

S U N T E K S T İ L

S U S T A I N A B I L I T Y R E P O R T

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ABOUT THE REPORT

About Our Report

As Sun Tekstil and Ekoten, we are happy to share our report, which includes our strategies and highlights of our activities in 2022, within the scope of our corporate group's holistic sustainability approach. We are very excited to bring the impact of our work to the attention of our stakeholders and to magnify this impact together to "Design a Sustainable Future" through our sustainability reports, which are very valuable to us and which we aim to publish every year.

This is our third Sustainability Report and covers activities we carried out at Sun Tekstil and its subsidiary Ekoten Tekstil between 1 January 2022 and 31 December 2022. 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 addition to our group sustainability targets within the scope of our holistic sustainability approach, we have also emphasised and shared the activities in line with the targets we have set for Sun Tekstil and Ekoten Tekstil in line with the different fields of activity and needs of our companies.

We are aware of the importance of partnerships for the goals in this journey, which we set out with the heartfelt belief that it is possible to design a sustainable future, and we welcome you to send your valuable comments, suggestions, and contributions to our e-mail address below.

Group Sustainability Committee
surdurulebilirlik@suntekstil.com.tr





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MESSAGE FROM
THE CHAIRPERSON

**Elvan Ünlütürk**

Sun Tekstil Chairperson
of the Board

Dear Stakeholders, at the beginning of 2023, we experienced one of the greatest tragedies of our history with the earthquake disaster that affected many provinces of Türkiye. This massive destruction has left deep physical and emotional damage that cannot be repaired in the short term. We worked to heal our wounds to some extent by acting in unity and solidarity against the acute effects of the tragedy. We continue to mobilize all our means to build the future of the region and our country with solid foundations that are resistant to disasters and to recover together.

After the Covid-19 pandemic, 2022 has been a year of many different global crises. As all stakeholders, we better understood the importance of building resilient societies and value chains, managing global risks and opportunities institutionally, and mainstreaming this across the value chain. Fortunately, we have been constantly empowering 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".

We are increasing the resilience of our supply chain day by day with Sustainability Performance Scorecards, which are an important output of our holistic sustainability approach and which we started to implement for our suppliers in 2020. We have approximately 200 suppliers in five regions of Türkiye and we conduct periodic audits at the production facilities of our stakeholders that perform 80% of our production. We score them using nine different scorecards, which we have prepared considering the international standards and the priorities of our stakeholders. We give them feedback on audit results and provide mentoring for their improvement efforts.

We put our values at the centre of our corporate culture, and we held workshops attended by 450 employees in order to disseminate our values more effectively among employees and stakeholders in our ever-growing structure. In order to express the values with the same discourses and perspective, we created the "Sun Route" metaphor together in 2021. In 2022, in order for the five values to be internalised by our colleagues, we created "Value Months" in which we communicated each value in different months. Each month, we prepared videos consisting of stories reflecting the value chosen for that month. In this video series, we aimed to inspire all of us by listening to the stories of our colleagues in their own words.

We continue to create qualified human resources through programmes structured to support the development of our talents and young talents. We established MEGEM (Vocational Training and Development Center) within our own organisation in order to provide vocational training to women who have never received any education, dropped out of education or had no opportunity to acquire a profession and to support their economic freedom by ensuring their participation in employment. Within the scope of our gender equality targets, which is one of our material SDGs, we provided "Gender Equality" trainings to 769 colleagues working in production and production support departments through in-class trainings and 950 colleagues through our digital training platform Sun Academy. This year, we supported a total of 162 students in their development journeys, including 39 university students with The Future is at Sun, Sun Design Project and Digitalise the Next young talent programmes, and 51 university and 72 high school students with our other internship programmes.

Together with our stakeholders, we attach great importance to implementing corporate social responsibility projects that have a high impact and create value for society. In this direction, in 2022, we have built partnerships for the goals with 15 social responsibility projects, 4 scholarship programmes, 16 NGO memberships and more than 10 sponsorships.

With our Circular by Design approach, we create designs that consider the next life cycle of the product by developing practices that make a difference in material selection and design techniques. In line with our goals to use certified sustainable raw materials that are traceable through supply chain, we produced 64% of all our products using sustainable raw materials in 2022. In line with our goal of using 100% sustainable raw materials in 2040, we carry out the innovation activities required by our industry under the leadership of our R&D Center with the valuable cooperation of our stakeholders. 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 challenging problems of our resource-intensive sector is textile wastes generated during the production. We started an industrial symbiosis project on mechanical recycling to increase the rate of value-added recycling from textile to textile, 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. With our transformation activities in design and collection processes, we have become a prominent partner in providing services to our customers through digital platforms. As of 2021, we started to present the fit samples of the designs to our customers whose infrastructure is compatible with us in the digital environment using 3D design software. As a result, in 2022, we reduced physical sample production by 38% in models whose final form is decided 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 carried our ERP programme to SAP infrastructure and started to carry out all our business processes on a single platform. We have significantly improved our decision making infrastructure based on data analyses with software solutions developed in-house by our expert teams.

Considering all these, our digital transformation processes, environmental friendly practices, people-oriented approach and strategies become very important indicators that our company will continue its sustainability journey with decisive steps by gaining momentum. I would like to express my sincere thanks to all our employees and stakeholders who have joined us on our journey to be the very best that we can be to present fashion to the world and the future to fashion present fashion to the world and the future to fashion.

Kind regards,
Elvan Ünlütürk

**Günkut Gürşen**

Ekoten Chairperson
of the Board

Dear stakeholders, we are deeply saddened by the earthquake disaster that caused both physical and emotional destruction in our country. Unfortunately, as a result of inadequate measures against disasters, the size of this tragic picture has increased to catastrophic levels. After this disaster, extreme climate and weather events also affected the provinces in the earthquake region. As the climate crisis reaches dramatic levels and our country faces a high risk of drought, our vulnerabilities are increasing. As an organisation that prioritises the fight against these impacts, we continue to implement our ambitious targets that we have set in line with the framework outlined by the Paris Agreement and science-based approaches.

In 2022, we invested in an advanced treatment plant with innovative technology that will provide 95% water recovery, which is an important milestone for our company and our industry, and completed its installation in December. In 2023, we will be able to recover our own wastewater to use it in production and thus reduce our annual water consumption from approximately 945,000 m³ to 50,000 m³ when we operate at full capacity.

Thanks to our greenhouse gas emissions management efforts which we have been reporting in accordance with international standards since 2012, we reduced our emissions per tons product by 6% compared to 2021. As a result of our strengthened governance mechanism, commitments, risk and opportunity analysis approaches, we were rated "A-/Leadership" in the 2022 Climate Change Programme of the Carbon Disclosure Project CDP (Carbon Disclosure Project), the world's largest environmental reporting platform, which we started reporting voluntarily in 2012. Thus, we were one level above the textile sector, which has a global average score of "B/Management".

Thanks to the good practices we have implemented in order to establish partnerships with all supply chain stakeholders in combating the climate crisis, we received an A score in the CDP Supplier Engagement Rating Programme, as we did last year and we were included in the Global Leaders List.

In 2022, we were among the few textile companies in Türkiye to commit to the Science Based Targets Initiative Platform to set their science-based emission reduction targets. We aim to have our commitments approved by SBTi by the end of 2023 at the latest. In addition to the use of certified sustainable raw materials, we enpowering our efforts to transition to a low carbon economy with our digital solutions in all processes starting from design stage. In this direction, we have made significant investments in 3D design softwares, artificial intelligence-based automatic quality control systems, manufacturing execution systems and ERP software transformation projects.

With a holistic perspective, we want to achieve transformation together with all our supply chain stakeholders by setting more ambitious goals in the fight against climate change and to inspire by creating successful examples in our industry. I would like to express my sincere thanks to all our employees and stakeholders who have loyally contributed to this important journey.

Kind regards,
Günkut Gürşen



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ABOUT US

The Values That Shape Us

We have created 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.

We have been operating in the Aegean Region for 35 years, so 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 meaningful and memorable 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, 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 "by dignifying", 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

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- 1987** Sun Tekstil was founded in Izmir.
- 1989** First export.
- 1991** Knitting Department was established.
- 1994** Dyeing Department was established.
- 2000** Sun Tekstil becomes the majority shareholder of Ekoten Fabrics.
- 2010** The R&D Center was established with the approval of the Ministry of Industry and Technology.
- 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** Garment manufacturing facility established in Manisa.
- 2018** Investment in new knitting factory for Ekoten Fabrics.
- 2022** Sun Tekstil has started to be traded at BIST.
- 2023** Sun Tekstil Barcelona office established in Spain.

