Business Principles and made them accessible to our employees and suppliers. Our Ethics Committee carefully examines the notifications sent to our Ethics Hotline and e-mail address by keeping confidentiality and managing the required investigation process.



Anti-Bribery and Anti-Corruption

Our company, which has been carrying out ethical, transparent, and principle-based trade processes with its stakeholders since its founding, established the governance mechanism many years ago to be among the exemplary organizations that advocate the fight against bribery in the business world. Our company has presented its policies and procedures to all stakeholders in the fight against bribery and corruption in all processes in our supply chain. In addition to the happiness of sharing the same values with our partner suppliers, we make our commitment to these principles legally accountable through the contracts and commitments. At this point, we develop our practices every day by benefiting from the expertise of our company lawyers and consultants. With our commitments to UN Global Compact and other platforms, we aim to maintain the advocacy of these essential principles and fight bribery and corruption by cooperating with all business representatives.

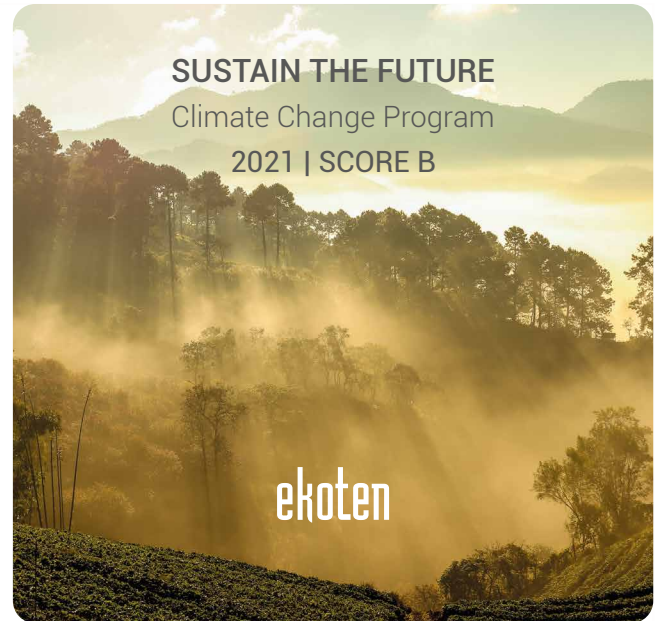
Internal Audit Department

The Internal Audit Department aims to evaluate and improve the effectiveness of risk management, internal control, corporate management, and operational management processes. The department supervises and evaluates the way to be a safe, peaceful, transparent, and democratic organization in accordance with Sun Tekstil's basic quality policy, continuity, and profitability targets by introducing a systematic and disciplined approach. It provides consultancy and suggestions and contributes to the improvement of the processes in line with the results of its activities.

While carrying out these activities, the department adheres to the principles of honesty, responsibility, accuracy, objectivity, and confidentiality, attaches utmost importance to impartiality and independence, and creates a transparent and interactive environment with its stakeholders. It evaluates all opinions and feedback and supports sustainability and development goals within the framework of mutual trust, expertise, and efficiency.

Climate Change Management

With the commitments of our senior management, we set out on our journey for water management in 2001 and combating climate change in 2012. We continue our activities aiming at being among the leading organizations that emphasize the importance of combating climate change in the business world and advocate for the issue. Our activities, which have been led and supervised by our Board of Directors, Chairperson of the Board of Directors, and General Managers, are supported by a strong climate change management mechanism. Sustainability Committee handles all elements related to climate change and coordinates our strategies and road map.



With the knowledge provided by the experts who are members of our Sustainability Committee, external consultants, and the organizations and platforms of which we are stakeholders, we analyze all aspects of the fight against climate change, especially the risks and opportunities, and global action plans. Analyses are presented to our Board of Directors and Risk Committee, ensuring continuous improvement and systematic management of our strategies. We improve our strategies and governance mechanism with voluntary Carbon Disclosure Project (CDP) reporting and disseminate our practices throughout our entire supply chain.

Information Security Management System Committee

We have been carrying out our activities with the coordination of our committee established in 2021 as part of our Information Security Management System structuring process in accordance with the ISO 27001 Standard.

Our committee is responsible for creating the necessary documentation for our company's Information Security Management System (ISMS), disseminating it to the relevant offices and keeping the documentation up-to-date by making revisions when necessary, keeping up-to- dateness of the asset lists, and taking required actions for the identification and evaluation of ISMS risks.



Corporate Memberships

In our journey to design a sustainable future, with the awareness of the importance of partnerships for purposes, we aim to contribute beyond our corporate memberships and support in order to create value for society and the business world. Accordingly, our company officials, especially our board members, play an active role in many platforms and non-governmental organizations.



As part of her duties as a Member of the Board of Directors of TUSIAD and Head of the Social Policies Roundtable, Elvan Ünlütürk, the Chairperson of the Board of Directors of Sun Tekstil, contributes to the activities carried out in line with the studies carried out on the following issues: developing the competencies of human resources, increasing employment and productivity of the workforce by considering gender equality, the effectiveness of vocational training, skill match among young people, regulations on employment and labor market, and women's participation in the economy.

As part of her duty as the Vice Chairperson of the UN Global Compact Network Türkiye, Elvan Ünlütürk supports the activities carried out for improving the development, sharing, and cooperation platforms that support all stakeholders for the adoption and dissemination of 10 principles of the UN Global Compact by the business world, ensuring sustainable development and achieving the 2030 goals.



Şükrü Ünlütürk, who has been the Chairperson of the Board of Directors of Ekoten Tekstil for many years, has also been the Chairman of the Business World Platform for the targets for the 2020-2021 period. The platform, whose main purpose is to build a bridge between the business world and Sustainable Development Goals and to strengthen the role of the business world in sustainable development, has contributed to the implementation of activities and programs that will support sustainable development, particularly the resilience of the business world against climate change and disasters, preparing businesses for the future, and the implementation of business models for inclusive growth.



Günseli Ünlütürk, who is a Member of the Board of Directors of Sun Tekstil, supports the development of activities for the resilience and sustainability of family businesses as a Member of the Board of Directors at Family Business Network International. Between 2020-2021, she contributed to the development of the Sustainability Indicators for Family Business platform, which will facilitate the efforts of family businesses to adapt the Sustainable Development Goals indicators to their strategies.



Melis Vekiloğlu, General Manager of Sun Tekstil, is an active member of many platforms that support sustainable development such as the Business Council for Sustainable Development Türkiye (BCSD Türkiye), 30 Percent Club Türkiye, and Türkiye Exporters Association Women Council.

She contributes to the activities that support the transformation of our industry by taking on the role of the Chairperson of the Sustainability Working Group in addition to her duty as a Board Member of the Aegean Ready-made Clothing and Apparel Exporters' Association.

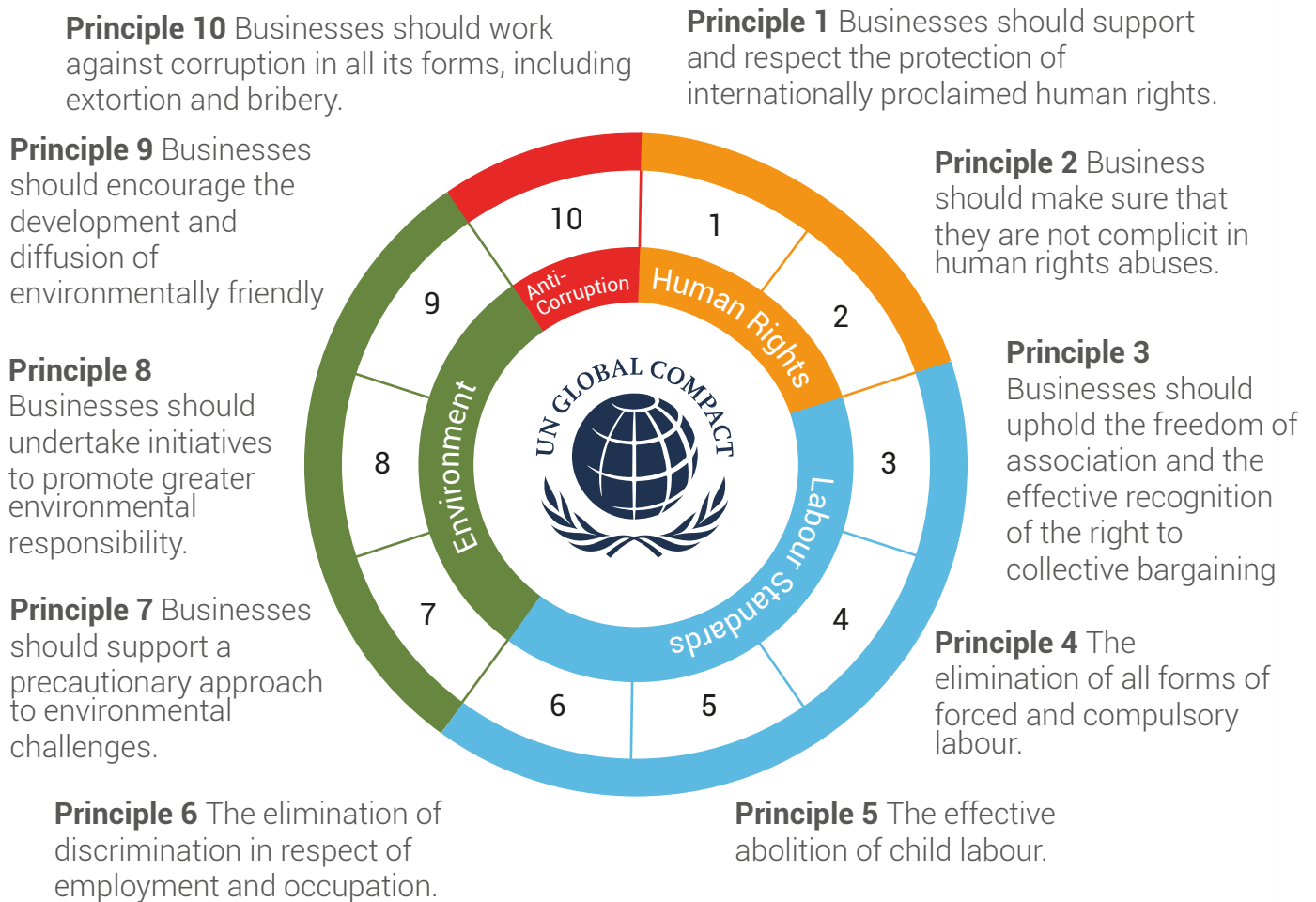
With the voluntary representation of our Board Members as well as other officials, we contribute to sustainable development on many important platforms. With our Textile Exchange Roundtable memberships, we involve in the processes to improve the traceability of sustainable textile raw materials and materials throughout the supply chain. With the membership of the TUSIAD Circular Economy and Waste Management Sub-Working Group, we support efforts focused on the adaptation of our business world to circular economy action plans and business models and increasing resource efficiency.

BCSD Türkiye Transition to Low Carbon Economy and Efficiency, Sustainable Industry and Circular Economy, Social Inclusion, Sustainable Finance, and Risk Management working groups. With the membership of the Türkiye Clothing Manufacturers Association (TGSD) Sustainability Working Group, we support the activities carried out for the transition of our industry to sustainable business models.

UN Global Compact

We have been a signatory of the UN Global Compact (UN GC), the largest corporate sustainability platform in the world, since 2014, and we have been supporting its activities. We publish our Communication on Progress Report on the 10 principles of UN GC publicly every year. We are among the active members of the local network of Global Compact Türkiye and contribute to the mission of "to support the achievement of a sustainable and inclusive global economy by cooperating with the private sector and other social stakeholders in Türkiye and abroad."

You can access our Communication on Progress Reports that we have published since 2015 and our commitment to comply with the 10 principles that we update and our Chairperson of the Board of Directors sign each year via the [link](#). 🖱️ As a member of the platform that supports companies worldwide to align their strategies and operations with 10 principles in the areas of human rights, labour standards, environment, and anti-corruption, we also set ambitious goals for SDGs as part of the business world's goals of achieving Sustainable Development Goals.

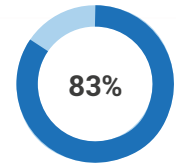


Women's Empowerment Principles (WEPs)

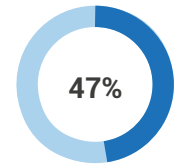
With its female co-founders and managers, our company has made gender equality a corporate culture since its founding in 1987. Our company has been constantly improving its activities within the framework of the Women's Empowerment Principles (WEPs), which it signed in 2015. You can access the details of the signatory organizations of WEPs in the world through the [link](#).👉

Being among the active members of the WEPs Izmir Committee, we contribute to the following mission of the WEPs Platform, which was established in partnership with the UN Global Compact and UN Women: "It aims to guide private sector institutions in their activities to promote gender equality and women's empowerment in their workplaces and areas of activity."

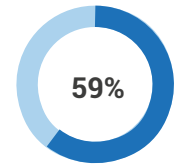
We have been striving to continuously improve our activities, which we carry out in line with the WEPs principles, following the **Implementation Guide**👉 prepared by the UN Global Compact Türkiye Women's Empowerment Working Group Executive Committee. By evaluating the results of our WEPs Self-Assessment Tool, which we started in the second half of 2021, we aim to align our strategic plans in the first quarter of 2022.



Percentage of Women in the Board of Directors



Percentage of Women in All Employees



Percentage of Women in Management Roles

Principle 1 Establish high-level corporate leadership for gender equality

Principle 2 Treat all women and men fairly at work - respect and support human rights and nondiscrimination, and promote such principles

Principle 3 Ensure the health, safety, and well-being of all female and male workers

Principle 4 Promote education, training, and professional development for women

Principle 5 Implement enterprise development, supply chain, and marketing practices that empower women

Principle 6 Promote equality through community initiatives and advocacy

Principle 7 Measure and publicly report on progress to achieve gender equality

Other Corporate Memberships

KALDER

Türkiye Quality Association

TAİDER

Family Business Association

ESİAD

Aegean Industry and Business Association

İPUD

Good Cotton Practices Association

EGSD

Aegean Clothing Manufacturers Association

TEİD

Ethics and Reputation Society

ARGEMİP

R&D Centers Communication and Cooperation Platform

SKD TÜRKİYE

Business Council for Sustainable Development Türkiye

TEXTILE EXCHANGE

Textile Exchange Membership

TKYD

Corporate Governance Association of Türkiye



5 GENDER
EQUALITY

8 DECENT WORK AND
ECONOMIC GROWTH

Human Resources Management

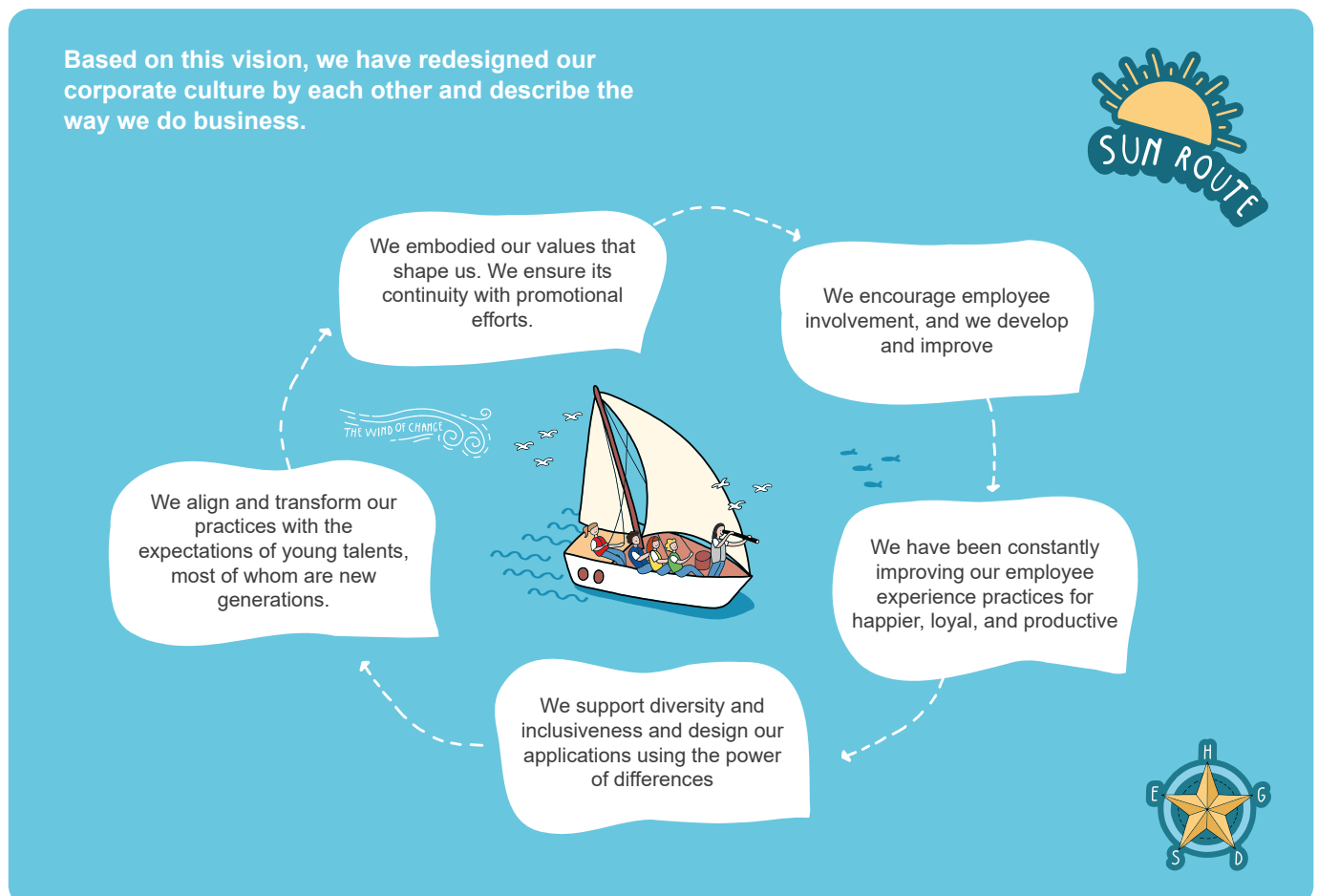
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Corporate Culture

As the Sun Tekstil, we continue to work in a manner that respects human rights, as stated in the UN Universal Declaration of Human Rights and in the fundamental conventions of the International Labor Organization (ILO). We offer equal opportunities at all stages such as hiring, working conditions, compensation, performance management, promotion, continuous learning, and retirement. We support diversity, inclusion, and participation, we stand against harassment and discrimination, we preserve the health, safety, and dignity of our colleagues, and we are determined to treat everyone fairly.

We encourage our colleagues to state their ideas conveniently, encourage them to develop new ideas, and support them in the realization of their ideas. We believe that differences will bring success, and we always act with the desire and effort to do the best in the light of our ethical rules and values.

With our innovation and solution-oriented approach, we have been shaping our future by growing steadily with our colleagues, suppliers, customers, and all stakeholders. With our vision of being a lifelong learning organization that values people, society, and the environment, we work together to achieve our goals with the excitement we feel about what the future will bring.



Values

What did we do in Values Workshops?

After 6 months of preliminary research to concretize the values in our DNA, we came together with our colleagues in the **"Values Workshop"** working groups that lasted for 6 months.

In the Values Workshop, we listened to the ideas of **450 colleagues**, who were randomly selected from different positions, in the interviews. We spent dozens of hours interviewing and taking down thousands of lines of notes.

1

Year Project Duration

30

Workshop Groups

450

Participants

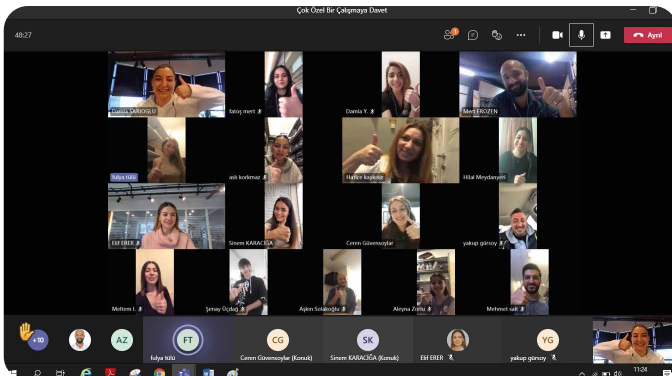
In Values Workshops, we sought answers to our questions

In order to strengthen our process using the **storytelling method**, we started with the stories of our founders and listened to the stories of our employees about Sun Tekstil. We **discovered the strongest** active values in our company, and we performed brainstorming sessions on how these values convert into behaviors within our company. We specified our **Sun Route** using the answers we found to the question of how we should develop an attitude to survive our values and spread them.



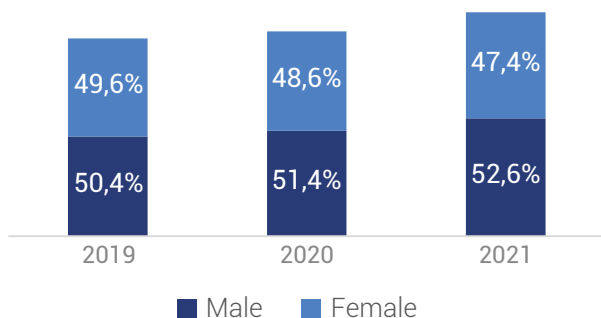
We asked, *"What would Sun Tekstil be like if it were a person?"* A total of **1,138** different definitions were made.

We asked, *"Can you tell a story that makes you feel special in our company?"* A total of **358** different stories were told.



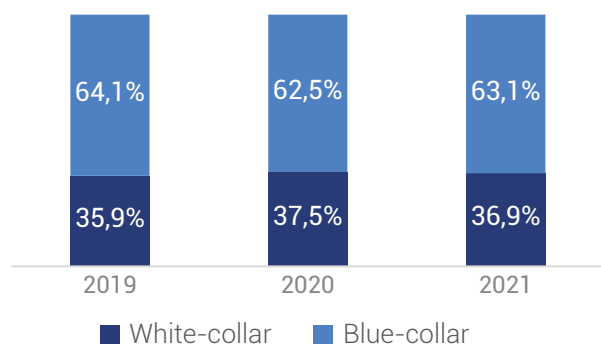
Employee Profile

Breakdown by Gender



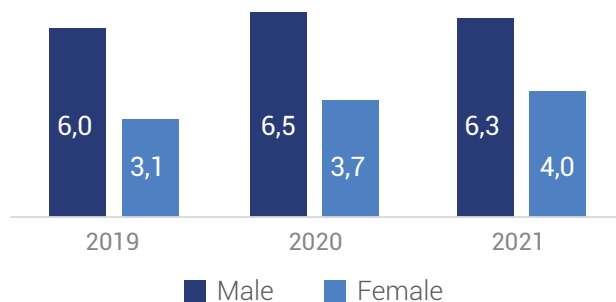
Gender	2019	2020	2021
Male	791	836	935
Female	778	790	842
Grand Total	1.569	1.626	1.777

Breakdown by Position



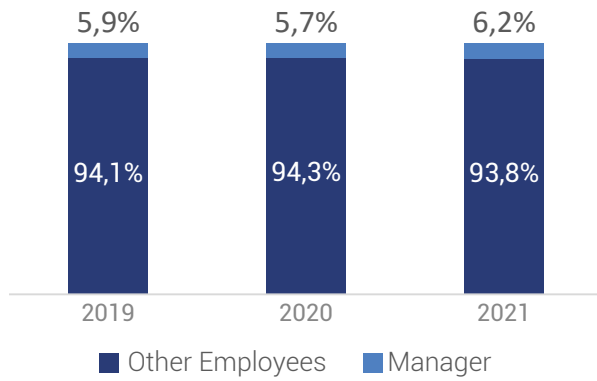
Position	2019	2020	2021
White-collar	564	610	1.666
Blue-collar	1.005	1.016	1.121
Grand Total	1.569	1.626	1.777

Average Years of Seniority



Year	Average
2019	4,6
2020	5,1
2021	5,2

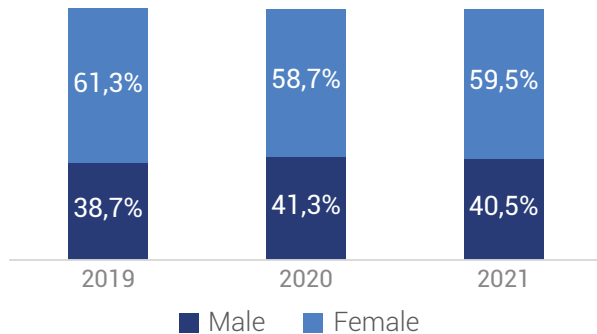
Ratio of Managers



Ratio of Managers

	2019	2020	2021
Other Employees	1.476	1.534	1.666
Manager	93	92	111
Grand Total	1.569	1.626	1.777

Breakdown by Gender of Managers



Female

	2019	2020	2021
Other Employees	721	736	776
Manager	57	54	66
Grand Total	778	790	842

Male

	2019	2020	2021
Other Employees	755	798	890
Manager	36	38	45
Grand Total	791	836	935

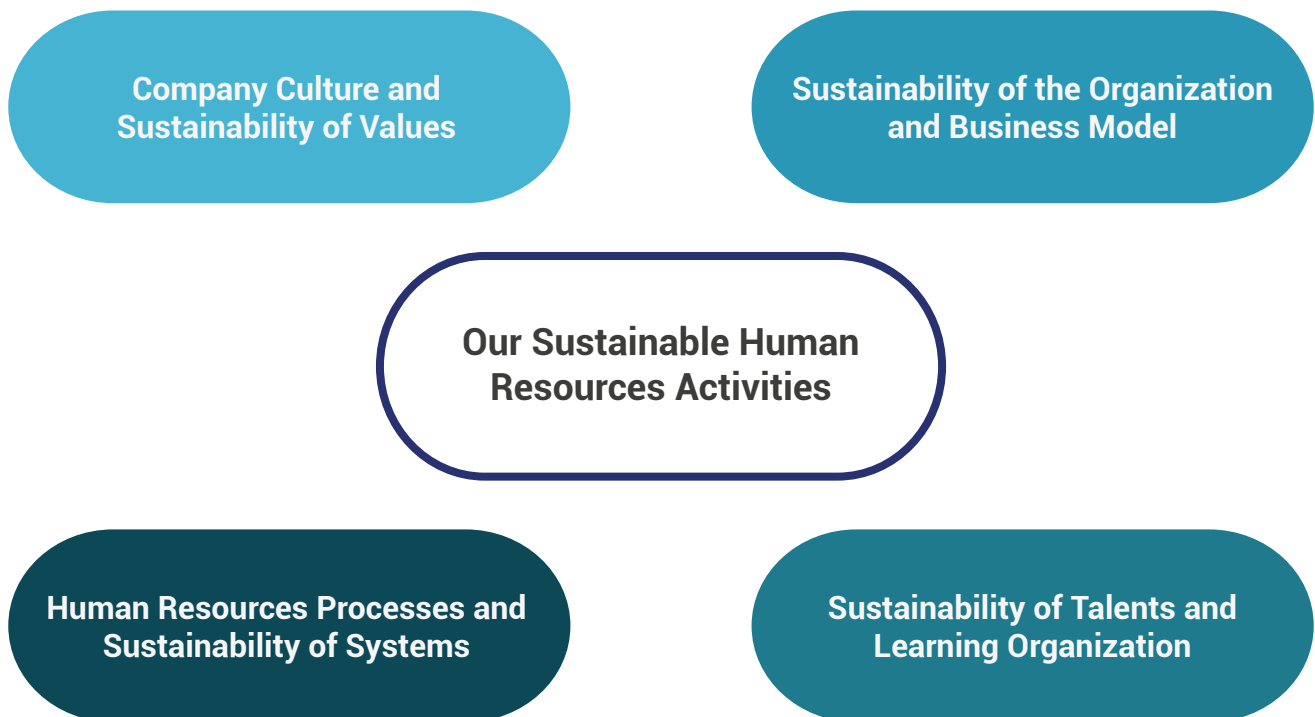


Human Resources Strategy and Roadmap

We always know that we have achieved this success together with our employees, customers, and business partners, and we continue to develop with our employees and all our stakeholders in a way that makes our company values sustainable. Our aim is to pass on the way we do business, the values in our DNA, and the formula of how we work in line with our company's aggressive goals and sustainability goals from generation to generation. Therefore, together with our employees we build a common corporate culture that is long-term, based on mutual trust and cooperation, able to keep differences together and benefit from this richness. We design applications to create more efficient, happy, and engaged employees, and we align with the expectations of young talents.

We plan the qualified workforce for the development and future of the company, perform their recruitment, develop their knowledge, skills, and competencies to ensure the permanence and continuity of our talents, carry out studies to increase their motivation, create open communication environments for them to express themselves, and encourage a culture of appreciation and feedback.

In our business life, we offer equal opportunities at all stages such as hiring, working conditions, compensation, performance management, promotion, continuous learning, etc. As Sun Tekstil, we do not allow discrimination based on race, gender, skin color, religion, marital status, sexual orientation, political view or affiliation, ethnic identity, health status, family responsibilities, union activity, membership, disability, or age. While implementing our strategies, we carry out our activities under four categories.



Sustainable Human Resources Activities

Company Culture and Sustainability of Values

We adopt a holistic internal communication approach to our target groups to ensure the internalization and sustainability of our company culture and values. Therefore, we have developed applications that align not only our colleagues and newcomers but also young talents with the expectations of generation Z and the expectations of our target groups.

Understanding and Supportive Communication:

With our closed circuit TV broadcasts, GIFs, stickers, SMS, printed materials, mailing, announcement and information boards, mural art, illuminated wall cladding boards, video series, and websites, we have tried to ensure that our colleagues, newcomers, and young talents understand and support our values.

Communication to Get them Involved:

With our values workshops, in-class workshops, evaluation meetings, and surveys, we have planned studies that will enable our colleagues to be involved in our internal communication processes.

Continuing Communication to Ensure Dedication:

With our value ambassadors, we have aimed to ensure that our target audience is dedicated to the process. Together with our volunteer value ambassadors, we have organized studies to internalize and sustain our values for target audiences.

By designing a journey with purpose and meaning for our colleagues, we started the "Voluntary Values Ambassador" application, and we shared the spread responsibility of this application with our 102 colleagues. We provided training sessions to our ambassadors about how our values turned into behaviors in our company and allowed them to share it with their teams in the field. Also, we organized workshops with our value ambassadors using the brainstorming method in order to make our sub behavior indicators more clear.