Sun Tekstil

Sun Tekstil Sanayi ve Ticaret Anonim Sirketi was founded and became operational in 1987 to manufacture, export, and make domestic trade of woven, knitted, textile, and apparel products. The company carries out its production operations in its facilities in the Torbalı 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 Torbalı and Manisa, provides approximately 10% of the total garment sales from these facilities. Approximately 90% of its products are provided by approximately 30 apparel suppliers that produce exclusively for Sun Tekstil. It manages its processes with optimum efficiency with approximately 200 stakeholders operating in the fields of fabric, accessories, apparel, packaging and logistics from different regions of Türkiye in the value chain. In 2022, 92% of Sun Tekstil's solo sales consist of international sales to more than ten countries. In addition, according to the data announced by the Türkiye Exporters Assembly (TIM), Sun Tekstil is among the top three companies with the highest exports in the Aegean Region Garment and Clothing sector.

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 5 design offices: one office in Türkiye and two offices 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)

Design-oriented
and predicting
future
trends

\$200 M +
Annual Turnover

One of the best
circular knit
fabric factories
in Türkiye

2.5 million+
pieces
Monthly
Export Figure

With over 1,900+
employees,
operating in
three
countries

1.500
New Designs
Each Month

Strong in
design, graphic
design, and
fabric
development

6.000
Samples Each Month

Ekoten Tekstil



Ekoten Tekstil, which was founded in 1994 and has been operating affiliated with Sun Tekstil since 2000, has two production facilities in Torbalı/Izmir. With a total of 222 circular knitting machines in an area of 20 thousand square meters in its facility located in the Torbalı 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 around 300 new fabrics per month. Dyeing, finishing, and quality control processes are carried out in Ekoten's facility in Torbalı. 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. It manages its processes with optimum efficiency with approximately 135 stakeholders operating in the fields of yarn, dyestuff, chemicals, packaging and logistics from different parts of the world in the value chain.

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. Strategically positioned Sun Textile UK does not engage in any textile production activities, but only offers design services.



Ranking 225

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

222

Knitting
Machine

13.000 Tons +

Annual
Production
Capacity

40 Tons

Daily Knitting
Capacity

30.000+

Clothing
Library

300 pieces

New Fabric
Designs per
Month

ekoten

Sun Tekstil R&D Center

As Sun Tekstil R&D Center, we focus on R&D and innovation in order to develop sustainable products and technologies with added value and high impact value in the fields in which we operate.

While conducting our R&D activities, we use Sun Tekstil's Innovation Cycle as our main methodology and utilise many internal and external resources. We evaluate the opportunities we create through our collaborations, the platforms we are a member of, the events we participate in and organize with experts from different disciplines in accordance with the system we have designed specifically for our organization. In this way, we not only find the opportunity to progress more efficiently with lean processes, but also shape and manage our project portfolio in line with our corporate priorities. Our innovation processes can be adjusted related to the target markets of ideas developed so we can adapt to a wide range of different markets from fashion to health. As we identify our key stakeholders in our business plan, we include them in our processes, increasing both our work efficiency and our project success rate, thus achieving a more sustainable business model. As a result of our efforts, we are proud to be the 145th company in Türkiye that has the most spending on R&D.

We value and emphasize on sustainability at our R&D activities approaches and we consider materials, processes and the environment as a whole. With this vision, we applied to the European Union Horizon Europe Program with three different project consortiums in 2022.

Based on the fact that 20% of the total plastic produced is recycled, the PLASTICE Project aims to improve this figure by developing valuation processes in line with the latest chemical recycling technologies. Officially launched on 01.06.2022, the project is run by a consortium comprising 25 inspirational academy, industry, research and technology institute stakeholders from Austria, Belgium, France, Greece, Italy, Spain, Netherlands and Turkey. In this project, as Sun Tekstil R&D Center, we represent recycling for increasing value in the textile industry.

R&D Center

106

National
Partners

223

International
Partners

31

Partner
Countries

4

Internationally
Supported Projects

2

Internationally
Funded Projects

27

Nationally
Supported Projects

361

Completed Projects

26

On-going projects

36

Researchers

19

Patent Portfolios

9

Design Portfolios

65

Scientific Publications

29

International Projects
Applications
Different Consortiums

11

Awards

In line with our strategic goals, we care about the transition to a safe circular economy by considering the entire design, production, use and end-of-life processes. In order to achieve our goal, we focus on functional raw materials that will meet the “Safe and Sustainable Design Criteria” within the scope of the Horizon Europe Project application TORNADO, which we collaborate with 14 partners from 5 countries. TORNADO Project has been funded by the European Commission in 2022 and consortium and grant agreements were signed. The project activities will officially start on 01.01.2023.

We applied to two different international project funds in 2022 with the aim of eliminating repetitive and challenging tasks in fabric production processes and qualifying the workforce. In one of these projects, we focused on the inclusion of human robot interaction in production processes in cooperation with 12 partners from 7 countries, while we focused on the use of artificial intelligence applications as 2 partners from 2 countries in the other project.

In our collaborations with entrepreneurs and in determining the initiatives we will invest in, we attach importance to the impact value of the initiative and include it among our corporate evaluation criteria. In 2022, by participating in the ITU Big Bang event, we met with new entrepreneurs and in 2022; we announced our investment at an Istanbul-based startup that offers an artificial intelligence pattern creation process. The company is providing a solution for fabric waste reduction in pattern design process and enables the design process to be more environmentally friendly.

In order to bring new materials and new technologies to circular fashion with a focus on sustainability, we follow the developments in sustainable printing techniques, reflect them in our processes and establish collaborations that can create an end-to-end solution. In this context, we continue our R&D studies with the leading textile chemical manufacturers of our country.

In order to apply our sustainability approach to all our processes, we mainly focus on energy efficiency and digital transformation. Our "Development of a Smart Production Execution System Sensitive to All Input Variables in Knitting Processes" project, supported under the TÜBİTAK TEYDEB 1501 programme, was completed in 2022. With this project, a smart manufacturing execution system (MES) was developed that can analyze and collect all input variables in the knitting operation of our subsidiary, monitor processes in real time, and communicate with other existing corporate resource systems. As a result of the project, automation efficiency increased from 65-70% to 88-92%.

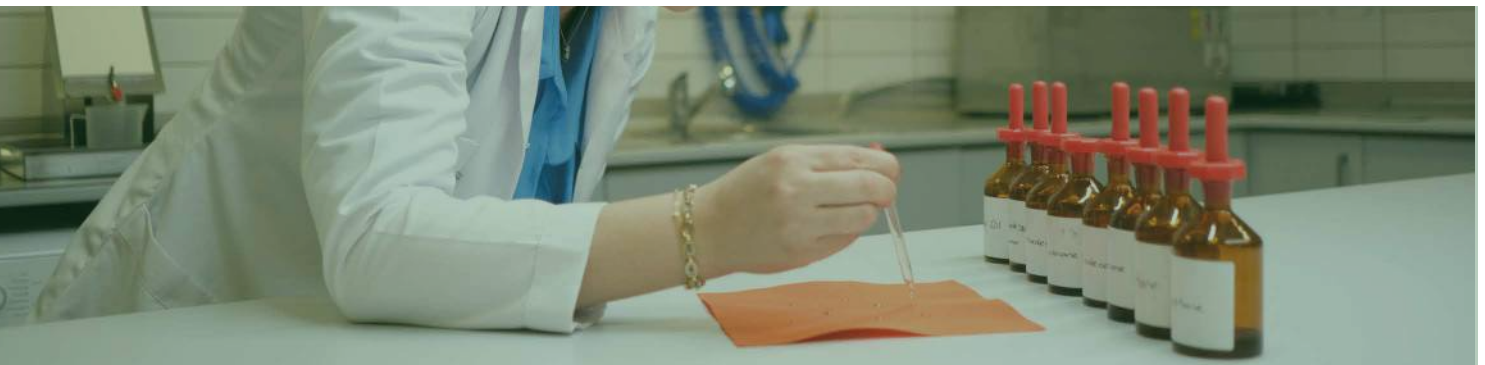
In 2022, we continued our research on textile-to-textile recycling, which is one of the issues that the fashion industry is trying to find solutions for. In 2023, we plan to continue our work with a US-based start-up company specialized in chemical recycling of fabrics made of synthetic fibers. As a result of our efforts, we aim to be a pioneer in our country's textile industry by making a significant contribution to the circular economy.

As Sun Tekstil R&D Center, it became our mission develop the innovation ecosystem in our region. In this context, we meet with entrepreneurs and focus on technology transfer, cooperation and mentoring activities. In 2022, we continued our work at the Stakeholders Office, which brings together industrial organizations and entrepreneurs within Izmir Bilimpark A.Ş., one of the leading technoparks in our region. We meet with young entrepreneurs who develop new technologies through our regular visits and continue to establish collaborations. Another initiative in this context is our Sun Tekstil R&D office, which we opened in the "İzQ Innovation Center", which was established to raise awareness of entrepreneurship, R&D and innovation in Izmir. In 2022, we accelerated our work by opening our office. In this office, which we share the building with the start-up companies in the "Entrepreneurship Center" for development purposes, we increased our activities to broaden the horizons of our R&D Center researchers and to expend our current knowledge. In this context, we came together with entrepreneurs within the scope of IzQ Bridge, an open innovation program carried out in partnership with IzQ Innovation Center and Sun Tekstil, who offer solutions that will enable the digitalization of customer interaction and product presentation processes in order for less textile waste.