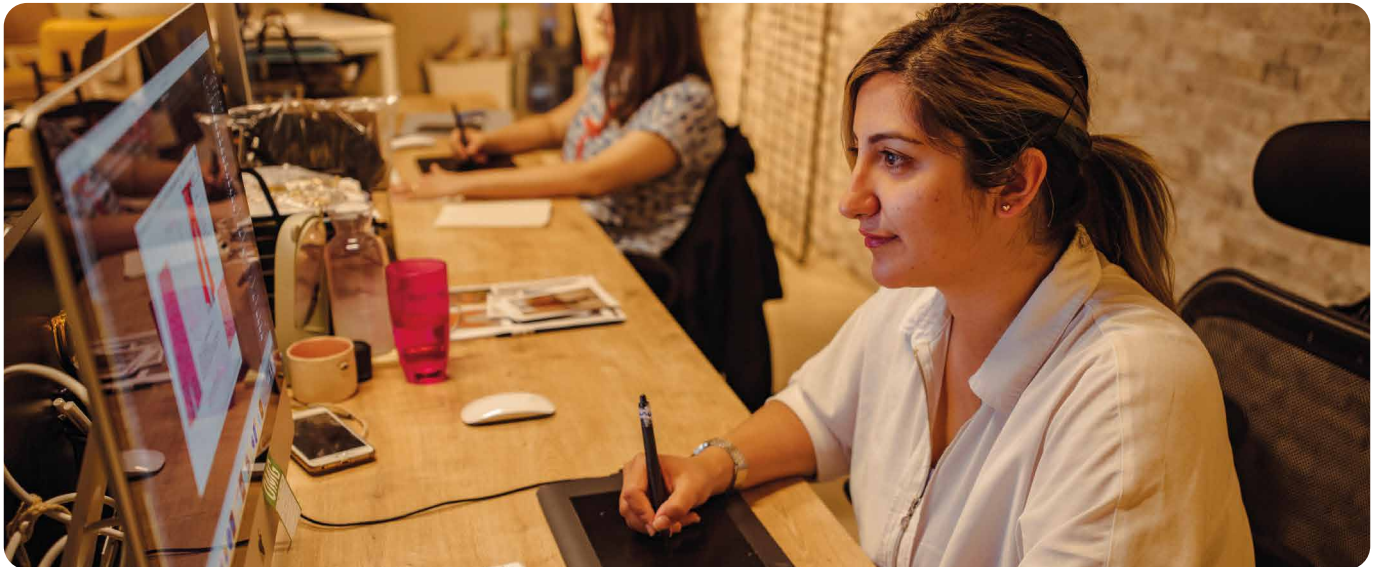
In 2022, we distributed our five basic values to the months and created our "Value Months". We have prepared a series of videos specific to the value months. In these series, we aim to listen to the stories of our colleagues in accordance with our values from themselves and to inspire all our colleagues. In 2022, we aim to share these video series with all our employees through our internal communication platforms in the relevant months.

Based on our vision of "Managing by values, not by rules", we associated our business principles with our values. In order to make it clear to our colleagues, we answered the questions they frequently sought answers to in our business principles. By aiming to make it easy to access and interesting, we prepared videos of our business principles. By focusing on making the video preparation process intimate and sincere, we included our colleagues instead of professional audio artists in the voiceover process.

We aligned our Ethical Principles with our values and business principles. Based on this alignment, we created an "Ethics Committee" and an Ethics Hotline through which our colleagues can express their concerns about ethics freely. In 2022, we plan to share our Business Principles and videos with our colleagues. We aim to organize training programs by preparing a guide that includes "Ways to Follow in Cases of Situations and Behaviors Contrary to Our Business Principles" to be a guide for our Ethics Committee members while managing the processes.



In order to increase women's participation in the labor market and to provide women with equal opportunities in business life, we regularly provide nursery allowance to our female colleagues who have children between 0-72 months. We also provide our male employees, who are legally responsible for the care of their children, with the nursery allowance. In order to share the special situations we encounter in the ordinary course of life and to feel that we are together, we structure our social aids to cover all our colleagues and continuously improve them. We attach importance to the health of our employees and ensure that COVID-19 treatments are included in the coverage of complementary health insurance by providing complementary health insurance to all our employees.



Sustainability of the Organization and Business Model

We design practices for the development of our corporate culture to ensure the sustainability of our way of doing business and to pass it on to future generations. We integrate our **"At Sun, Your Buddy is Your Companion"** program into our orientation processes so that newcomers and young talents can adapt to our company and business life faster and understand their duties and responsibilities correctly. With this program, we aim to involve our new colleagues in our business life and work environment quickly and without feeling loneliness by assigning **"volunteer buddies"** to them when they are recruited.



We make the Lean Management activities, which are carried out with voluntary participation throughout our company and where our employees share their ideas and projects, visible through the award ceremonies we hold with the participation of all teams every four months. In these awards ceremonies, we strengthen the factors of honoring, making visible, and being exemplary, and we aim to encourage our employees who are hesitant to participate. We ensure the sustainability of these activities by giving financial rewards, as well as moral appreciation.

We appreciate the attitudes of our colleagues, as well as their technical contributions as if they were part of the constant and daily routine of work, and we encourage our employees to appreciate each other. With the **Applauded Members of the Team program**, the teams, team leaders, and employees continue to appreciate positive behaviors using the 360-degree evaluation method.



Sustainability of Talents and Learning Organization

We prepare effective and position-based Process Orientation programs to facilitate the quick adaptation of our new colleagues to their business life and positions, and we speed up our onboarding processes thanks to the contribution of our volunteer buddies. We aim to gain professional skills effectively with our orientation programs.

We publish content for "Personal Development and Competence Training", "Computer Programs and Software Training", "Operational Process Training", "Sustainability Training" and "Corporate Governance and Development Training" programs through our digital training platform Sun Academy. We continue to publish training programs on our platform with 750 users, 350 contents, and 6,000 training hours.



With the sustainability-oriented training programs that we provide to our colleagues and suppliers, we aim to increase awareness about the sustainability of our business model as well as Sustainability Development Goals. With our "Master" program, we convey our way of doing business to our suppliers. Also, we become a part of development journeys by mentoring our suppliers about legal processes and opportunities in our industry.

With our supplier development program, we aim to support the development of our stakeholders and contribute to the sustainability of our industry. With the Master program, we aim to contribute to the sustainability of our industry by ensuring the development of all our processes starting from our suppliers. By collaborating to improve our suppliers' technical skills, we encourage and support them to make investments in new machinery and improve their technical staff. With our technical teams, we organize on-site training programs with the masters of our suppliers to evaluate and understand the needs, and share our development suggestions and practices. We share good practices with our suppliers and increase our technical and managerial competencies. We carry out field studies in our production facilities, as well as our suppliers' production facilities, and study on activities that will increase productivity such as installation of production line, use of technical equipment, and production techniques. So far, we have conducted analyses with 29 team leaders of our 14 manufacturers.



With our Lean Transformation Training Programs, we improve and develop thanks to the participation and suggestions of our colleagues in all our processes. A total of 452.3 hours of Lean Transformation Training was held with 164 participants in Ekoten Tekstil in 2020 and 2021. As part of this project, we continue to contribute to our business results and productivity by approving 205 of 874 suggestions of the employees in 2020 thanks to the increasing awareness of our colleagues. A total of 6,809.61 hours of Lean Transformation Training was held with 1,249 participants in SunTekstil in 2020 and 2021.

With our training program, which we started with the motto "All Together", we changed our way of doing business by making people our priority. We have created natural leaders and self- directed teams. Starting with our managers and team leaders, we have designed a training journey that includes all our colleagues working in the field. With this training program, we focused on topics such as "Communication", "Teamwork", "Time Management", and "Human Nature". In 2020 and 2021, we organized a total of 7,488.7 hours of training with the participation of 48 managers and team leaders and 528 field staff.

With our training program, which we set out with the motto of "In Search of Success", we have designed training and development programs aimed at improving the competencies and technical skills of our employees in their current roles, strengthening the leadership profile of our managers and preparing them for higher roles, enabling our employees to adapt quickly to our company and our processes. We have determined our colleagues from all levels and at all seniorities as our target audience. With this training program, we organized a total of 10,584 hours of training in 2020 and 2021.

With the Step-by-Step Coaching Training Program, we aim to ensure that our potential colleagues, who are new at their positions or have been working at their positions for 1-2 years, can work flexibly, agile, and productively in business life. We started our program with 2 coaches and 22 participants between 2019 and 2020 and completed the program with 4 coaches and 40 participants between 2020 and 2021. While the training programs continue, we create re-learning environments for the participants by giving interim evaluation exams, and we rearrange the training plans and programs for the next year considering the final evaluation exams.



We aim to improve the holistic thinking skills, relationship management, and persuasion skills of young talents, enable them to adapt to business life faster and shape the future together by taking advantage of different perspectives. Therefore, we organize three different young talent programs: The Future is at Sun, Sun Design Project, and Digitalize the Next. The follow-up by our internal mentors assigned to the students and the support of the senior management ensures the efficiency of our programs. Every year, we improve and transform our processes according to the feedback we received from the students who participated in our programs in the previous year. We evaluate the students participating in our internship programs according to their performance and potential during the process, and we take them into the shortlist for our open positions suitable for their competencies. We had to stop our programs due to the pandemic in 2020; however, we implemented these programs with the participation of 38 young talents in 2021.

*Gelecek
SUN'da*

**SUN
DESIGN
PROJECT**

**DIGITALISE
THE NEXT**



HR Processes and Sustainability of Systems

With our career architecture, we evaluate the performance and potential of our colleagues twice a year, using the 9-Box Grid method for identifying development opportunities and training needs, identifying our key positions, creating our backup plans, and ensuring the sustainability of our capabilities. We carried out this study together with our leaders for 478 colleagues to create a fast, effective, and objective talent management system.

Also, we have come together with our leaders to create development plans for our colleagues who can be promoted according to the performance-potential matrix.

By re-evaluating our career architecture every year, we aim to increase the potential of our talents and to update the career and development roadmaps of our employees to allow them to reach an upper box with development areas. In 2022, we plan to provide our leaders with training on how to provide feedback based on the performance and potential of employees in their teams. After these training sessions, we aim to create a supportive interview environment where employees and leaders come together every quarter and discuss their strengths, areas open to development, and development plans.

We redesigned the "Employee Satisfaction and Engagement Survey", which we regularly conduct every year, as the "Life at Sun Survey" in 2021 in parallel with our corporate culture transformation. While we used standard and stereotyped question sets in the first three years of this survey, which we have been conducting since 2017, we updated the survey in light of our values to adapt to crises and paradigm shifts quickly. With this update, we have ranked the factors such as physical conditions, wages, and working conditions, which we had primarily focused on in the past, as the second priority, and we focused on our values and sustainability.

The results of all evaluations revealed that our passion, commitment, and satisfaction rates followed a rising course from 2017 to 2021.



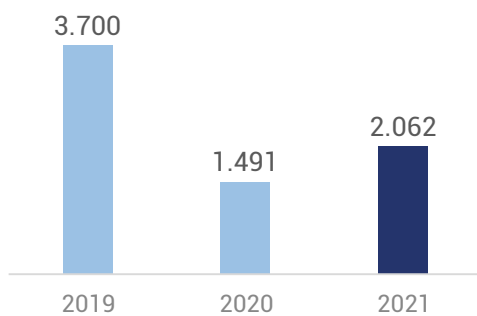
In 2022, we aim to realize and implement our action plans (Positive Leadership Conversations, Conversations Amongst Us, Second Month and Sixth Month Interviews) that we determined according to our survey results. Moreover, we attach importance to digitalization to ensure the sustainability of our processes, improve our practices, and accelerate accessing information, demands, and reports, and we aim to migrate our HR processes to the digital environment in 2022.

Occupational Health and Safety

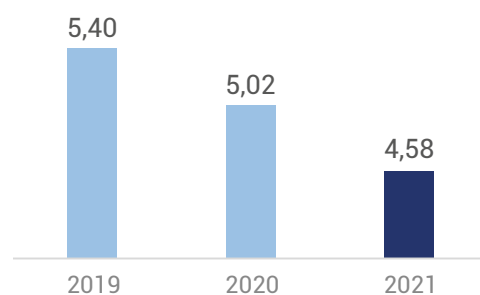
Our Occupational Health and Safety Units continue to work diligently to monitor occupational health and safety practices in Sun Tekstil and Ekoten. The units meet regularly to ensure the interaction of labor and disciplinary processes. We constantly improve our processes as well as provide training sessions required by the regulation and awareness training in order for the employees to adopt the occupational health and safety culture. In all our activities, we adopt the focus of "zero occupational accidents and zero occupational diseases". In 2021, Sun Tekstil and Ekoten showed a proactive approach in all areas, and health examinations did not reveal any occupational disease findings, and it was determined that the rate of accidents and the number of lost days due to occupational accidents were reduced.

We aim to ensure to comply with national legislation, international legislation, and business processes, follow our occupational health and safety policy by implementing it in our actions, and regularly share our key performance indicators with our management. As part of our management system, we instantly monitor data such as accident frequency rate, accident weight rate, occupational health, and safety training hours, periodic controls, scenario exercises, national legislation measurement values, and indicators of occupational hygiene reports. We support our practices with 5S, Kaizen and Lean Production to make them more effective. With our specialized physician and nurse, we constantly monitor all health data of our employees and organize detailed training for our employees who perform hazardous tasks due to the nature of the work. In line with our constant improvement goal, we plan to launch special studies to determine the psychosocial risk factors in our companies in 2023.

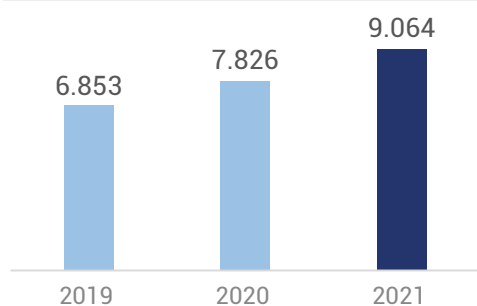
Total OHS Training Hours at Sun Tekstil



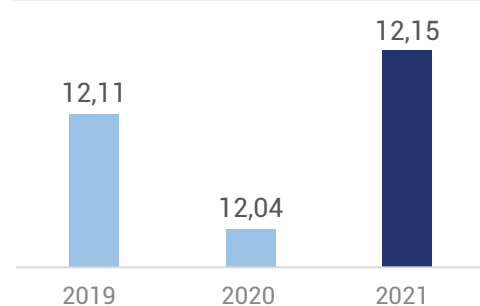
Average Training Hours per Employee at Sun Tekstil