In 2022, we started cooperation with the Bilişim Vadisi Technology and Development Zone, Design Clustering Center. To we continue our efforts to transform our knowledge in textile and material technology into industrial designs.

With the increasing awareness of the importance of reusing and recycling textile materials and using recycled materials as raw materials in the textile industry, Sun Tekstil R&D Center has increased its research and collaborations towards direction.

In 2022, we closely followed the sustainability efforts of companies developing textile chemicals and evaluated our potential collaborations. We focus on projects that provides long-term social and environmental benefits and contribute to the circular economy. We started to use textile chemicals (silicone, oil, etc.) derived from biobased or recycled materials with the same performance and equivalent to standard productions in the R&D Center laboratory.



In addition, changing consumption habits and fashion sense is causing growth of the market for products suitable for washable and reusable use has been paved instead of disposable products that create an environmental burden. With this approach, we are developing products suitable for repeated use with similar performance that can be used instead of disposable products at Sun Tekstil R&D Center.

Different solutions for reducing the environmental burden of disposable products have been developed by the researchers of the Sun Tekstil R&D Center. Fabric structures with different construction techniques are developed by using fibers with special content. our work continued in areas such as the development of multi-use diapers and sanitary pads with textile structures that do not have an example in the known state of the art, and the design and development of multi-use surgical gowns and drapes with superior comfort features. Patent and utility model applications for the products developed within the scope of the projects were made in 2022. The award ceremony of the International Research and Development Conference (RDCONF), organized annually by the Orclever Research and Science Group, covering topics in the fields of engineering, architecture, planning, design and natural sciences, was held on December 27, 2022. Our "Reusable Sanitary Pad" project presented by Sun Tekstil R&D Center was awarded first prize as the best project in the hygiene sector category at the conference held for the second time this year.

Membrane-laminated isolation overalls designed to be more comfortable than their disposable counterparts and to prevent the passage of liquids have also been developed within our R&D Center. These multi-use isolation suits used for spraying are designed to protect against contaminants such as liquid and solid chemicals, oils, non-toxic liquids, airborne substances, dust and fibers.

Within the scope of the QuarInTex Project supported by the Eurostars Program, we developed textile products that contains Quartzene, an aerogel structure produced by environmentally friendly methods, for use in cold environment conditions. In the light of these developments, the products developed at Sun Tekstil R&D Center are tested in the field during the expeditions of the researchers of the Polar Research Institute (TÜBİTAK MAM KARE) to the polar regions. The properties of the products designed and manufactured within the scope of the study were discussed in terms of ergonomics, performance and design.

We are happy to support the development of scientific research in Türkiye by allowing the students and researchers to use almost 60 devices available at 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



1st Productivity Awards 2022
Productivity Enhancing Project
Award (Ekoten)



Carbon Disclosure Project 2022
Climate Change Program A-
(Leadership Level) Score (Ekoten)



Carbon Disclosure Project 2022
Supplier Engagement Rating
Program A (Leadership Level)
Score and included in the Global
Leaders List (Ekoten)



International Research and
Development Conference
(RDCONF) First Rank in The Best
Projects in Hygiene Industry
Category (Sun Tekstil R&D Center)



ETIKA 2022 Türkiye Ethics Awards
(8th time) (Sun Tekstil)



International Textile
Manufacturers Federation-ITMF
"International Cooperation
Category" Award (Ekoten)



Aegean Garment and Apparel
Exporters Association, Export
Platinum Award 2022
(Sun Tekstil)



Aegean Garment and Apparel
Exporters Association Second
Most Exporting Firm Award
(2022 - Sun Tekstil)

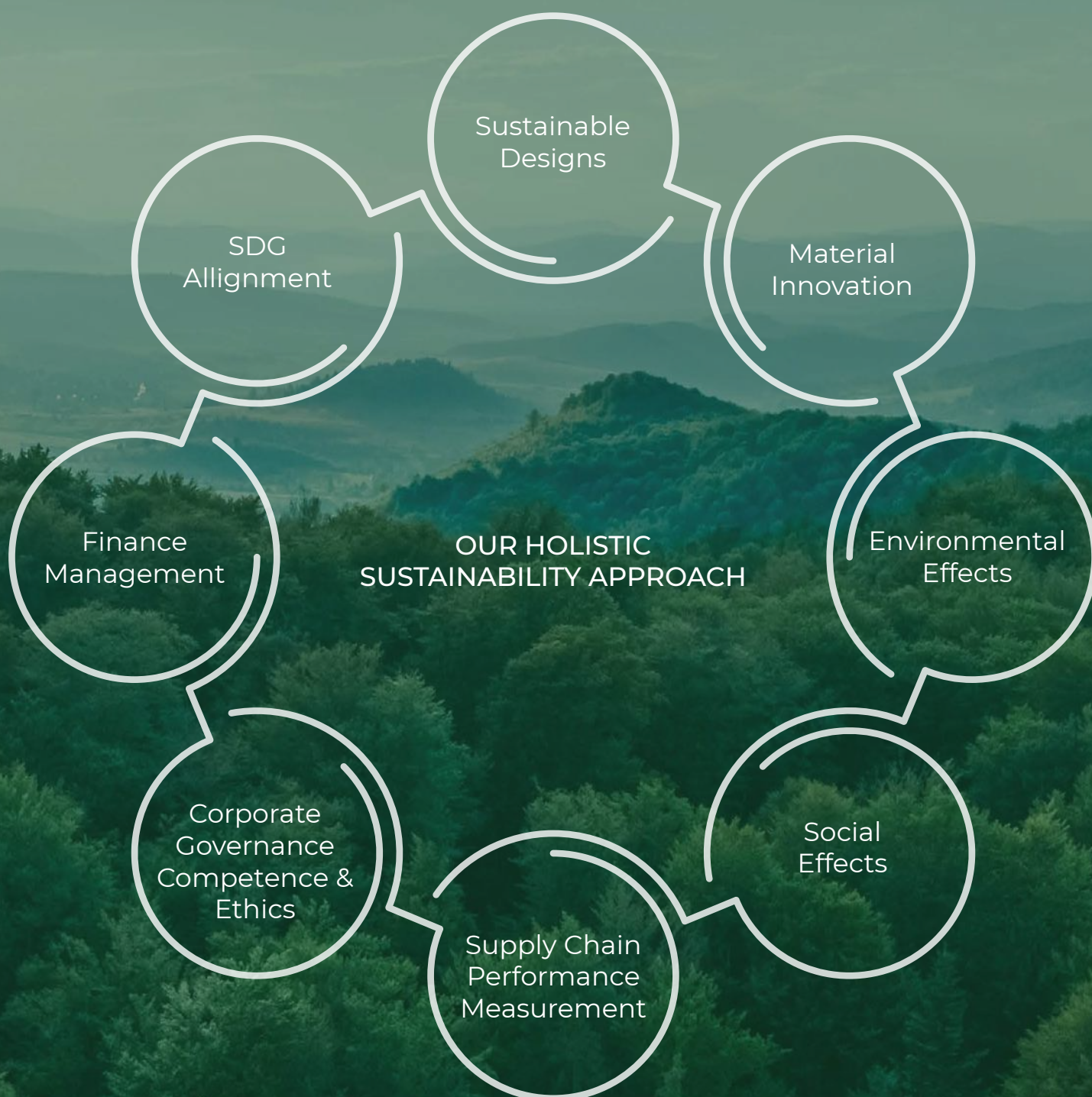




SUSTAINABILITY JOURNEY

Holistic Sustainability Approach

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

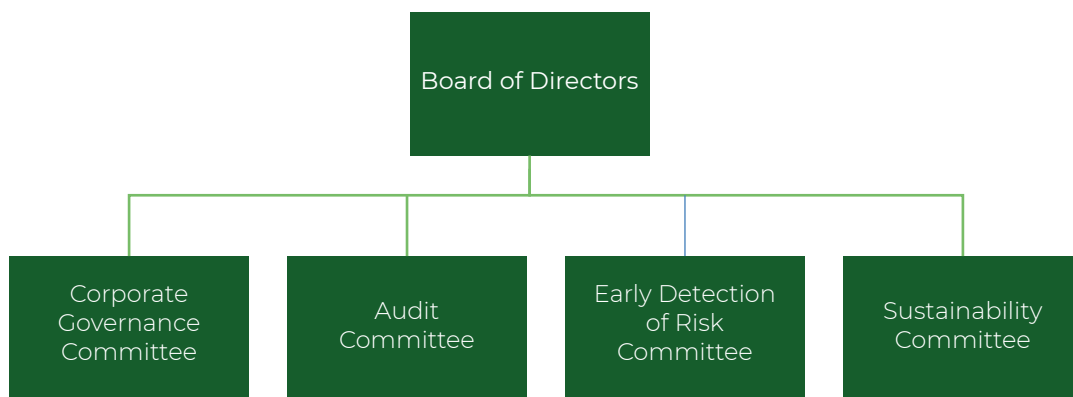


Sustainability Journey

- 2001** Ekoten Water Management Program was started, and water consumption has been reduced.
- 2002** Ekoten ISO 9001 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.
- 2018** Solar power plant became operational in our Ekoten knitting facility.
- 2019** Sun Tekstil's first Sustainability Report was published.
- 2022** An advanced treatment system that provides 95% waste water recovery was installed in our central operation in Ekoten Torbali.

Sustainability Governance

Following the roadmap of conducting a stakeholder analysis, preparing a materiality matrix, identifying material 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 high priority sustainability strategies for our companies.



Our Stakeholders

We strongly believe that sustainable transformation is only possible together with all stakeholders and that partnerships are essential for achieving our goals. In our sustainability journey, we focused on identifying all our key stakeholders and developing strategies to communicate with them in the most effective way. Within the scope of our analysis, we categorised our stakeholders according to their relevance and impact and developed specific communication strategies.



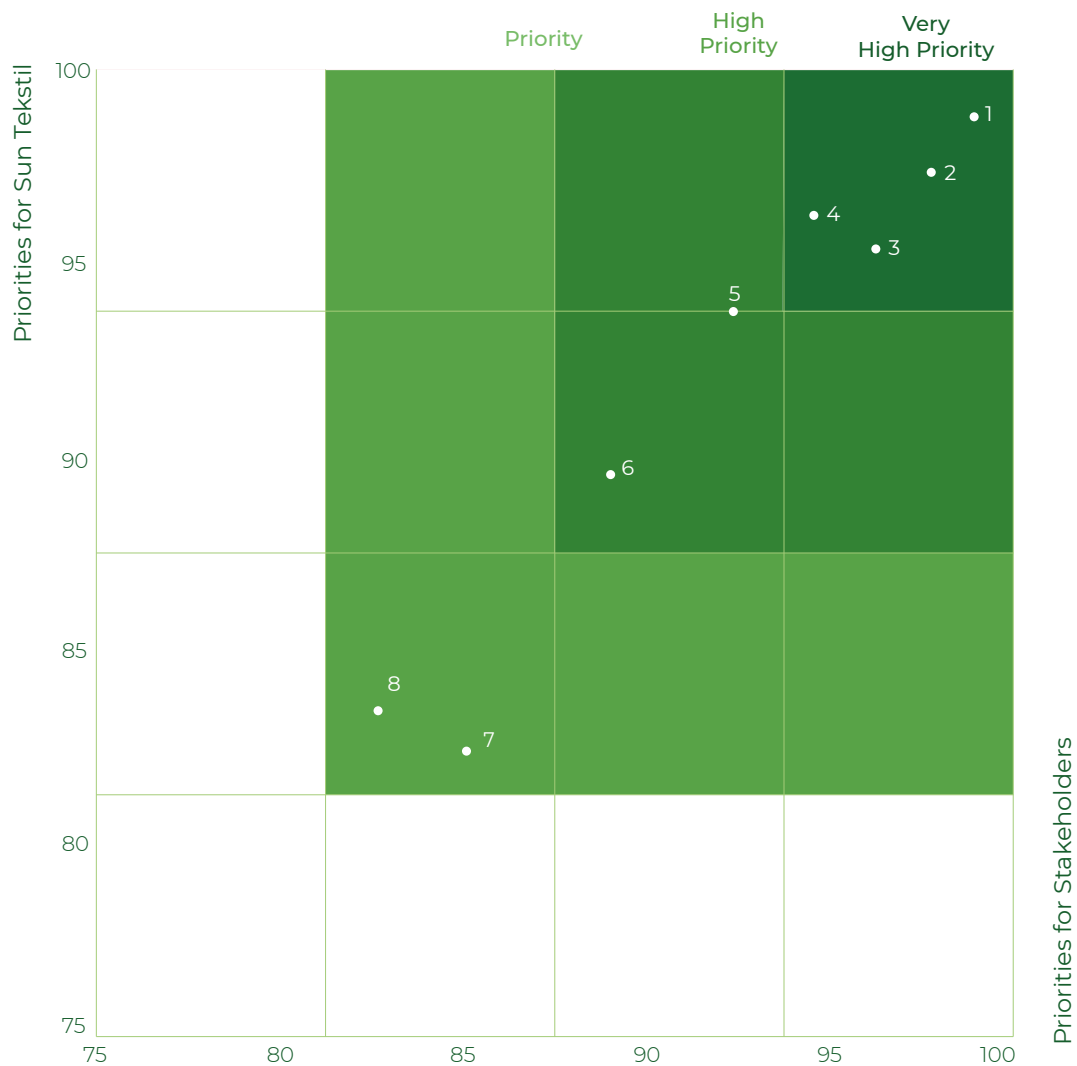
Stakeholder Communication Strategy

Stakeholder	Communication Tool	Content	Communication Platform	Frequency
Employees	Life in Sun Survey	Measuring awareness and maturity through sustainability questions included in the survey	Online survey platform and manually filled forms	Once a year
	Sun Academy Sustainability Training Programs	Increasing awareness and knowledge through sustainability training programs consisting of various modules	Sun Academy	Once a year
	In-Class Sustainability Training Programs	Increasing awareness and knowledge through sustainability training programs consisting of various modules	In-class training	Once a year
	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	Once a year
	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	Once a year
	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 Video sharing from Sun Academy	Periodically
Customers	Launch of the Sustainability Report	Information about the publication and content of our sustainability report for the relevant year	Company website	Once a year
	Sustainability Presentations	Sharing customer-oriented sustainability presentations that cover our current sustainability activities	Online meetings Physical meetings and events	Once a year
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	Once a year
	Sustainability Presentations	Sharing customer-oriented sustainability presentations that cover our current sustainability activities	Online meetings In-class training	Once a year
	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	Once a year
Shareholders / Investors	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	Once a year
Regulatory Bodies and Local Administrations	Sustainability Presentations	Sharing customer-oriented sustainability presentations that cover our current sustainability activities	Online meetings Physical meetings and events	Once a year
All Stakeholders	Sustainability Presentations	Sharing customer-oriented sustainability presentations that cover our current sustainability activities	Online meetings Physical meetings and events Social media posts	Periodically

Materiality 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 materiality analysis every two years.

In 2022, we updated the materiality matrix we created in 2021 in line with the feedback we received from BCSD Türkiye within the scope of the WBCSD Reporting Matters methodology. We consolidated our material issues under 8 main topics in accordance with the methodology and among these topics, we have identified 4 items as high priority.



Identifying Material SDGs

	No	Main Title	Subheading	Related SDG
Very High Priority	1	Decent Work and Economic Growth	Human Rights Strategy	5 - 8 - 10 - 17 - 16
			Inclusiveness, Equality, and Diversity	5 - 8 - 10 - 17 - 16
			Occupational Health and Safety Management Systems	8 - 3 - 10 - 4
			Health and Well-Being	3 - 8
			Talent Management	4 - 5 - 8 - 10
	2	Responsible Value Chain Management	Supplier Interaction and Collaboration	3 - 5 - 8 - 10 - 12 - 13 - 1
			Responsible Procurement Training and Commitments	4 - 5 - 8 - 10 - 12 - 17
			Transparency	4 - 5 - 8 - 10 - 12 - 17
			Raw Material Traceability	3 - 5 - 8 - 15 - 12 - 13 - 9
			Traceability of Production Processes	3 - 5 - 8 - 12 - 13 - 9
			Financial performance	8 - 9 - 10
			Value Created for Society	8 - 9 - 10 - 11 - 16 - 17
			Contribution to Sustainable Development Goals	8 - 9 - 10 - 11 - 16 - 17
			Socio-Economic Impact on Society	11 - 8 - 10 - 3 - 5
			Social Compliance in Supply Chain	4 - 5 - 8 - 10 - 16 - 17
			Environmental Compliance in the Supply Chain	4 - 6 - 12 - 13 - 14 - 15 - 17
	3	Ethics and Governance	Effective Governance	8 - 16
			Ethics	8 - 16 - 17 - 5 - 10
			Anti-Bribery and Anti-Corruption	8 - 16 - 10
	4	Climate Change	Suggestion and Feedback Mechanisms	8 - 16 - 10
			Energy Management	7 - 9 - 13
			Greenhouse Gas Emissions Management	7 - 9 - 13 - 12
			Decarbonization	7 - 9 - 13 - 12
			Water Management	6 - 12 - 13 - 9
			Chemical Management and Zero Discharge of Harmful Chemicals to Nature	6 - 12 - 13 - 14 - 15 - 9
			Waste Management	12 - 13 - 15 - 9
			Biodiversity	15 - 14 - 13
High Priority	5	Circular Economy	Combating Climate Change	5 - 8 - 10 - 17 - 16
			Circular Economy	12 - 3 - 9 - 15 - 6
			Eco-Design	12 - 13 - 9 - 15 - 6
			Packaging and Use of Packaging	12 - 13 - 9 - 15 - 6
			Recycling	12 - 15 - 8 - 9 - 6
	6	Risk Management and Control Systems	Use of Sustainable Raw Materials	6 - 9 - 12 - 13 - 15
			Financial Risk Management and Control System	16 - 8 - 9
			Non-Financial Risk Management and Control System	16 - 13 - 10 - 8
			Management of Climate Change Risks and Opportunities	13 - 14 - 15 - 9
			Cyber Security	16 - 9
Priority	7	Stakeholder Engagement	Stakeholder Commitments	17 - 16 - 8 - 12 - 13 - 10
			Transparency and Constant Dialogue with Stakeholders	17 - 16 - 8 - 12 - 13 - 10
			Partnerships for Purposes	16 - 17
	8	Innovation	Digitalization	3 - 6 - 9 - 12 - 15
			Innovation for Sustainability Technologies	3 - 9 - 12 - 15 - 17
			Production Process Innovation	3 - 6 - 9 - 12 - 15