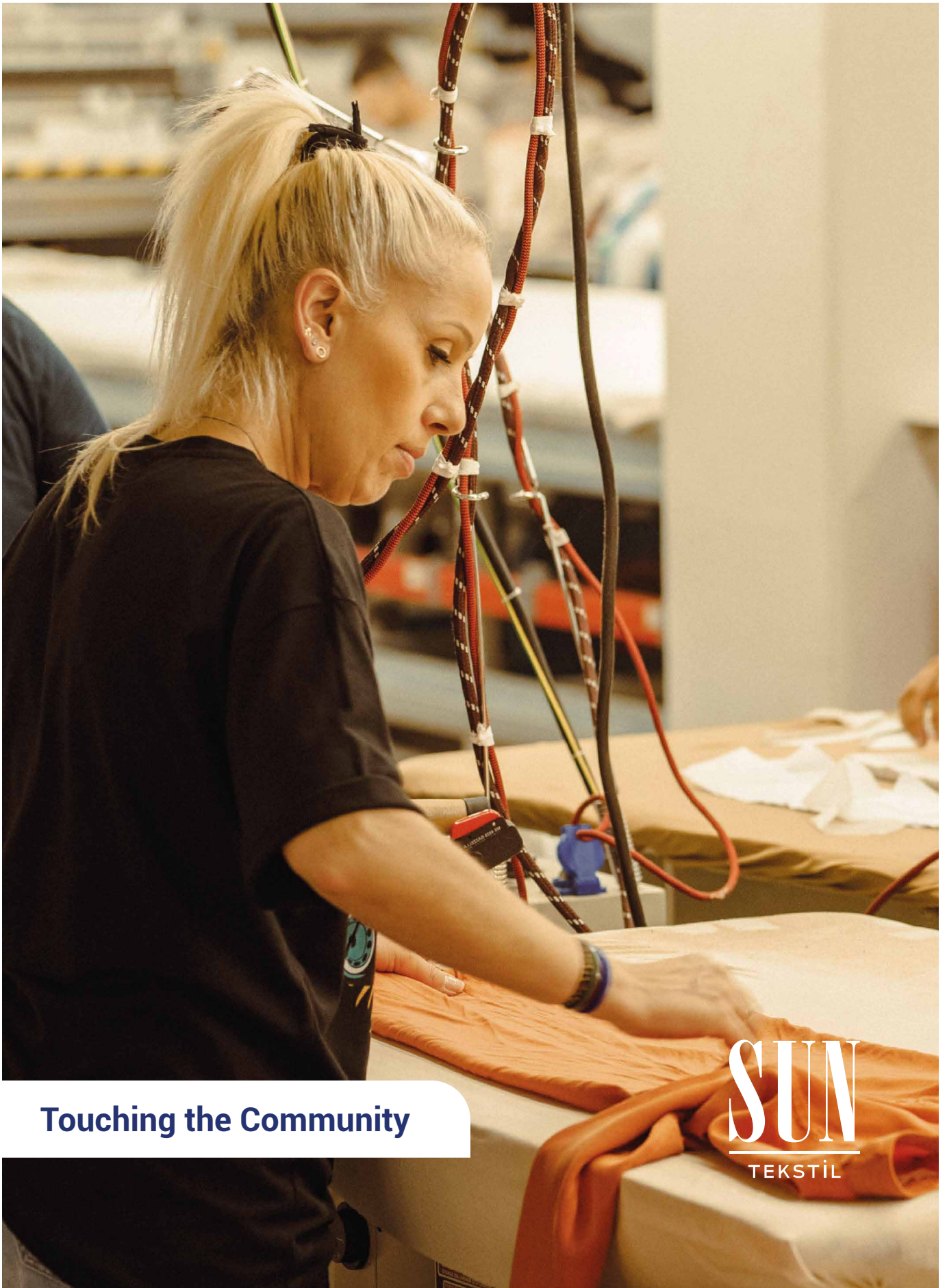


Total OHS Training Hours at Ekoten



Average Training Hours per Employee at Ekoten





Touching the Community

SUN
TEKSTİL

Resilient Communities for Sustainable Development

In all our activities and strategies, we aim to create value for society and our world. Accordingly, we plan our activities for the priority areas under the coordination of our "Touching the Community" task force, with the recommendations of our Sustainability Committee, and carry out studies in line with our annual targets. We design all our social responsibility strategies within the framework of our **Sun Tekstil Donation and Aid Policy** 🖐️ based on the areas that our stakeholders consider important. We aim to prepare our comprehensive Sun Tekstil community-oriented works strategy and present it in 2022.

As part of the valuable cooperation we started with the Aegean Contemporary Education Foundation (ECEV) in 2018, we offer educational scholarships to the children of our employees. With the processes carefully carried out by ECEV specialists, we supported 18 students in the 2020-2021 academic year and 40 students in the 2021-2022 academic year. As part of this cooperation, our students have more development opportunities thanks to the activities, education, and social responsibility experiences offered by ECEV.

As part of our scholarship protocol signed together with the Textile and Fashion Design Department of the Izmir University of Economics in 2019, we support two students with educational scholarships, as well as providing them with internship opportunities, mentorship, and network support in their journeys to become designers who make a difference in our industry.

As part of our scholarship protocol signed in 2021, we joined the corporate supporters of Koç University Anatolian Scholarship Program. The **Anatolian Scholarship Program** 🖐️ offers a second opportunity to scholarship candidates who are in the upper group according to the results of the placement exam but do not have enough scores to study at Koç University, despite the fact that they prepared for the university exam with limited educational opportunities in disadvantaged regions of our country. As part of the Anatolian Scholarship Program, we support one student in 2021 and two students in 2022 throughout their education.



Programs for Our Employees

Unfortunately, we avoided many enjoyable activities performed together due to the pandemic in 2020 and 2021. We have carried out physical or online activities to share our happy and enjoyable moments in all the opportunities we can create within the framework of pandemic measures. The Izmir Earthquake, which caused great pain on 30 October 2020, created important awareness. We remembered once again the importance of disaster awareness and always being prepared. We held a "Disaster Awareness Webinar" with the posts of the specialists from AKUT Search and Rescue Association, which we support.



We held our Hello to Summer Event, which we could not do in 2020, in 2021 with the participation of our employees in the green garden of our company, and we remembered how much we missed the beautiful periods before the pandemic.



In order to better understand the needs of our employees who need art, dance, music, and entertainment during the periods when the pandemic has reduced its impact, we have held idea-sharing meetings with focus groups under the coordination of our Art Committee. All of our employees responded to the event suggestion surveys we prepared according to our inferences from the meetings. We have enjoyed our Rhythm Workshops, Zumba Courses, and Contemporary Art Courses, which we prioritized with the majority of votes. We fed our soul and improved our knowledge with the Contemporary Art Courses held online with the participation of our employees and the shares of experts. We could perform art activities, which we avoided during the pandemic, to a certain extent.

Programs Conducted with Our Stakeholders

We work in partnership with our supply chain stakeholders, and we constantly improve together. Due to the pandemic in 2020-2021, we could not continue many programs we had carried out in 2019. Nevertheless, we have developed new programs with the efforts of all our stakeholders in order to continue to improve under pandemic conditions.



In 2019, Sun Tekstil started the Back to School program with the cooperation of our customer, a global brand operating in the UK. As part of the Back to School program, we provided motivation by intimately supporting our employees who have had to stop their education, to complete their education, and we contributed to their journeys by providing scholarships and stationery aid. Between 2020-2021, 66 employees, 56 of whom are female, graduated and shared their valuable stories with us.

We strive for eliminating inequalities in the world and contributing to the goals for 2030 set as part of the SDGs in the fight against poverty and hunger. We, together with our partner, which is one of our important customers, have contributed to the refugee camps in Rwanda and Uganda by donating clothes.



We carried out the pilot implementation of the "We Are Strong Together" program, implemented by our partner, which is among our important customers, in cooperation with the Mother and Child Education Foundation (ACEV), at one of our supply chain partners, Olcüm Moda Tasarım. The program focuses on the empowerment of women and their involvement in business life in order to improve Gender Equality. We continue our efforts to ensure the inclusiveness and success of this program, which will be valuable to implement in supply chain stakeholders. As part of the pilot implementation, 41 women completed the training program consisting of 13 sessions.

The Equality Workshop for Men was held with the participation of 14 men, and 162 people participated in the Gender Equality seminars. As part of the program, developments in the fields of Gender Equality, Fundamental Rights of Women, Rights Against Violence, and Working Rights were measured and reported.

NGO Collaborations, Donations, and Aids

We sincerely believe that we can increase the impact of our efforts on society by establishing collaborations with specialized non-governmental organizations and social initiatives in the field.



We have been among the supporters of the Change Leaders Association since 2018, and the Sparks Program of the Change Leaders Association supports the development of young women leaders. Groups we support as part of the Sparks Program have interaction with the strong female leader in our company, particularly the Chairperson of the Board of Directors and General Manager. Our Spark groups of 2020 and 2021 have implemented projects on the focus issues determined by our Human Resources Manager and R&D Center Manager, who are among the strong female leaders of our company.

With the Heroes of the Future projects, our Pandora Sparks of 2020 team developed training programs with experts, focusing on climate action among the SDGs, and they provided the first training session to the children of the employees of the Sun Tekstil. The awareness and knowledge of 48 children about climate action have been improved. Their photographs with the Heroes of the Future T-shirts and certificates reveal that they have adopted heroic duties.

With their PUPKIDS projects, our Orion Sparks of 2021 team focused on SDG 3, SDG 10, and SDG 12, and they prepared puppet kits for all children, especially those treated in hospitals, to allow them to reach healthy toys. With the DIY puppet kits prepared by using waste fabrics under the mentorship of experts, they reached 103 children in two hospitals, two village schools, and one nursery. They carried out puppet-making workshops as part of the project. In workshops, the children both received training on awareness about SDGs and improved their motor skills, as well as accessing healthy toys.



As the Design Workshop sponsor, we undertook the establishment of KONTAK Innovative Learning Center, which was founded in cooperation with the Izmir Association for the Protection and Development of Urban Values and Konak Municipality, so that it can offer workshops that make a difference. Believing that equal education is the right of every child and young person, we are happy to support this center, which aims to help our children gain the competencies required in the 21st century by meeting them with science, technology, craft, and art at an early age and contributing to their development. More information about KONTAK is available on the [link](#). 🖱️

Developed by WeWalk Technology and awarded with worldwide design awards, the smart cane supports the fully independent and equal participation of visually impaired people in social life. As part of the Electronic Cane for 1000 Young People on the Day of the Visually Impaired People Campaign, which was launched by the young people of Young Guru Academy (YGA) in 2021, our network was contacted so that 207 young people residing in Izmir could reach the electronic guiding canes. With 180 canes donated by supporting institutions and 27 canes donated by our company, the daily lives of all our young people were facilitated by their access to electronic canes.



In line with our primary goal of supporting the education life of young women, we contributed to the TEV-İlayda Yarcan Strong Girls Bright Futures Scholarship Fund in 2021.



In line with our goal of supporting access to equal education, we supported the establishment of METU Youth Park, which was implemented by the METU Alumni Association in Antalya.



In line with our goal of protecting the cultural development and historical heritage of our region, we supported the archaeological excavations carried out in Nif Mountain in Torbalı/Izmir.

In line with the goals of "Let's Do It", the world's largest environmental movement, coordinated by the Civil Life Association (SIYAMDER) in Türkiye, we donated to the campaign organized as part of the September 21 World Cleanup Day. As Sun Corporate Group volunteers, we also participated in the garbage collection event and supported raising awareness.

Our food package aids were delivered by LOSEV and ECEV to those in need. In line with our goals of ending hunger and eliminating inequalities in 2030, we have been working for a future where these aids will not be needed. We continue to support Torbalı Nursing Home to support the development of our region and to contribute to the social conditions of our elders, whose efforts we cannot pay. We continue to support AKUT's Izmir Branch, which fights to save a life by risking their lives in all disasters and guides all of us in taking measures before disasters.

Sponsorships

As Sun Tekstil, we aim to become a sponsor in many areas where we can contribute to the development of our society in line with our primary goals.



With the contributions of valuable stakeholders, we became one of the sponsors of the 34th International Izmir Festival held in 2021, and we continue to cooperate with Izmir Culture, Art and Education Foundation (IKSEV), which has become the culture of our company for many years.

With its qualified programs and events that keep historical places lively with art, Izmir Festival is a prestigious member of the European Festivals Association, and it brings world-famous names to the stages of our city with a special atmosphere and revives the slogan "İzmir, the City of Culture and Art".



We are happy to be among the T-shirt sponsors of the Climate Ambassadors program "Before It is Late" and to support the program wholeheartedly in line with our primary goal of combating the climate crisis. In partnership with the European Union Delegation to Türkiye, the European Union Information Center, and Bilim Virusu, 1988 university students from 19 provinces participated in the Not Late Climate Ambassadors program, which started in May and lasted for 8 months until December 2021. This project, in which 283 impact-oriented projects were developed and implemented, brought important experiences to young people.



As a youth organization that brings together companies and non- governmental organizations with young talents from different countries, AIESEC offers social responsibility and professional internship opportunities for university students and graduates. We supported the world's largest youth organization AIESEC as the t-shirt sponsor of the Türkiye National Congress in 2021.



8 DECENT WORK AND
ECONOMIC GROWTH



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



Sustainable Design

SUN
TEKSTİL

Circular by Design

We have a holistic sustainability approach based on circular economy models. With the understanding of Product as a Service, we develop processes from the design of our products to the end of their life and even their next life.

We develop strategies based on international action plans. During the implementation phase, we carefully apply every step from reducing at its source to recycling by taking the circular economy hierarchy as a reference. Based on the Circular by Design principle, we train our teams and set goals. We support sustainable transformation with digital transformation.

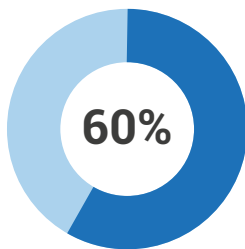
We prefer eco-friendly raw materials by focusing on the conservation of biodiversity in sustainable fiber choices. We choose recycled and recyclable materials in our packaging materials, cardboard labels, and accessories. Within the scope of our R&D studies, we carry out studies in cooperation with various organizations, particularly universities, institutes, start-ups, and other R&D centers.



Sun Tekstil's Design Approach

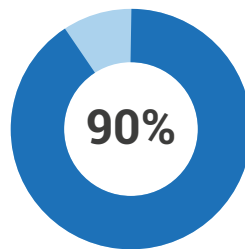
With our "circular by design" approach, we develop designs considering the next life of our products thanks to our applications that make a difference in our material selection and design techniques. Click on the [link](#)  to watch our Design Manifesto!

We constantly improve our applications to increase the use of low-carbon products in our material selections. Beyond ecologically grown raw materials, we use cellulose sources obtained from industrial forests and produced by environmentally friendly processes. We increase the use rate of recyclable natural and synthetic fibers every year. We guarantee traceability, which is the most important element of circularity, by using raw materials with sustainability certificates.



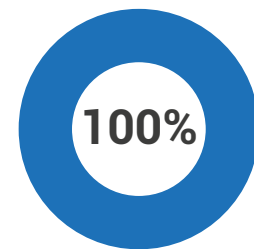
IN 2021

We produced 60% of our products from sustainable raw materials.



IN 2030

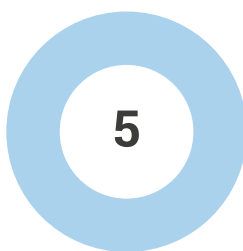
We aimed to produce at least 90% of our products from sustainable materials.



BY 2040

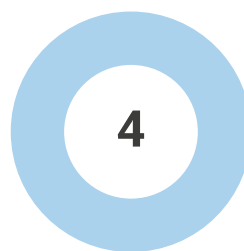
We aim to develop innovative solutions that will enable us to manufacture 100% of our products from sustainable materials.

In line with our capsule collection targets that we improve every year, we offer sustainable, recycled, and reimagined capsule collections. In reimagined collections, we redesign our products remaining in our stocks by creative perspectives and offer them to our customers by developing original collections. Thus, we preserve the added value of our products and aim to get them back into the life cycle at the highest possible value.



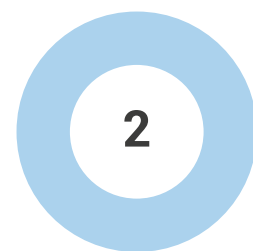
SUSTAINABLE CAPSULE COLLECTION (ANNUAL)

We contribute to the protection of nature with capsule collections developed using environmentally friendly natural raw materials.



RECYCLED CAPSULE COLLECTION (ANNUAL)

We design new collections by reusing valuable raw material resources in the most effective way possible through circular economy models.



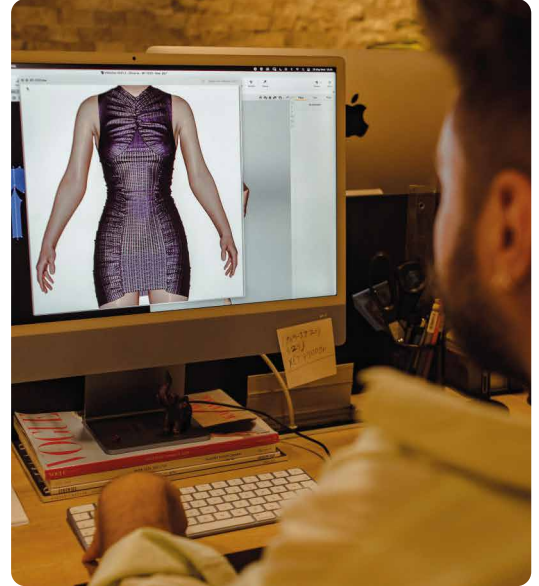
RE-IMAGINED CAPSULE COLLECTION (ANNUAL)

We give new life to the clothes remaining in the stocks for the second time with a creative perspective and offer special collections with redesigned products.

Digitalization for Circularity

We reduce resource use and waste by digitizing our design processes. As of 2021, we started to present our designs to our customers, whose infrastructure is compatible with our system, in the digital environment by using 3D design software. We presented 6% of all our designs in the digital environment in 2021.

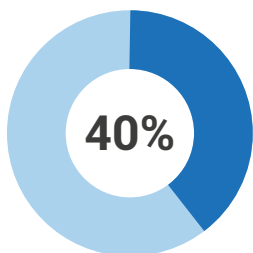
We produced physical samples by finalizing the models selected by our customers among these designs in the digital environment, and we reduced the physical sample production by 40% in this product group. Thus, we have saved raw materials, energy, labor, and time to be wasted in the production of 694 products. We have been constantly improving our goals in order to evaluate this important potential in the transformation of our design and sample processes.



In addition to the Fit Department, which carries out 3D fit preparation, our Design Department has gained the competence of digital design and collection presentation in the last quarter of 2021 when our two designers completed their training. By offering specified collections in the digital environment, we aim to convert these collections into orders without producing any physical samples in 2022.

We make our designs unique by creating a digital fabric library thanks to our surface scanner that can digitize fabric surfaces with all the details that can be perceived by the eye and our hardware that can digitize the physical properties of the fabric such as drape.

Thanks to the investments we made before the pandemic, we made our collection demonstrations in the most effective way without feeling the lack of physical presentations. We have improved our new business processes in the new normal thanks to our photo booth equipment enabling us to present our physical samples to our customers with high-resolution images that can be viewed 360 degrees and our video conference rooms where we hold our collection meetings in addition to presenting our designs in the digital environment.

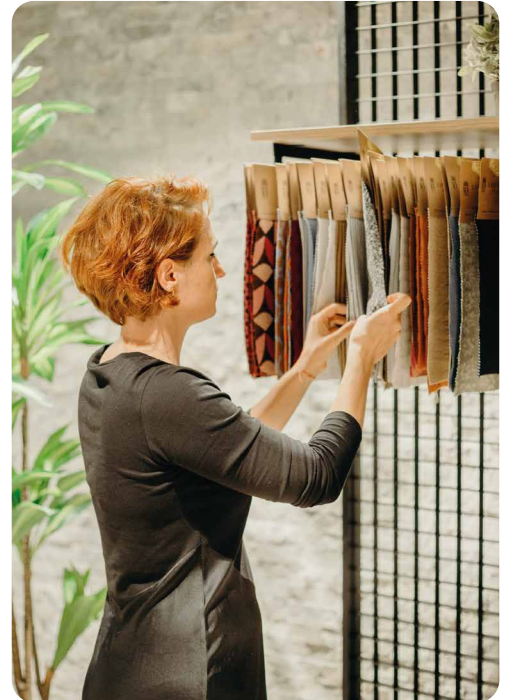


Reduction by 40% in the samples by 3D Design



We follow up with all current developments by participating in yarn and raw material exhibitions and meeting with many stakeholders for sustainable fabric R&D studies. In order to share new developments and develop new ideas, we regularly hold "What's New?" meetings attended by experts from all our departments every week. We measure the results of our focus studies conducted for improvement through goals and KPIs.

We share the knowledge gained as a result of our research with our suppliers and carry out product development and R&D studies with our suppliers at every stage throughout the entire supply chain. Our innovative fiber development working group benefits from the power of our prestigious R&D Center. We share the studies on the innovative fiber, material, and process development carried out in different regions of the world, and technical knowledge about new raw materials with all our departments and ensure that they are put into practice.



We strive for developing new business models to increase the rate of recycling from textile to textile and to include it in the cycle by preserving the added value of fabric wastes. In 2021, we started an industrial symbiosis project. Our aim is to create a successful model, make this business model a guide, and share this example of good practice with our own industry and all industries with global networks. In our project designed to increase the closed-loop recycling rate of fabric wastes started under the leadership of our Sustainability Department and Cutting Control Department, we aim to effectively implement the circular economy business models. We aim to implement our project, the pilot study of which has been completed, in the process of evaluating all our fabric wastes starting from the beginning of 2022.

In the current mechanical recycling processes of fabric wastes, wastes are collected together and transferred to licensed waste companies, and only 1% of them are recycled from textile to textile while 13% of them recycled into products such as felt etc. Unfortunately, the remaining 70-80% of the waste is used for power generation by burning or sent to landfill facilities, and we lose our resources of significant value. Within the scope of our project, fabric wastes will be classified in their source according to a matrix we have prepared, and the separation and subsequent production processes in licensed waste companies will be managed effectively by tracking them in the digital environment. We also carry out R&D studies together with stakeholders from different industries to use waste as a more valuable raw material in alternative industries such as the composite industry. Thanks to the project, we aim to protect the added value of our resources.

Our Circular Economy Collaborations

We collaborated with the Textile and Fashion Design Department of the Izmir University of Economics, which has been one of our distinguished stakeholders, in 2020 and 2021 as part of the applied Circular Fashion Studio Course. In the program, which was implemented as "Exploring Circularity" in 2021, experts, particularly the Design Director, Fabric R&D Director, and Sustainability Director of Sun Tekstil, met with the students and shared their knowledge and experience. Our designers in the jury shared their criticism about the original circular designs of the students, and also supported students to allow them to gain a business perspective.



As Sun Tekstil, we contributed to the studies of the "Report on Investigation of Circularity Potential in Five Industries in Türkiye". On the last day of the 2nd Circular Economy Week of Türkiye, the circularity potential of our company has been calculated and some examples of good practices that we have implemented to improve our circularity rate were shared according to the results of the research carried out in line with the data we shared as a case from the textile industry in cooperation with the French Development Agency (AFD), the Business World and Sustainable Development Association (SDA Türkiye), KPMG Türkiye, and KPMG France.

Click the [link](#) 🖱️ to access the report.



We contributed to the TUSIAD's "What Will the European Green Deal Circular Economy Action Plan Bring to the Türkiye Business World?" Report. This report has been prepared as part of the activities of the TUSIAD's Environment and Climate Change Working Group to reveal the relevant elements of the EU Circular Economy Action Plan in terms of the business world in Türkiye and determine the relevant legislation or areas of need in Türkiye for these areas. As Sun Tekstil, we contributed to the report by presenting our views on the textile industry in the sub-working group we are a member of.

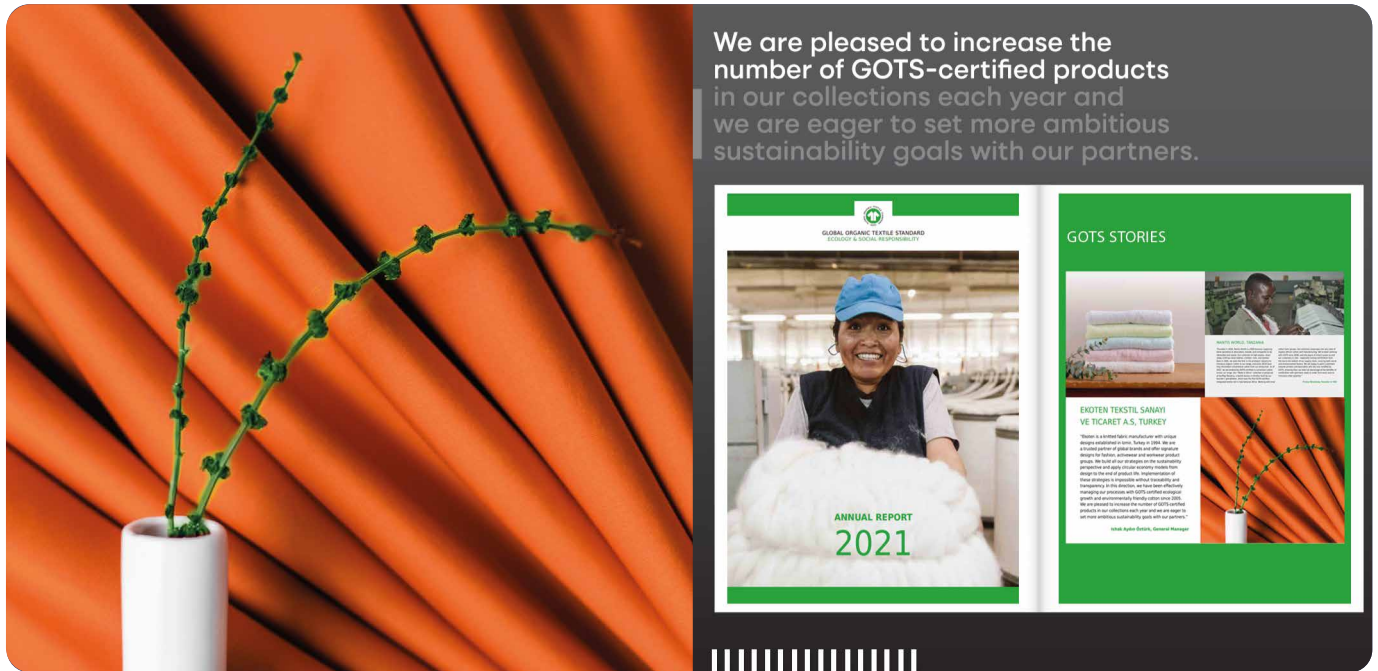
Click on the [link](#) 🖱️ to access the report.



Ekoten's Design Approach

With the aim of developing low-carbon products, we start our design journey with our eco-friendly raw material choices. We use traceable, sustainability-certified fibers. We continue our responsible production processes by successfully completing our inspections for GOTS, GRS, OCS, RCS, and RWS certificates.

Click on the [link](#)  to access our current certificates through our website.



With our eco-friendly choices, we design original fabrics. Every year, we achieve our goal of developing sustainable collections, and we establish collaborations with our stakeholders for this goal. In our journey where we have made all dimensions of sustainability culture and set goals for many years, we believe in the importance of ensuring the traceability of sustainable raw materials with the certificates provided by GOTS to achieve these goals. With our activities to achieve it, we took part in the "GOTS STORIES" section where the stories about the international standard are shared in the GOTS 2021 Annual Report.

Click on the [link](#)  to access the GOTS 2021 Annual Report.

We consider protecting biodiversity as our priority in all our raw material choices for the future of our world and life. Therefore, we have determined participation in conservation activities and ecological raw material cultivation processes as one of our primary objectives. As a member of the Good Cotton Practices Association, which has the vision of achieving environmentally, economically, and socially sustainable cotton production in Türkiye, we support the production activities of the association in accordance with the Better Cotton Standard in Türkiye.

The Better Cotton Standard includes detailed criteria within the framework of six main principles such as water protection, soil health, pesticide, and integrated pest management, protection of biological diversity, fiber quality, and decent working conditions, which are the most basic principles of sustainable agricultural production. Thanks to these activities carried out within this framework, almost 67,381 tons of Better Cotton were produced by 2,018 farmers in Türkiye in the 2021 cotton season. As a supplier of Better Cotton, we also play a role in meeting the demand and need for sustainable cotton.



We use the power of digital transformation and technology effectively for sustainable change. In order to consume fewer natural resources, we create our digital fabric library using a 3D design program. We make our designs unique by creating our digital fabric library thanks to our surface scanner that can digitize fabric surfaces with all the details that can be perceived by the eye and our hardware that can digitize the physical properties of the fabric such as drape. Thanks to our digitalization practices, we apply business models based on the circular economy at all stages of our production, starting from the design stage.

We study issues that will create destructive innovation in the field of new fiber and production technologies, which we conduct under the leadership of our R&D Center, and we take part in consortium projects that include many companies, academic organizations, start-ups, and R&D centers. With our studies particularly on the circular economy, we aim to reduce fabric waste, which has important environmental effects on our world, at its source and develop innovative methods and technologies that will effectively recycle the waste generated.

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



Environmental Sustainability

SUN
TEKSTİL

Sun Tekstil's Environmental Sustainability Approach

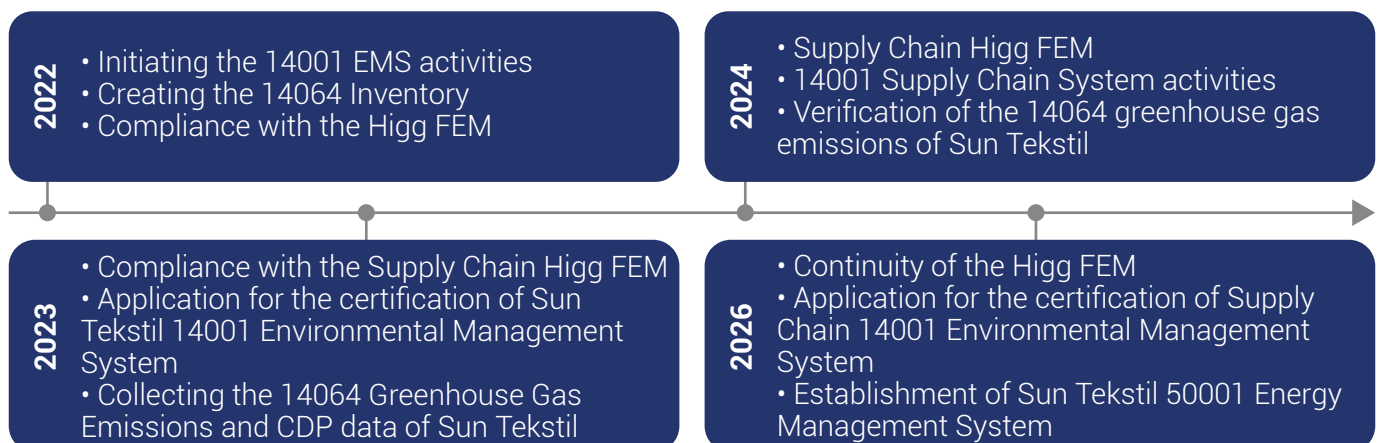
We develop environmentally friendly processes not only during the design stage but throughout the production and product life cycle. We always consider developing effective strategies and action plans in line with the fight against the climate crisis, which is our priority and aim to be among the organizations that advocate this issue in the business world.

Within the framework of our environmental policy, we follow processes in accordance with national and international laws and customer criteria. We proactively take preventive action by early identification of environmental risks and climate change risks. We have been shaping our strategies based on combating the climate crisis in line with combating climate change, transitioning to the circular economy and low carbon economy, and the protection of biodiversity. We carry out our environmental sustainability activities in our production processes considering greenhouse gas emissions, energy management, water management, chemical management, and zero waste management.