Working Groups

We constantly improve our sustainability governance approach. At the end of 2021, we changed the structure of our Sun Tekstil and Ekoten joint working groups, which we established in 2018, and switched to a task force mechanism. In this way, we aim to manage our material topics in line with the specific needs of our companies, as well as to empower decision-making mechanisms in the sustainability strategies and activities of our companies.

Task Forces	Material Topics	Sustainable Development Goals
 Corporate Governance	3. Ethics and Governance 7. Risk Management and Control Systems	   
 Human Resources	1. Decent Work and Economic Growth	   
 Product Design and Development	5. Circular Economy	   
 Supply Chain Management	2. Responsible Value Chain Management	   

Task Forces



Material Topics

8. Stakeholders Engagement

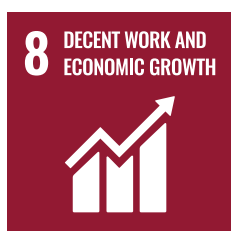
4. Climate Change

6. Innovation

Sustainable Development Goals



Our Material Sustainable Development Goals



Our Sustainability Targets

	Human Resources	Community
	<ul style="list-style-type: none"> ■ We ensured that our values were adopted and disseminated by our employees through the Value Month Program in 2022. ■ We shared our Working Principles with all our employees in order to reinforce our corporate culture in 2022. ■ We trained our leaders in 2022 to develop their competencies in giving feedback based on employees performance and potential. ■ We trained our leaders in 2022 to develop their competencies in giving feedback based on employees' performance and potential. 	
	<ul style="list-style-type: none"> ■ We developed our digital human resources processes and improved our automated reporting infrastructure in 2022. We launched the SunIK mobile application that will improve the communication with employee personal transactions. ■ We aim to implement workplace ergonomics studies within the scope of our OHS practices in 2023. ■ We aim 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"> ■ We prepared our comprehensive community engagement strategy and presented it to our stakeholders in 2022. ■ We completed the academic year 2022/2023 fall semester with 54 scholarship recipients. We aim to continue our scholarship programs in the 2023/2024 academic year.

■ Completed
■ Continued
■ Future Goals

Our Sustainability Targets



Product Design and Development

	<ul style="list-style-type: none"> ■ We aimed to develop 5 sustainable capsule collections, 4 recycled capsule collections and 2 re-imagined capsule collections in 2022. On the other hand, we developed 2 sustainable capsule collections and 1 re-imagined capsule collection in line with customer demands. In this direction, we aim to develop 3 sustainable capsule collections in 2023. ■ We designed and presented the collections in the digital environment and converted them into orders without producing any physical samples for these collections in 2022. In 2023, we aim to ensure the continuity of this target by developing 3D collections consisting of 20 pieces every month. ■ In the 3rd quarter of 2022, we digitized the processes of classifying all our fabric scraps and delivering them to licensed waste companies. By the second half of 2023, we aim to make the processes of transforming recycled waste into new raw materials, one of the most important steps of the project, digitally traceable. ■ We aim to manufacture at least 90% of our production using sustainable materials in 2030. ■ We aim 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"> ■ We produced more than 50% of all our collections developed in 2022 with sustainable raw materials and we continue our efforts to ensure the continuity of this ratio. ■ We aim to declare our roadmap of low-carbon product manufacturing by 2025. ■ We aim to present all our stakeholders with our action plans to protect biodiversity by 2025.

■ Completed
 ■ Continued
 ■ Future Goals

Our Sustainability Targets

Sustainable Environment

	<ul style="list-style-type: none"> ■ We received Higg FEM verification from independent institutions for our Sun Tekstil production facilities in 2022 and we continue our efforts to make it permanent. ■ We started ISO 14001 Environmental Management System compliance works for Sun Tekstil production facilities in 2022 and received our ISO 14001 certificate in December for Sun Tekstil Torbalı central production facility. We aim to apply for ISO 14001 certification for our Sun Tekstil Manisa facility in 2023. ■ We started 14064 Greenhouse Gas Calculation and Verification Management System compliance works for Sun Tekstil production facilities in 2022. We aim to start the 14064 Greenhouse Gas Calculation and Verification Management System and Carbon Disclosure Project Climate Change reporting compliance processes for Sun Tekstil production facilities in 2023. Within the scope of ISO 14064 Standard in 2025, we aim to have our greenhouse gas calculations for 2024 verified by independent institutions. ■ We aim to initiate Higg FEM compliance works in our supply chain in 2023 and to implement our compliant environmental performance scorecards. We aim to mentor our specified manufacturers in our supply chain in 2024 in the process of obtaining Higg FEM verifications from independent institutions and to make practices and verifications continuous by 2026. ■ We aim to initiate ISO 14001 Environmental Management System compliance works for the specified suppliers in our supply chain in 2024. We also aim to support these suppliers to obtain ISO 14001 certification in 2025.
	<ul style="list-style-type: none"> ■ We committed to the Science Based Targets Initiative Platform in 2022 and we continue our efforts to submit our science-based greenhouse gas emission reduction targets to the platform for evaluation by the end of 2023. ■ We launched our Sustainable Supply Chain Meetings by the end of 2022 and supported our suppliers' processes to climate change and greenhouse gas emission management. We will continue in 2023 with energy efficiency and water management modules. we will continue our meetings. ■ We balanced our grid electricity use with the I-REC Certificate in 2022. We are committed to balance all our grid electricity use with I-REC certification every year until 2030. ■ We aim to explain our Roadmap to a Low Carbon Economy by the end of 2024. ■ We aim to establish a governance mechanism to measure and monitor the impact of our value chain on biodiversity by the end of 2024. ■ We invested in an advanced treatment plant with an innovative technology that will provide 95% water recovery in 2022. We are working to commission it in the first quarter of 2023.

■ Completed
■ Continued
■ Future Goals

Our Sustainability Targets

	Digitalization	Supply Chain Management
	<ul style="list-style-type: none"> ■ We organized training for our relevant teams in 2022 to make repetitive non-value-added processes efficient and to improve our Robotics Process Automation-RPA competencies. ■ In our SAP program, which we completed the transition in 2022, we develop automated reports with our internal resources, thus ensuring workforce and resource efficiency by utilizing big data. 	<ul style="list-style-type: none"> ■ We organized Sustainable Supply Chain Meetings and trainings for our suppliers in 2022 in order to improve EU Green Deal compliance in our supply chain. We aim to organize our Supply Chain Meetings once a year and to implement the trainings we plan according to our needs in line with our calendar. ■ We aligned our Sustainability Performance Scorecards, which we implemented in 2022 as part of our sustainable supply chain management approach, with the EU Green Deal and Higg FEM criteria. We aim to improve our work according to our roadmap and implement it every year.
	<ul style="list-style-type: none"> ■ We adapted the artificial intelligence-based automatic quality control systems used in our knitting machines to more complex fabric structures in 2022. We invested in 17 more knitting machines so that these systems can be used in more of our knitting machines. ■ We organized Digitalk events in 2022 in line with department-based assessments to be carried out with our digital maturity index measurement tool for training and experience sharing in order to improve the levels of digital culture in particular. 	<ul style="list-style-type: none"> ■ With the Sustainable Supply Chain Meetings we launched in 2022, we support the EU Green Deal compliance processes and resilience of our suppliers. ■ We aim in 2023 to conduct a current situation analysis with Sustainability Performance Scorecard practices for our suppliers, organize trainings to support our suppliers in areas open to improvement, and develop joint improvement studies and projects.