Our Circular Economy Collaborations

In our processes carried out in line with our environmental policies, we carry out environmentally friendly activities throughout our entire supply chain. Being aware of our responsibility while managing a large supply chain in five regions of Türkiye, we closely inspect and continuously improve the environmental aspects of our supply chain activities. In this respect, we evaluate our partners using monthly environmental performance scorecards prepared in line with our criteria based on international standards and provide support at the mentoring/consultancy level to improve their performance.

In the production facilities and administrative departments of Sun Tekstil, we balanced our mains electricity consumption in 2021 by using 100% renewable energy sources with an I-REC certificate. We aim to improve our governance mechanism by establishing a structure that focuses on ISO 14001 Environmental Management System and calculate greenhouse gas emissions and prepare a CDP Report. We want to take the Higg Facility Environment Module (FEM) self-assessment, which we started in Sun Tekstil's main production plant in Torbali in 2017 and the production plant in Manisa in 2020, further after getting certifications from independent organization in 2022. We have established our roadmap with the aim of aligning it with the European Green Deal. We aim to implement our strategies based on scientific objectives in our entire supply chain in line with our roadmap.



Ekoten's Environmental Sustainability Approach

Greenhouse Gas Emissions Management

Being among the leading companies in the field of combating climate crisis, we started measuring and verifying our greenhouse gas emissions in accordance with ISO 14064 Standard in 2012 to contribute to sustainable transformation in our industry and business world. With the determination and ownership of our senior management, we have established our effective governance mechanism on climate change in the first step of our journey. In order to develop this mechanism at the international level and to measure and improve its performance, we started our reporting as part of the Carbon Disclosure Project (CDP) Climate Change Program in 2012. In this respect, we have dramatically reduced our greenhouse gas emissions compared to 2012, our baseline.

Greenhouse Gas Emission		Total	Greenhouse Gas Emission		Per Unit Product
2012	25,490 tons of CO ₂ e	%45 Reduction	2012	3,30 tons of CO ₂ e/ton	%45 Reduction
2021	14,109 tons of CO ₂ e		2021	1.80 tons of CO ₂ e/ton	

In 2021, we were rated at the Management level by getting "Score B" in the CDP Climate Change category, and we were ranked two levels above the global textile industry with an average score of "C". Moreover, in the same year, we were rated with an "A-Leadership" score within the scope of the "CDP Supplier Engagement Rating (SER)", which evaluates the ability of a company to cooperate with the supply chain in combating climate change, and we were included in the CDP SER Global Leaders List.



B	Ekoten CDP Climate Change	C	World Average of the Textile	B-	World Average of All Industries
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We aim to launch our Sustainable Supply Chain Meetings in 2022, thus supporting our supply chain stakeholders in the processes for the fight against climate change and greenhouse gas management. We aim to announce our roadmap for transition to a low-carbon economy and establish a governance mechanism to evaluate and monitor the impact of our value chain on biodiversity by the end of 2024.

We achieved an improvement in our greenhouse gas emissions, especially thanks to our SPP investment in 2019, our productivity-enhancing projects in which our employees participate with their valuable suggestions, and strategic transformation investments determined by our senior management.

	2019	2020	2021
Total Tons of CO2e	2.1671	1.5466	1.4110
Ekoten's Total Production (tons)	7.633	6.057	7.845
Specific Consumption (tons of CO2e/tons of fabric)	2,94	2,55	1,8
Change compared to the previous year (%)		10%	30%



We stopped the use of coal in 2021 to reduce our emissions dramatically. Moreover, our project for transition to natural gas boilers with high efficiency was among the Efficiency Increasing Projects (VAP) supported by the Republic of Türkiye Ministry of Energy and Natural Resources. We have reduced our emissions through our other guided projects, especially online steam trap monitoring, and our kaizen projects developed with the suggestions of our employees as a result of our lean management practices.

With the replacement of our 70 vehicles with hybrid models, we have reduced our direct emissions of our vehicles by 27%. In order to optimize the emissions of our hybrid vehicles, we have gamified the average consumption targets set for each user. The Best Performers List of each month is announced and congratulated by our Chairman of the Board.

With the support of our senior management, we aim to be among the few Türkiye-based textile companies that have committed to setting science-based targets for the Science Based Targets Initiative Platform in 2022. We aim to validate our science-based targets by the end of 2023 at the latest by the SBTI Platform.




**SCIENCE
BASED
TARGETS**

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Renewable Energy Generation by the Solar Power Plant

With the investments we have made in line with the capacity increase in 2018, we almost meet 45% of the annual electricity needs of our knitting factory constructed in Torbalı (Izmir) by the 1,200 kWh solar power plant in our facility. Our SPP system has been generating almost 1.410.000 kWh of electricity annually since 2019. Thus, we reduced our annual greenhouse gas emissions by about 690 tons of CO₂e.

Use of Renewable Energy

We balanced our mains electricity consumption in 2020 and 2021 by using 100% renewable energy sources with an I-REC certificate. You can access our certificates by clicking on the **link**. 

We are committed to balancing our use of mains electricity with the I-REC Certificate in 2022. In this way, we have zeroed our indirect greenhouse gas emissions from imported energy sources in accordance with the ISO 14064-2019 Standard.



Water Management

We are aware of the impact of the textile industry on the clean water resources in the world and have been carrying out significant activities for many years to ensure a radical transformation through destructive innovation studies.

In our journey that we started in 2001, we reduced our total water consumption by 46% and our water consumption per unit product (kg of fabric) by 62% compared to 2021, our baseline.

Water Consumption		Total
2001	1.007.000 m3	46%
2021	546.000 m3	Reduction

Water Consumption		Per Unit Product
2001	186 L/kg	62%
2021	70 L/kg	Reduction

Under the leadership of our Operational Excellence Department, we constantly improve our water use by using the power of big data and optimizing our high automation state-of-the-art production machinery. In order to protect the water resources that give life to our world, we are committed to investing in water recovery facilities in 2022. Thanks to the treatment facility, which has an innovative treatment technology, and its effectiveness that has been approved by authorized independent organizations, we aim to recover 95% of our wastewater. Thus, we will be able to reduce our annual water requirement, which is about 945,000 m3, to 50,000 m3 when we work at full capacity.

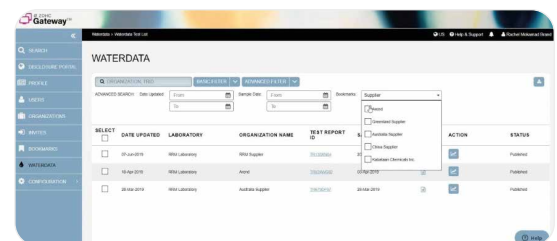


Chemical Management

Preventing the negative effects of our industry on nature and implementing the best practices accordingly are among our most significant priorities. As part of our Zero Discharge of Hazardous Chemicals (ZDHC) activities, we only procure Level 3 chemicals with the minimum environmental load. In order to ensure the traceability and transparency of our chemical inventory, we upload the details of our current inventory to the Cleanchain Online Platform so that our stakeholders can view it instantly.

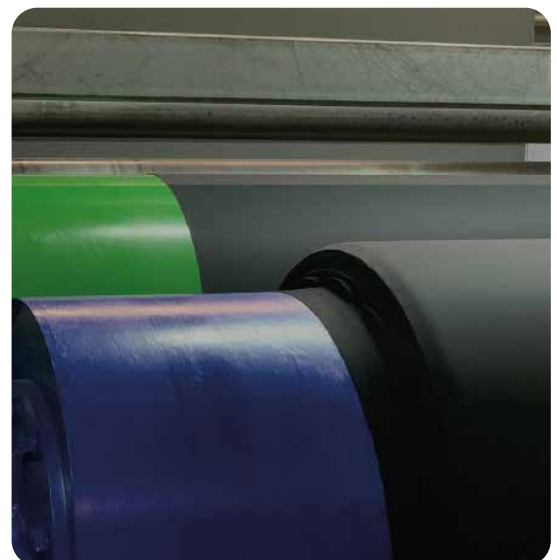


CLEANCHAIN
AN ADEC INNOVATION



We optimize our chemical and water consumption with our automated dyeing, finishing recipe, highly automated paint and chemical dosing system developed by our Operational Excellence Department according to the results of their big data studies; we provide resource efficiency by reducing our defect rate. Thus, we reduce the environmental loads of our products and improve our product quality.

Cold Pad Batch Dyeing (CPB) is an alternative reactive dyeing method that uses less resources, and it is environmentally friendly. With this method, which is based on the cold impregnation method, there is no need to apply heat, salt, or auxiliary chemicals during the process, and a high level of water saving is achieved.



We realized 12% of our production in 2020 and 20% of it in 2021 using the Cold Pad Batch method and reduced the environmental loads of our products in this group due to the dyeing processes.

Zero Waste Management

With our circular economy practices that we started in the design stage, we provide resource efficiency throughout the product life cycle. Moreover, we aim to preserve the values for as long as possible by re- introducing the products that have come to the end of their use in the processes we are responsible for. With our Zero Waste Management System established accordingly, we received our basic Zero Waste Certificate approved by the Provincial Directorate of Environment and Urbanization in 2021.

You can access our certificate by clicking on the [link](#). 🖱️

Although the disposable products, which we had completely stopped using in our common areas in 2019, were introduced to our zero waste management process again due to the COVID-19 pandemic, we have been striving for removing them from our lives as soon as possible to protect our valuable resources.



At the stage of collecting waste separately at its source, which is the most important step of the Zero Waste Management System, we have achieved a sorting rate that makes a difference thanks to the care and effort of our colleagues. Thus, while the amount of our domestic waste decreased, we observed an increase in the waste groups that would be recycled as much as the amount decreased.

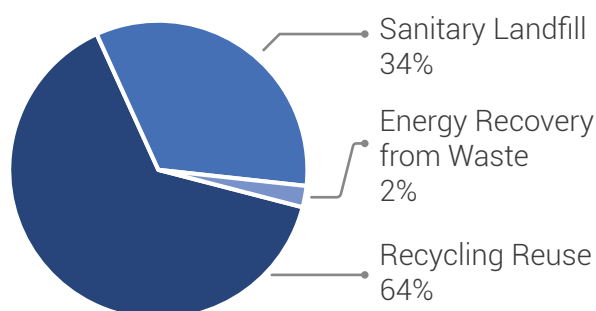
We benefit from the power of gamification as well as awareness raising and awareness training and activities for the continuation of this care and attention. With our "The Most Environmentally Friendly Team" practice in our production areas and offices, we have achieved significant motivation and concentration by appreciating and rewarding the teams according to their monthly waste sorting and illumination-saving performances.



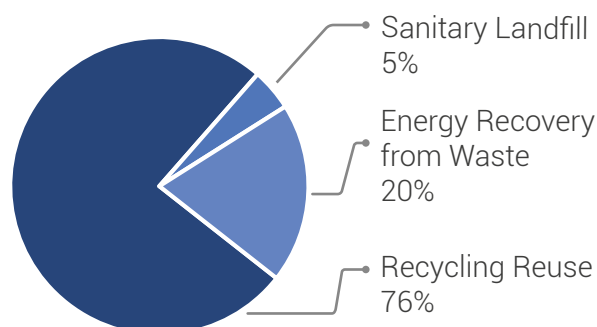
We Care About Our Resources!

Thanks to the technical studies of our Environmental Management and the investments made with the support of our Senior Management in 2021, we started to send all of our treatment sludge wastes that had been sent to the sanitary landfill facility before to the refuse-derived fuel plants for use by the energy recovery method. Thus, we ensure the recycling of non-recyclable wastes to fuel and contribute to reducing the consumption of fossil resources. Thanks to the fact that we stopped using coal as of 2021, we also prevented generating high amounts of ash waste. As our primary target, we constantly monitor and improve our waste management data in our production facilities where we carry out the production processes of Sun Tekstil's facility in Torbali and Ekoten's facility.

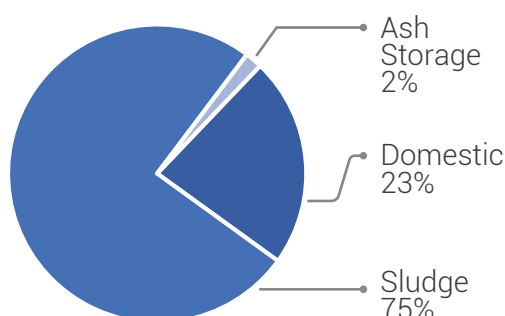
2020 Waste Hierarchy Total
Waste Amount: 4,025 tons



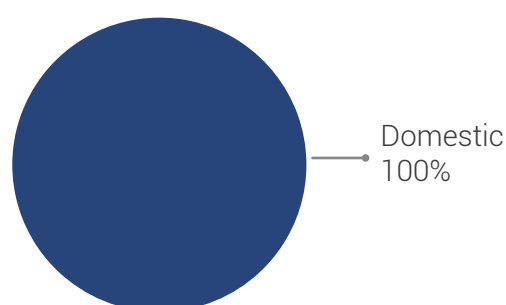
2021 Waste Hierarchy Total
Amount of Waste: 5,325 tons



Breakdown of Wastes Sent to the Sanitary Landfill Facility in 2020
Total Amount: 1,349 tons



Breakdown of Wastes Sent to the Sanitary Landfill Facility in 2021
Total Amount: 243 tons



Waste (tons)/Year	2019	2020	2021
Paper	216	184	277
Plastic (Packaging)	9	18	26
Plastic (Nylon)	76	67	96
Metal	1,5	1,7	1,8
Glass	0,9	1,1	2
Domestic	214	129	153

Integrated Management and Sustainability Inspections

In 2011, we established our Integrated Management System, based on international standards, in order to ensure the continuity, integrity, and systematic conduct of our environmental sustainability activities in the fields of greenhouse gas emissions, energy management, water management, chemical management, and zero waste management. We constantly improve the performance of our environmental sustainability activities by going through inspections carried out by specialized independent organizations and internationally valid certification processes.

You can access our current certificates by clicking on the images below.



Thanks to our integrated management experience, we are among the companies that are always considered successful and have good practices due to our performances in the inspections carried out by our customers and by independent inspection organizations on behalf of our customers in line with their criteria. We improve our holistic sustainability perspective and practices every year thanks to the contributions of experts who carry out our inspections on behalf of independent inspection organizations and have the experience of inspecting several textile companies and companies from various industries.

We provide more systematic, objective, and reliable process management for all our stakeholders. In order to make our practices more effective, we are committed to starting our compliance process for the establishment and certification of the ISO 27001 Information Security Management System.

Thanks to our integrated management experience, we are among the companies that are always considered successful and have good practices due to our performances in the inspections carried out by our customers and by independent inspection organizations on behalf of our customers in line with their criteria. In our production processes, we aim to measure our environmental sustainability performance objectively in accordance with the international common metrics. Therefore, we continue the Higg FEM validations that we started in 2019 every year.



Digitalization and Innovative Technologies

SUN
TEKSTİL

Our Digital Transformation Strategy

We carry out our digitalization and sustainable technologies management under the leadership of our Software Development and System Department and Technical Support Department, which serve all companies in our group, as well as our Data Analysis Department and Operational Excellence Department, which are organized in line with the needs of our companies. We manage our software development strategies under three categories to manage our digital transformation processes in the areas we need in the most effective way.

1- Developing the SAP software: With our ABAP software developers and Adobe LiveCycle Designer team, we develop SAP software in-house.

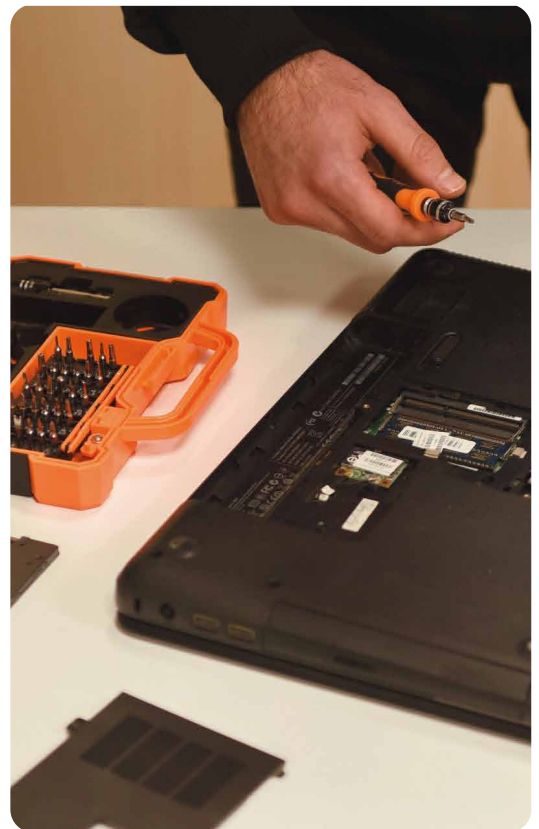
2- Developing software except for the SAP platform: BWe continue our efforts to install a software development and management portal. In addition, we are seeking the prerequisite that the software in this category that we acquire from the third-party service providers must be open source.

3- Low Code Development Platforms: Contrary to traditional programming, low code development platforms enable rapid application development with visual modeling and the drag-and-drop feature. With low code development platforms, people with competencies in different fields instead of software developers can develop applications without writing code. Thus, our experts, who carry out the relevant production processes and need software solutions, can develop their own software more effectively. Moreover, we offer new positions for qualified human resources in the field of information technologies, which is a great need.

System and Technical Support Department: Our team ensures the sustainability of the hardware infrastructure as well as the system and network infrastructure of our company. In 2020 and 2021, our team replaced current disks with SSD disks on 204 computers and increased the RAM capacity of 100 computers; thus they extended the life of the devices by almost 2 years. In response to this increase in lifetime, they prevented 7,920 kg of CO₂e emissions due to the production of 24 notebooks and 6,600 kg of CO₂e due to the production of 8 desktop computers.

Business Analysis Department: Our team conducts data mining by examining business processes in detail and triggers software and Operational Excellence Departments as a result of the basic business development documents they prepare. Thus, they create a bridge between user and developer teams.

Operational Excellence: Software interfaces collaborate with the Machinery-Energy Department and the Production Department in the optimization and hardware integration process, ensuring that all processes related to production are carried out in the most effective and efficient way.



Our digitalization processes are always based on the analysis of our needs and the improvement of a process as a result of digitalization. At Ekoten Tekstil, we determine our strategies and needs based on the results of our digital maturity index, which we developed with reference to international methods in line with our own dynamics. We measure all dimensions from design to the end of our production processes and decide on the areas and projects we will develop and invest in, in line with our digital maturity index scores.

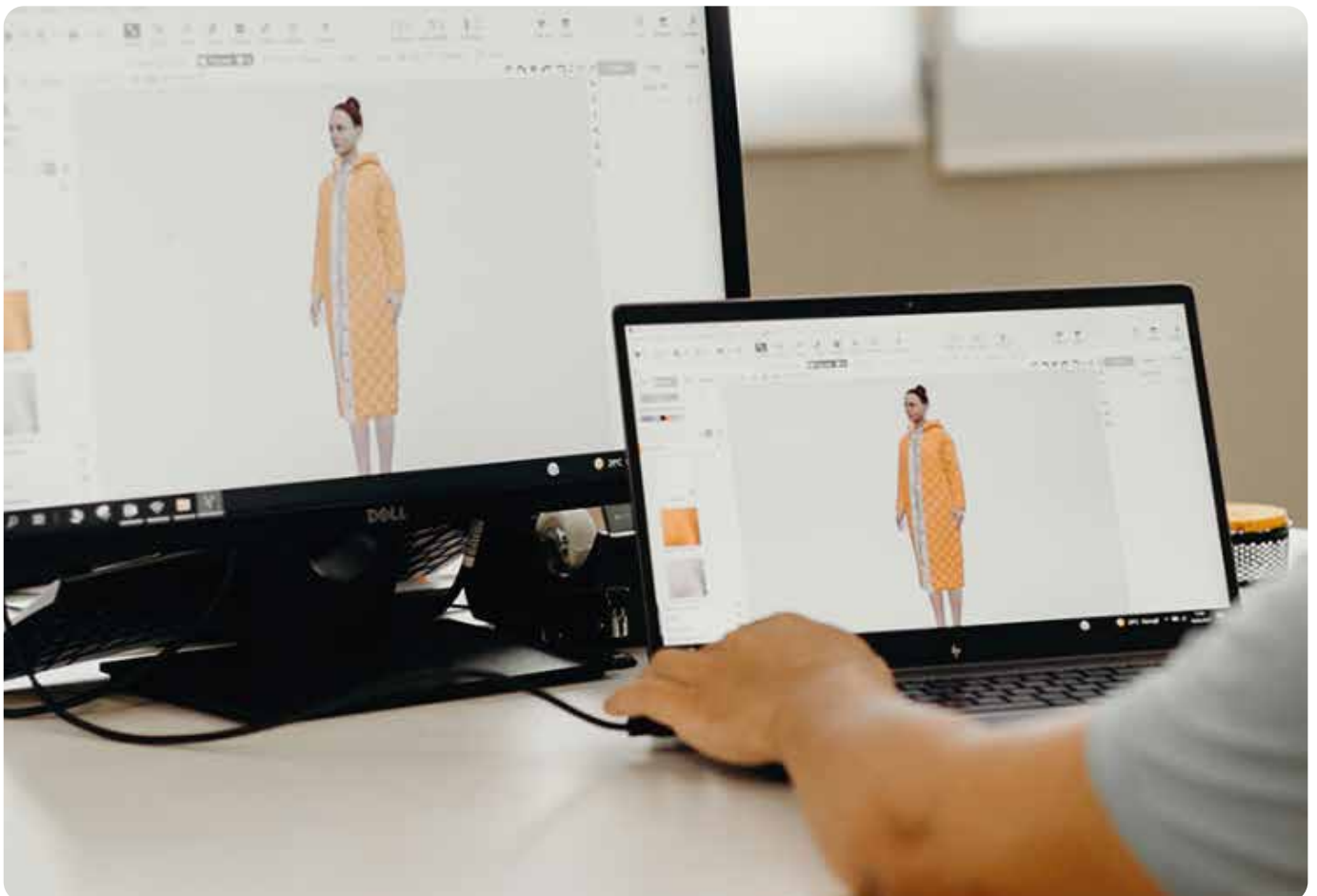
Ekoten Digital Maturity Index



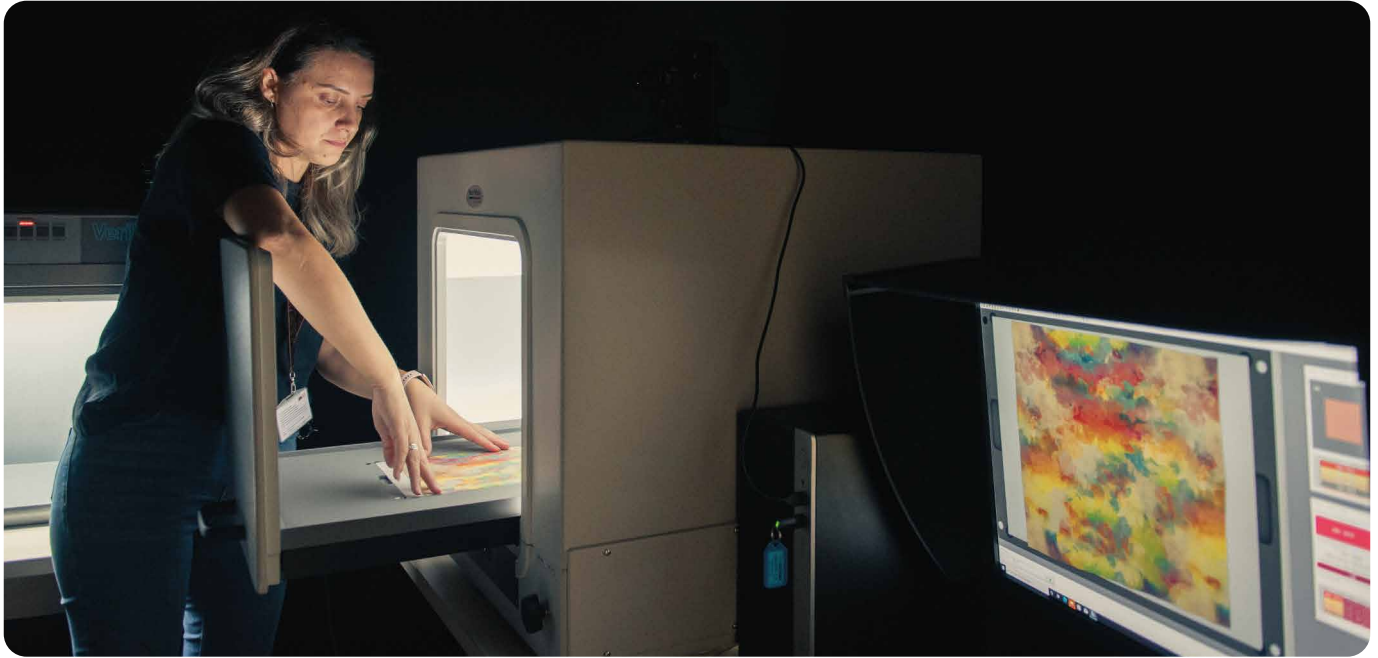
At Sun Tekstil and Ekoten, we constantly improve our software and hardware technologies infrastructure, which contributes to the improvement of circular business models starting from the design stage, thus saving resources. Moreover, we improve the content of our digital archives and increase the efficiency of our design processes each passing day. Thanks to the transformation process we accelerated in 2019, we were little affected by the physical constraints caused by the pandemic, and we made collection demonstrations for our customers in the digital environment. Thus, we once again felt the importance of ensuring the sustainability of our business and increasing our corporate resilience.

As of 2021, we started to present our designs to our customers, whose infrastructure is compatible with our system, in the digital environment by using 3D design software. We presented 6% of all our designs in the digital environment in 2021. We produced physical samples by finalizing the models selected by our customers among these designs in the digital environment, and we reduced the physical sample production by 40% in this product group. In 2022, we will prepare our collections from the design stage using 3D software and present them in the digital environment.

We make our designs unique by creating a digital fabric library thanks to our surface scanner that can digitize fabric surfaces with all the details that can be perceived by the eye and our hardware that can digitize the physical properties of the fabric such as drape.



Scanner for 3D Transfer



Hardware that can import the physical properties of the fabric into the digital media



Thanks to the investments we made before the pandemic, we made our collection demonstrations in the most effective way without feeling the lack of physical presentations. We have improved our business processes in the new normal thanks to our photo booth equipment enabling us to present our physical samples to our customers with high-resolution images that can be viewed 360 degrees and our video conference rooms where we hold our collection meetings in addition to presenting our designs in the digital environment.

Digitalization in Our Production Processes

As part of our goal of changing our ERP system, we successfully completed our SAP integration project at the end of 2021 at Ekoten and in the first half of 2022 at Sun Tekstil. We strengthened our software team with ABAP and Adobe Designer experts to realize system improvements, custom interface designs, and report developments. Thus, we will manage all our processes through a single ERP software and take our operational excellence studies to higher levels by using the power of big data.



Warehouse Management and Capacity Planning Using RFID

In 2021, we started using our RFID-based management module, which we developed specifically for our processes, integrated with our SAP software for the effective management of our yarn raw material warehouse at Ekoten. RFID tags and readers allow automatic entry and exit from the system without needing additional staff, hardware, software, and process in data entry and material identification processes. The system, which allows instant access to yarn quantities and location details stored in our warehouse, saves time, labor, and energy.

Product Warehouse Management and Logistics Process Planning Using RFID

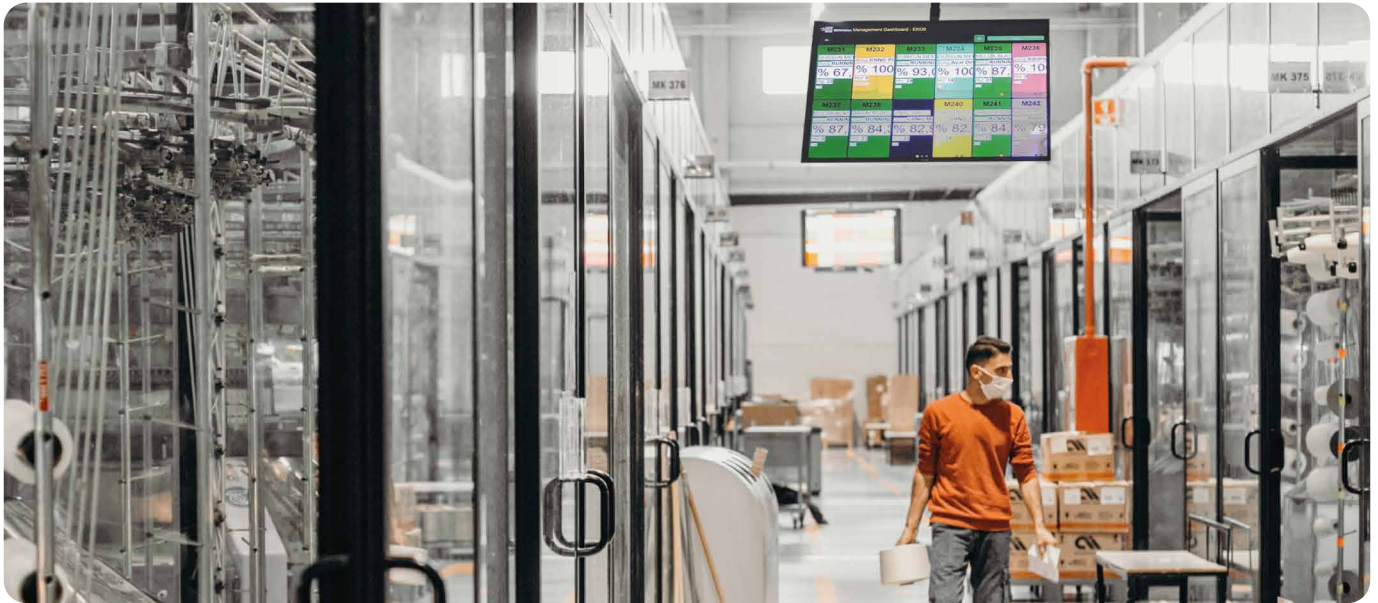
Thanks to the RFID identifications on the product information labels, we can efficiently perform counting instantly and load tracking, where we can access each product ID, for the effective management of warehouse management and logistics processes of the products produced in Sun Tekstil. In the product delivery, counting, and control processes, counting and follow-up are carried out without the need to open the packages of the packaged products.

Automation with RPA and IT Capture

We started to disseminate our Robotics Process Automation (RPA) applications in 2021 to make repetitive value-added processes efficient. Our three robots, which we call Sunny, started to work in the support departments of the Sun Tekstil in many processes such as invoice entry, etc. In 2022, we aim to improve the competencies of our teams in this field and increase our efficiency by using our robots in more processes.