■ Completed
 ■ Continued
 ■ Future Goals



05

CORPORATE GOVERNANCE

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 audit mechanism, which has been used for many years to maintain the resilience of our company, is carried out by our Internal Audit 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 have been a member of since 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 empowering 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 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 audit 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 resilience of our company, taking the necessary measures related to the identified risks and managing the risk. The Committee meets six times a year, once every two months 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 least three times a year, at least once every four months 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 Chairperson of the Sustainability Committee and 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, corporate communication specialists etc. Thus, our committee focuses on inclusion and engagement.

The Sustainability Committee meets at least four times a year, at least quarterly and documents all its work in writing. The working principles of the Committee have been shared within the organisation exclusively 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.

Each task force meets at least four times a year, at least once every three months, and documents all its work in writing, and reports to the Sustainability Committee. Our working principles regarding the task forces are shared with our members privately within the organization.



Product Design and Development

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.



Resilient Communities

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 our group companies and supply chain stakeholders for many years, under the supervision of our Human Resources Departments, Social Compliance Departments, and Internal Audit Departments and under the leadership of our Board of Directors.

We empowered our governance mechanism thanks to our Ethics Committee established in 2021. We included the implementation processes of our Ethical Principles in our Working 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-Corruption and Anti-Bribery

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. In addition, the Internal Audit Department accompanies the company's rapid progress in the digitalization process, expands its internal audit activities to effectively manage the risks arising in this context, and increases the assurance rate by finding digital solutions.

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 roadmap.

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 TÜSİAD 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.



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 Leader of the Sustainability Working Group in addition to her duty as a Board Member of the Aegean Garment 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 TÜSİAD 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.

We contribute BCSD Türkiye's collective efforts with our representatives in 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, this can be removed. 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](#).

In 2022, the UN GC developed the new Progress Reporting Platform and announced that all signatories must comply with this new reporting method by 2023. We have been one of the companies contributing to the development of this platform by taking part in the Early Adopters Program launched by the UN GC to accelerate the compliance period.

You can access our Early Adopters Report published in 2022 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..

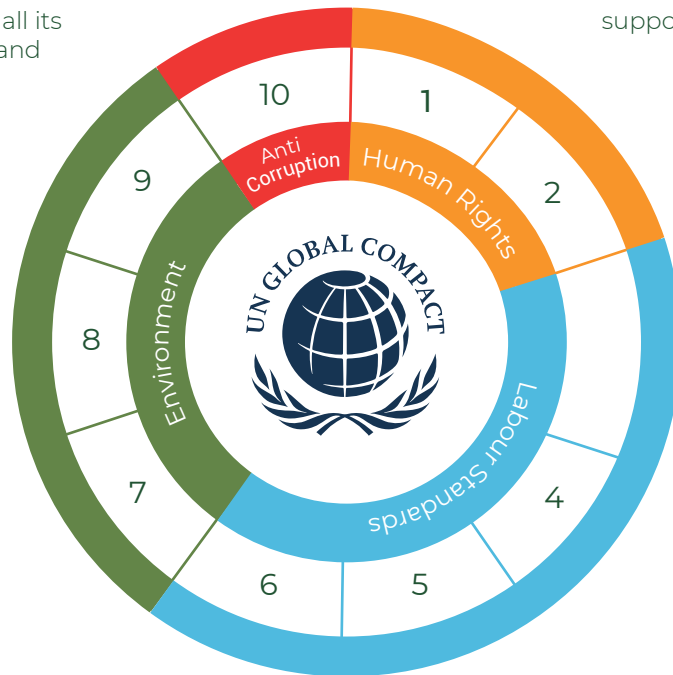
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility

Principle 7: Businesses should support a precautionary approach to environmental challenges

Principle 6: The elimination of discrimination in respect of employment and occupation



Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2: Business should make sure that they are not complicit in human rights abuses

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4: The elimination of all forms of forced and compulsory labour

Principle 5: The effective abolition of child labour

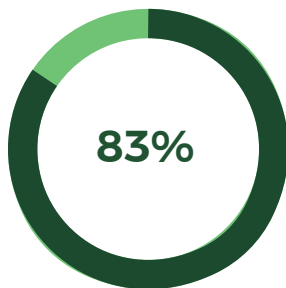
Women's Empowerment Principles (WEPs)

With its female co-founders and managers, our company has made gender equality a corporate culture since it was founded 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.

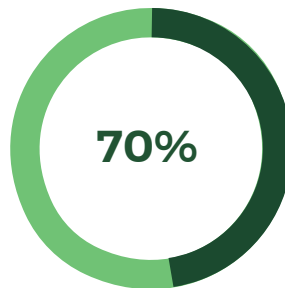
You can access the details of the signatory organizations of WEPs in the world through the link.

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."

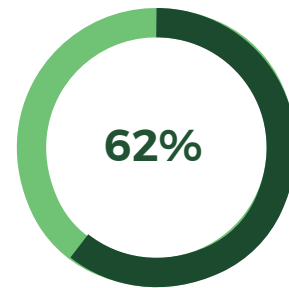
We have been striving to continuously improve our activities, which we carry out in line with the WEPs principles, following the **Implementation Guide** prepared by the UN Global Compact Türkiye Women's Empowerment Working Group Executive Committee. We evaluated our WEPs Self-Assessment Tool results, which we started in the second half of 2021, in the first quarter of 2022 and aligned our strategic plans accordingly. In 2023, we will update our analysis through the self-assessment tool, determine our development rate and determine our future plans.



Sun Tekstil
Women in the Board
of Directors



Sun Tekstil
Percentage of Women
in All Employees



Sun Tekstil
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



All 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	ARGEMİP-R&D Centers Communication and Cooperation Platform
BCSD TÜRKİYE	Business Council for Sustainable Development Türkiye
TEXTILE EXCHANGE	Textile Exchange
TKYD	Corporate Governance Association of Türkiye
TMM	Turkey Materials Marketplace
BADV	Business Against Domestic Violence Network





HUMAN RESOURCES

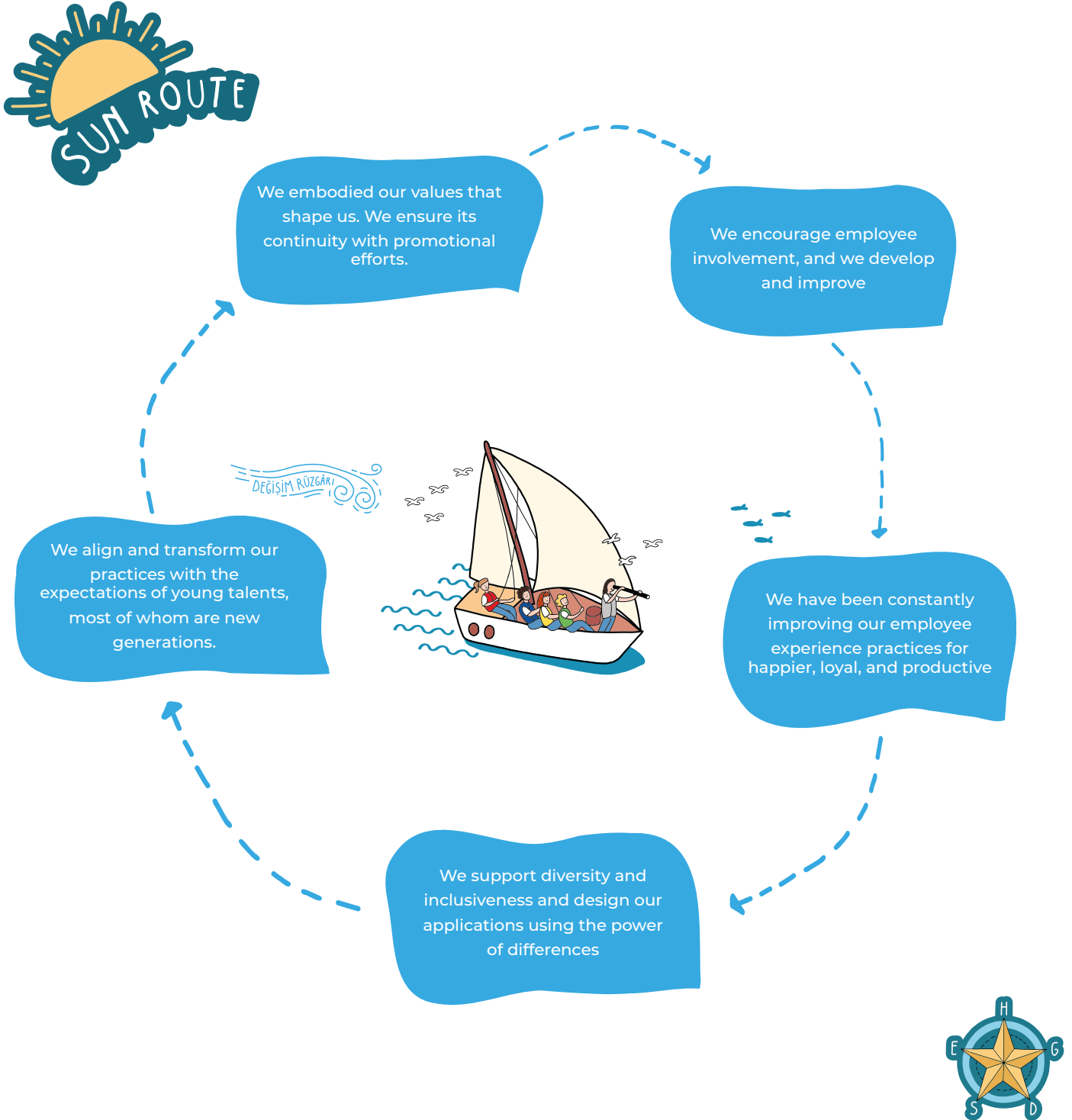
Our Company Culture

As Sun Group, 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 promote diversity, inclusion and participation, stand against harassment and discrimination, and are committed to fair treatment for all, protecting the health, safety and dignity of our colleagues.