Our MES 4.0 Production Management System, which was developed by our specialized operational excellence team at Ekoten, allows end-to-end traceability for holistic management. Thanks to our MES 4.0 Production Management System, we ensure improvement throughout the entire product life management cycle (PLM). In order to apply our Lean Management principles more effectively, we monitor every step of production in detail, and we identify and solve problems quickly and effectively thanks to the detailed data we collect about the production flow and the product.



Moreover, we perform labor management and performance management thanks to MES 4.0. We carry out comprehensive analyses of the root cause of the problem and the effect of the solution by implementing the improvement suggestions of our colleagues and maintenance card management on the same platform.

We develop digital infrastructures integrated with our MES 4.0 system that will provide decision support to our operators in our production processes. Ekoten operational excellence team developed smartwatches, which were integrated into our automation system, to support the decision processes of our operators, who manage multiple knitting machines in our knitting enterprise, in the management of malfunctions, machine downtime, and production performance. Thus, they can instantly monitor the machines they are responsible for and can identify and solve problems in a short time.



Within the scope of our goals to increase our resource efficiency, we make our destructive innovation works more agile by collaborating with start-ups. We, together with a start-up company, developed the first integrated automatic quality control system for round knitting machines in the industry. With artificial intelligence-based image processing technology, we can even detect defects that are difficult to detect visually and cannot be detected before the dyeing process. Thus, we prevent the loss of material and energy by preventing the error at its origin



Fabric defect libraries and processes were developed by supporting the start-up's hardware and software with Ekoten's competence in processes in twelve months in 2020. The demo process was started on two machines in the last quarter of 2020, and the application was expanded to 11 machines in the last quarter of 2021. During the pilot application process, the defect rate decreased by almost 50%. Thus, we prevented 376 hours of defective production and saved €30,040 by preventing the production of 6008 kg of defective fabric. Moreover, we prevented the environmental impact of 420,560 liters of water consumption, 15,020 kWh of power consumption, and 2,704 kg of CO2e emission. Our 28 knitting operators received theoretical and practical training on the use, improvement, and artificial intelligence of the system for 14 days. Our colleagues, who developed new competencies in the field of information technologies, contributed to the development of a qualified workforce



In 2022, we aim to continue improvements so that the quality control system can detect defects in more complex fabric structures, and to establish this quality control system on more of our knitting machines later. In 2018, Knitmaster online monitoring system was installed on all our machines. In 2022, the integration of artificial intelligence-supported defect detection system was developed using Knitmaster. Also, we aim to carry out holistic production monitoring and planning by developing a software module that will be integrated into our MES 4.0 system and provide decision support in planning processes.

According to ILO and UNDP reports, the number of females employed in the field of technology is very low compared to males. The need for a qualified workforce to be employed in the field of technology has been increasing in line with the increase in remote working rates, especially with the effect of COVID- 19, and today's requirements. Unfortunately, the low number of females currently studying in the field of technology indicates that females will experience disadvantages in their employment processes in the near future. Support for women's employment and education in technology is one of our priority areas to ensure gender equality in all areas.



Low Code Development Platform Solutions

In addition to contributing to the competencies of the high number of female employees and managers as technology users, we also enable them to gain new competencies so that they can become technology developers. We employ technology and information technology experts who have been trained in their fields in all our units, and we provide our colleagues having education in different fields with training to enable them to develop applications on low code development platforms, and we provide new career opportunities in this field.

Thanks to the software application developed by our colleague, who had a new career opportunity on a low code development platform in 2021, the efficiency of our quality control processes have increased, big data was created, and paper usage was reduced. With our young talent program Digitalise the Next, which we started in 2021, we aim to contribute to the increase in the employment of female students studying information technologies and their orientation in business life. In order to expand our impact in line with our goal, we joined the supporters of the Women in Technology Association, which has the same mission and vision as us and is specialized in its field.





8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Supply Chain Management

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Sustainable Supply Chain Management

We have been improving our Sustainable Supply Chain Performance Management Systems each passing day to ensure the sustainability of the environmental, social, and economic aspects of the value chain for increasing the resilience of the textile supply chain, which is very vulnerable to risks affecting the whole world such as the climate crisis, extreme climate events, economic crises, energy crises, logistics crises, and pandemic.

It is essential for all supply chain stakeholders to carry out compliance studies in collaboration as part of the regulations that have been first implemented by the European Union and will become widespread all over the world in the near future such as the Circular Economy Action Plans, Green Deal, Carbon Border Adjustment Mechanism, Extended Producer Responsibility, etc.

We, together with our stakeholders, have holistic management processes based on international standards and our stakeholders' sustainability criteria to proactively manage all risks in our supply chain, identify opportunities, and strengthen our processes to make them resilient.





Sun Tekstil's Supply Chain Management System

We ensure product traceability and environmentally friendly production processes throughout our entire supply chain by providing sustainability certificates, and we guarantee the compliance of our suppliers for all dimensions of sustainability by applying inspection processes in line with the criteria of our customers. We have improved our supply chain inspection and evaluation mechanism, which we started to implement many years ago, and as of 2019, we have put our Supply Chain Sustainability Performance Management system into operation.

We have 219 suppliers in five regions of Türkiye, and we conduct monthly inspections at the production facilities of our suppliers that perform 80% of our production. We score them using our performance scorecards, which we have prepared considering the international standards and the needs of our stakeholders. Moreover, we provide feedback to our suppliers in line with the results and provide consultancy for improvement studies.

Thus, we aim to ensure that new stakeholders are included in our network by meeting our sustainability criteria according to the results of inspections and ensuring the competence of existing stakeholders in all aspects of sustainability and the resilience of the organization. We are aware of our responsibility not only in Sun Tekstil facilities but throughout the entire supply chain. Therefore, we strive for ensuring the implementation of environmental processes based on global climate goals, circular economy, and biodiversity conservation, carry out practices that provide working standards, ethical compliance, and equality above the legal requirements, where decent work and economic growth are aimed beyond basic human rights, and to ensure the continuous development and durability of the organization and all stakeholders after defining all processes, risks, and opportunities considering their economic and managerial dimensions.

Sustainability performance scorecards are prepared by our expert inspection team by carrying out field visits as part of our management system. Mentoring is provided to our suppliers by our expert teams as a consultancy service in line with the findings of the inspections including the questions in the international sustainability indices and the questions regarding the criteria of our customers.

We use our scorecards for nine major categories: technical inspection, social inspection, operational success, environmental inspection, financial status, self-development and technical competence, managerial competence, evaluation of sub-suppliers, and ethics. After the implementation of the question sets, we developed digital forms for generating our scorecards automatically, thus ensuring more effective implementation of the scoring performed in field inspections.

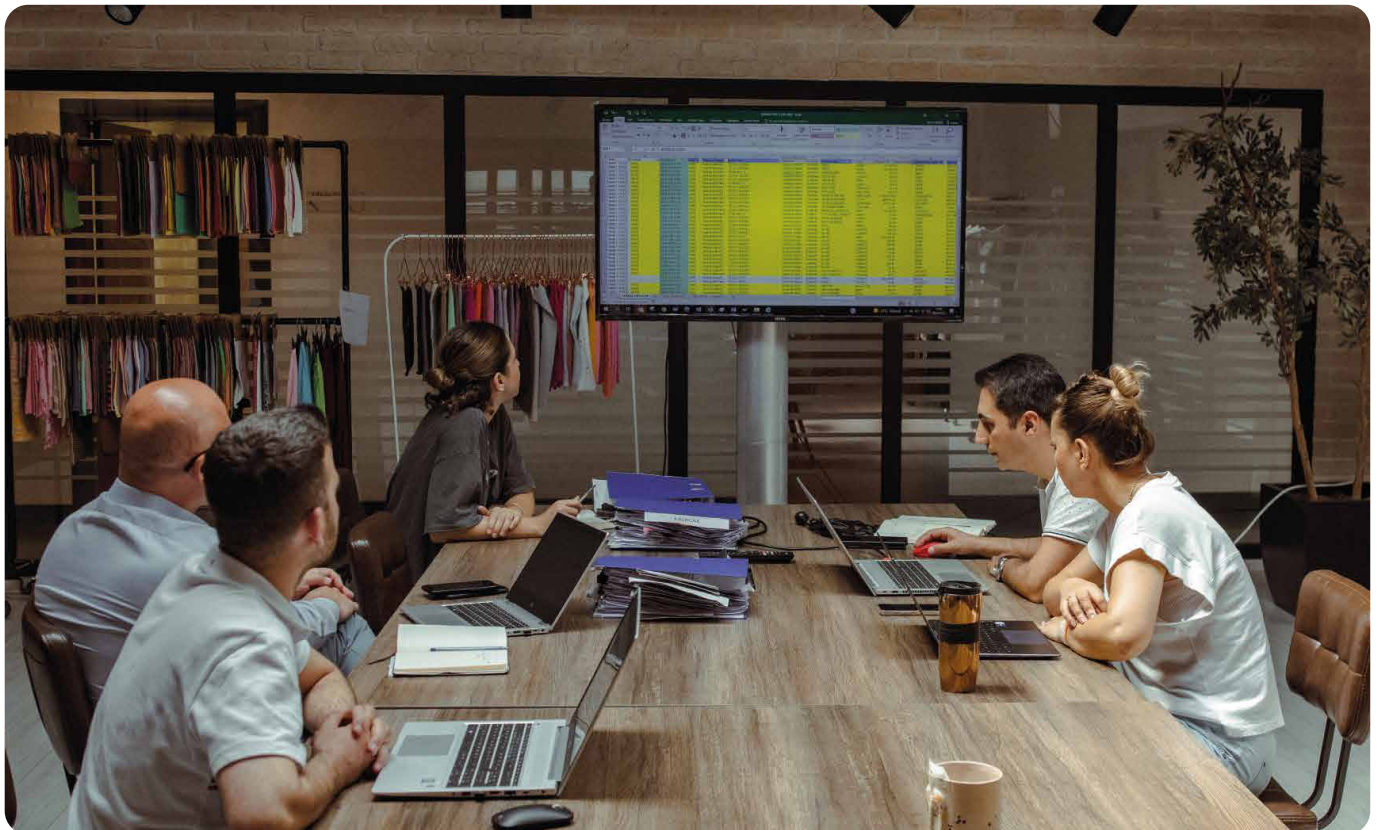
Each scorecard has subheadings with different priority levels and coefficients determined according to the significance level of the subheadings. Scores are given according to the information verified in field inspections, and the final performance scores are calculated by multiplying the scores by the significance coefficient. We ensure constant improvement for each supplier by giving them target scores in line with their own development.



We overcome chronic problems thanks to our special projects applied to all suppliers in line with the findings. Suppliers' achievement of their score targets enables us to measure their performance while the rate at which all suppliers achieve their target scores also enables us to measure the performance of our inspection team, which also provides mentoring and consultancy support. Thus, we proactively carry out the processes by strengthening our suppliers in all dimensions of sustainability. In this way, we ensure full compliance of our supply chain with our goals, moreover, we prevent the risks of being out of our supply chain due to critical findings in inspections performed by global brands and inspections performed by independent organizations.

Monthly improvement studies are carried out in line with the scores and findings shared every month. We meet at performance review meetings quarterly with the participation of Sun Tekstil's senior management and performance management officials, and the management and sustainability officials of our supply chain stakeholders, and we determine our short-term and medium-term goals together.

We aim to initiate more intensive work with our suppliers as part of our activities for compliance with the EU Green Deal and regularly hold Sustainable Supply Chain Meetings where we will bring together many different companies to develop a common perspective on strategies in 2022. Thus, we aim to create value for our world, society, and all our stakeholders with a resilient supply chain that complies with the developing regulations, our customers, and Sun Tekstil's holistic sustainability criteria.



Ekoten's Supply Chain Management System

At Ekoten, our goal is to transform our supply chain into a sustainable, competitive, and successful structure that combines ethical and environmental practices. Accordingly, we constantly improve our supply chain management mechanisms thanks to our integrated quality systems management approach, which has become our culture for many years, and our sustainability goals, which are based on international standards and the criteria of our customers.

All our suppliers are included in our supply chain within the framework of our quality systems. Suppliers that have certificates in accordance with international standards or those approved by our customers, which are global brands, or by accredited independent inspection organizations appointed by our customers, are included among our stakeholders after performing preliminary interviews.

In particular, we provide contractual commitments to comply with our sustainability criteria. We guarantee our prerequisites, which include criteria for our goals against the climate crisis, essential practices to protect biodiversity, human rights, and working standards by conducting inspections and signing contracts.

Our procurement teams manage the processes in the most effective way in accordance with the training they receive from accredited organizations. In addition to checking that our newly included suppliers and existing suppliers fulfill the requirements, we regularly measure the basic performance levels of our suppliers and give them scores. Our supplier inventory determined in this direction is regularly reviewed under the supervision of our managers, based on our company's risk management strategies.

As part of our Zero Discharge of Hazardous Chemicals (ZDHC) activities, we only procure Level 3 chemicals with the minimum environmental load. In order to ensure the traceability and transparency of our chemical inventory, we upload the details of our current consumption details to the Cleanchain Online Platform so that our stakeholders can view it instantly. Our chemical inventory created in the CleanChain system also runs integrated with the ZDHC Gateway Platform. Thus, our customers can instantly review our globally valid Incheck Report, which proves the suitability of our chemical inventory through the ZDHC Online Platform.



As part of our strategies for compliance with the European Green Deal, we launched our Sustainable Supply Chain Meetings program in the second half of 2021. In this program, in which we discussed all the issues of the European Green Deal in detail, we first carried out our practical training under the topic of Greenhouse Gas Emissions Management and Preparation for the Carbon Border Adjustment Mechanism. In this program, we also focused on increasing awareness of the fight against climate change.

In 2022, we aim to improve our Supply Chain Management System using Sustainability Performance Scorecards and to score the maturity levels in all dimensions of sustainability by analyzing the processes of our suppliers in more detail. We aim to develop training, joint improvement studies, and projects to improve our suppliers in fields open to improvement after conducting current situation analysis using scorecards we plan to put into practice in 2023.





Annexes

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References for UN Global Compact

Area	Principles	Related Part
Human Resources	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	Corporate Governance Human Resources
	Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	
Labour Standards	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Corporate Governance Human Resources
	Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.	
	Principle 5: The effective abolition of child labour.	
Environment	Principle 6: The elimination of discrimination in respect of employment and occupation.	Environment Design Digitalization
	Principle 7: Businesses should support a precautionary approach to environmental challenges.	
	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.	
	Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	
Anti-Corruption	Principle 10: Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Corporate Governance

References for Women's Empowerment Principles (WEPs)

Principles	Related Part
Principle 1: Establish high-level corporate leadership for gender equality	
Principle 2: Treat all women and men fairly at work - respect and support human rights and nondiscrimination, and promote such principles	
Principle 3: Ensure the health, safety, and well-being of all women and men workers	
Principle 4: Promote education, training, and professional development for women	Corporate Governance Human Resources
Principle 5: Implement enterprise development, supply chain, and marketing practices that empower women	
Principle 6: Promote equality through community initiatives and advocacy	
Principle 7: Measure and publicly report on progress to achieve gender equality	

Acknowledgment

We are very happy to share the strategies and activities that we have developed within the scope of our holistic sustainability approach with you through our 2020-2021 report. All content of the report regarding the valuable performance achieved thanks to the efforts of the employees and stakeholders of Sun Tekstil was prepared by the Sun Tekstil Report Preparation Committee under the leadership of our Sustainability Management Department and Corporate Relations and Communication Department. With the leadership of our senior management, the dedication of our employees, and the contributions of all our stakeholders, we will continue to create value for society and our world and design a sustainable future together.

Details

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