We encourage our colleagues to state their ideas confidently, 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.

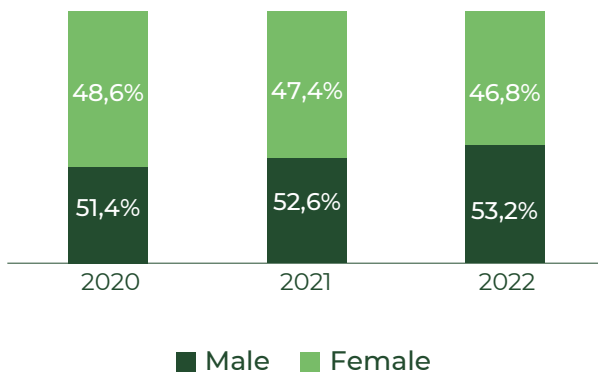
We shape our future with our innovation and solution-oriented approach by growing steadily together with our colleagues, suppliers, customers and all our stakeholders. With our vision of being a lifelong learning organization that values people, society, and the environment, we work together to achieve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

Based on this vision, we have redesigned our company culture by being inspired from each other to make our way of doing business more sustainable.



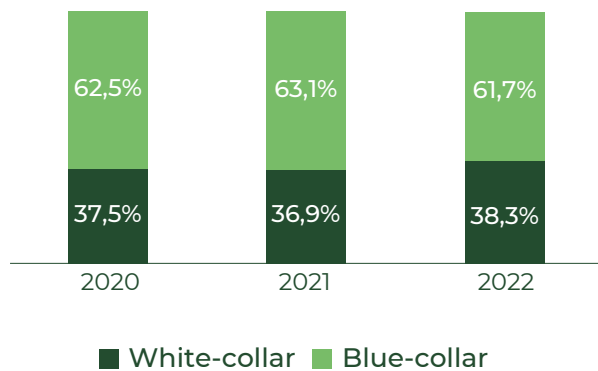
Employee Profile

Breakdown by Gender



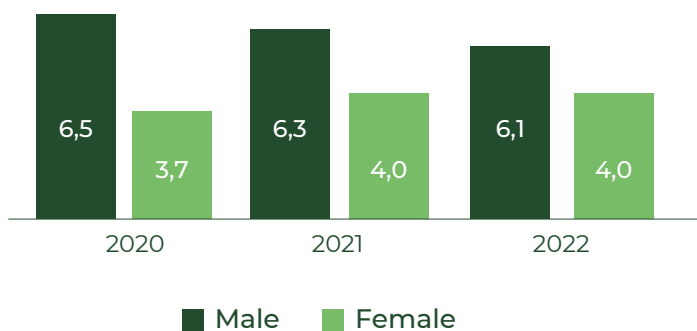
Gender	2020	2021	2022
Male	836	935	1.021
Female	790	842	899
Grand Total	1.626	1.777	1.920

Breakdown by Position



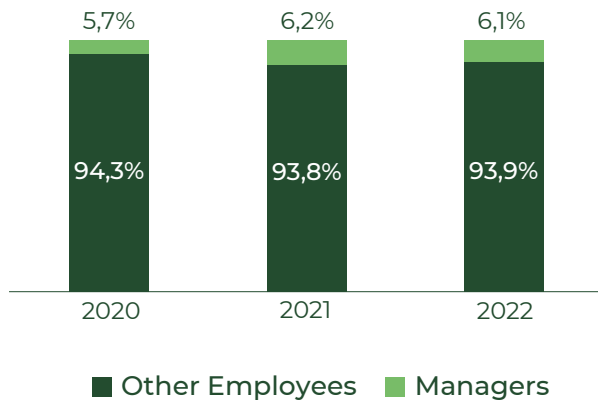
Position	2020	2021	2022
White-collar	610	656	736
Blue-collar	1.016	1.121	1.184
Grand Total	1.626	1.777	1.920

Average Years of Seniority



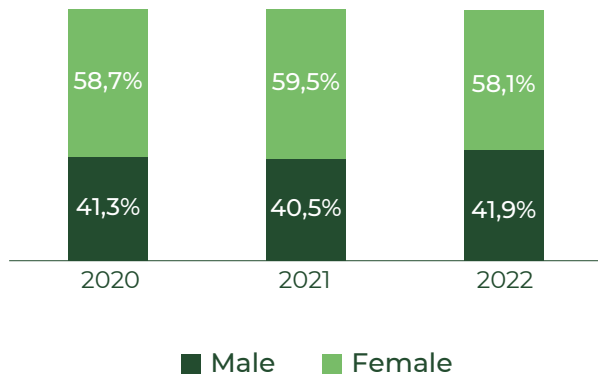
Year	Average for All Employees
2020	5,1
2021	5,2
2022	5,1

Ratio of Managers



Ratio of Managers	2020	2021	2022
Other Employees	1.534	1.666	1.803
Managers	92	111	117
Grand Total	1.626	1.777	1.920

Break by Gender of Managers



Female	2020	2021	2022
Other Employees	736	776	831
Managers	54	66	68
Grand Total	790	842	899

Male	2020	2021	2022
Other Employees	798	890	972
Managers	38	45	49
Grand Total	836	935	1.021



Human Resources Strategy and Roadmap

We know that our success has been achieved 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. These headings are: Company Culture and Sustainability of Values, Sustainability of the Organization and Business Model, Sustainability of Talents and Learning Organization, Human Resources Processes and Sustainability of Systems.

Sustainable Human Resources Activities

1- 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 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 created our **"Value Months"** by dividing our five basic values into different months in order to ensure that the values we have created together are memorable, understandable, attractive and meaningful. Each month, we prepared videos consisting of stories that reflect the value of that month. In this series of videos, we aimed to inspire us all by listening to the stories of our colleagues from their language.

We organized workshops with our colleagues and value ambassadors to update our core competency sets and behavioral indicators with a focus on our values. In these workshops, we shared our value-oriented competencies with our colleagues and asked them to design the behavioral indicators of these competencies from their own perspectives. In this way, we rewrote our behavioral indicators together in a simpler and more understandable way based on employee experiences. Likewise, we organized workshops with our leaders to update our leadership competency sets and behavioral indicators with a focus on our values. We identified holistic, inspiring, natural and positive leadership behaviors that will shape the needs of the future.

Based on our Sun Route, we have revised our Working Principles and Ethical Principles. By reviewing these printed and digital documents and with the help of our colleagues, we have rewritten some of our working style and principles, some for the first time, and made them more attractive and understandable for everyone.

Based on our vision of **"Managing by values, not by rules"**, we associated our business principles with our values. We have answered the questions that our employees frequently seek answers to in our Working Principles guidebook. **You can access our Working Principles through the link.**

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. As Sun Tekstil, we were entitled to receive the **ETIKA Award** given by the Ethical Values Center Association, where companies that attach importance to ethics are awarded every year, for the 8th time.

We aim to create an environment where our colleagues can express themselves comfortably and freely through **"Open Door Meetings"** where they can come together one-on-one with our general manager. With this event, which we organize once a month, we bring together our colleagues who want to meet one-on-one with our general manager.





Source: From our Forty Years to Remember meeting

With our **"Turkish Coffee Activity"** event, our colleagues come together during business hours under the leadership of their managers to socialize and have relaxed conversations.

Since 2021, we have continuously organized **"It's Your Turn to Talk"** events, where our colleagues can share their expectations and suggestions and talk freely about how we can do better. With these events, we constantly play different team games to increase the bond between employees, get to know each other better and feel the synergy created by team play.

With our **"It's Coffee Time"** event, which we organize to strengthen the relations between our colleagues and senior management, we bring our teams together with our general manager and deputy general manager. With this event where relaxed conversations take place, we created an environment where our colleagues can share their expectations and suggestions with our senior management.

Similarly, to strengthen teamwork by improving relationships between colleagues and their leaders for the purpose of **"Turkish Coffee Activity"** and **"It's Your Turn to Talk"** events.



Source: From our You Have the Floor event



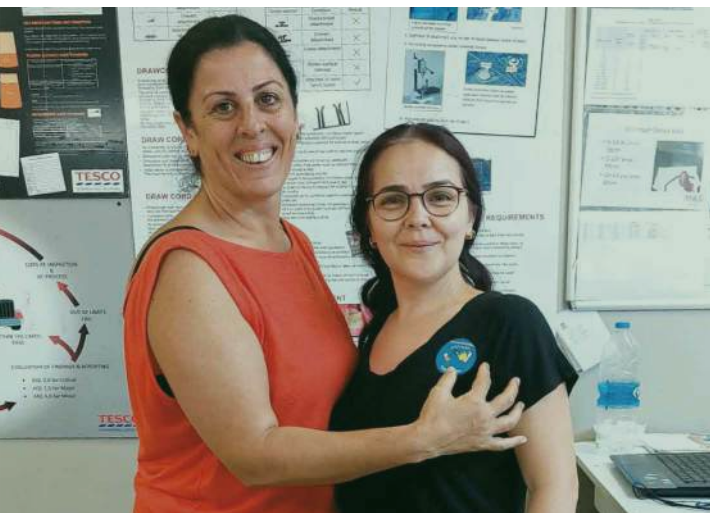
Source: Our Seniority Awards Ceremony

We value our colleagues and we believe that birthdays are the most special times when we can make them feel this value. With this in mind, we celebrate our colleagues' birthdays privately and individually at their workplaces and strengthen the bond between us.

We organize **Seniority Award Ceremony** for our colleagues who have completed 10, 15, 20, 25, 30 years within our companies. At these ceremony, we congratulate the efforts of our colleagues with plaques and material rewards, and celebrate our unity. In this way, we also provide an incentive for our new colleagues who join us.



Source: From our colleagues' birthday celebration



Source: Giving 'Appreciation Stickers' to our colleagues

We visibly appreciate the behaviors of our colleagues continuously and as part of the daily work routine, and we encourage our employees to appreciate each other. We give appreciation stickers, which we created with the theme of our values, to our colleagues who exhibit our sub-behavior indicators, simultaneously with the behavior they exhibit. We share all the practices and awards that our colleagues have achieved success by participating with their individual talents and efforts throughout our company, and we aim to inspire each other.

2- Sustainability of the Organization and Business Model

We bring to life 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.



Source: From our company's orientation presentation

We Increase the Efficiency of Our Orientation Processes

We have reorganized our **"Orientation"** processes in order to facilitate the adaptation of our new colleagues to the corporate culture, working life and their positions. By preparing our Process Orientation Matrices, we facilitated the follow-up of our orientation process. At the same time, we increased the number of buddies and aimed to increase process efficiency by providing trainings to all our buddies.

Through the **"Lean Transformation"** and **"Offer Your Solution"** programs across our companies, we create spaces where our colleagues can freely share their ideas and suggestions.

We evaluate the suggestions and kaizen projects shared by our colleagues through our Lean Transformation program. With the award ceremonies we organize every four months with the participation of all teams, we aim to encourage our colleagues who are hesitant to participate by strengthening the factors of honoring, ensuring visibility and setting an example.



Source: Our Lean Transformation Award Ceremony



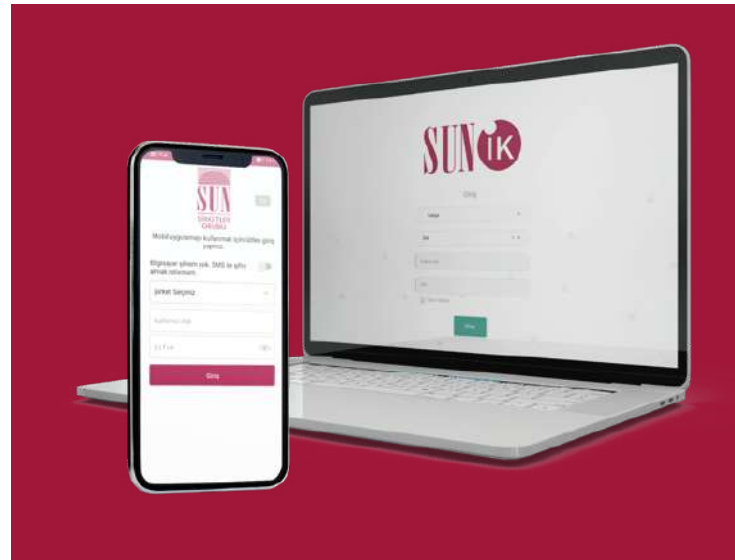
Source: From our company's Offer Your Solution program

With our **Offer Your Solution** program, we ensure that not only business-related suggestions but also suggestions and ideas related to the working environment, sustainability and development are evaluated and rewarded.

We place "wish and request boxes" in the most accessible location in each working area, where our colleagues who are hesitant to share their suggestions and ideas can do so anonymously, and we encourage their use.

Digitalization of Human Resources Processes

In 2022, we launched our **SunİK** platform as a mobile application and web service, aiming to digitalize our processes. With this application, we enabled our colleagues to digitally access "leave request", "payroll viewing", "survey response", "seniority greeting" and "birthday celebration" processes. In 2023, we aim to continue digitalizing our processes.



Source: Promotional visual of our SunİK Platform

3- Sustainability of Talents and Learning Organization

In 2022, we published a total of 33 new training programmes in the categories of "Personal Development and Competency Training", "Computer Programs and Software Training", "Operational Process Training", "Sustainability Training" and "Corporate Governance and Development Training" through our digital training platform Sun Academy. Together with the training we published in previous years, we reached a **75% training completion rate**.

We organized in-class training for our colleagues and suppliers in the same categories. In training programmes, we reached a participation rate of **96%** and realized a total of **2,378 training hours**.

Within the scope of Gender Equality, one of our sustainability goals, we provided **"Gender Equality"** training to 769 colleagues working in production and production support units in the classroom and 950 colleagues through Sun Academy.

We organized training titled **"Colorful Communication and Interaction"**, **"How to Be a Good Team Player"**, **"Sustainability"**, **"Managing Time Effectively"** and **"Our Values"** in order to accelerate the adaptation of 50 new graduates who joined us in January to the corporate culture and business life.

In order to accelerate the dissemination of our Working Principles and Ethical Principles, we provided **"Our Values that Make Us Who We Are and Beyond"** training to a total of 130 leaders.



Young Talent Programs

We continue to carry out three different young talent programs, namely **"The Future is at Sun"**, **"Digitalise the Next"** and **"Sun Design Project"**, in order to develop young talents' holistic thinking skills, relationship management and persuasion skills, to help them adapt to business life faster and to shape the future together by taking advantage of different perspectives. This year, we carried out our "Future is in Sun" program, which we have been running since 2018, with 23 students and employed 5 of them within our companies.

This year, we carried out our **"Sun Design Project"** program, which we have been running since 2018, with 16 students.

Apart from our internship programs, 51 university interns and 72 high school interns completed their professional internships in our companies.

We participated in 9 career days and 2 university interviews with our target universities and departments. At the same time, we hosted students from 6 different schools in our company for technical trips. Thus, we effectively develop our talent pool by meeting potential talents.

*Gelecek
SUN'da*

**SUN
DESIGN
PROJECT**

**DIGITALISE
THE NEXT**



Sun Tekstil Vocational Training and Development Center (MEGEM)

We established MEGEM (Vocational Training and Development Center) within our own organization in order to provide vocational training to women who have never received any education or had no opportunity to acquire a profession, or who have prematurely left education, and to support their economic freedom by bringing them into working life. Based on this goal, we provide all the basic and technical training required as a sewing machine operator to our trainees we hire for a period of 3 months with this training program, which we aim to provide employment especially for women in order to touch the society. During the training period, we ensure that they have the same rights as all our colleagues, and we assign our trainees who successfully complete the training to positions appropriate to their skills.

We also provide employment opportunities in different positions to our trainees who we cannot utilize in sewing machine operations at the end of the training. In 2022, we employed a total of 38 trainees in 3 different training groups.

We organize a graduation ceremony for our colleagues who have been trained with MEGEM and have successfully completed their training, and we exhibit the products they have sewn during the training in our company. We give certificates to our colleagues who have acquired a profession with this course and celebrate their success with a graduation ceremony attended by all our teammates.

We presented the products sewn by our MEGEM program 3rd term trainees in 2022 to our elders living in Torbalı Nursing Home Elderly Care and Rehabilitation Center and visited them and shared pleasant moments together..



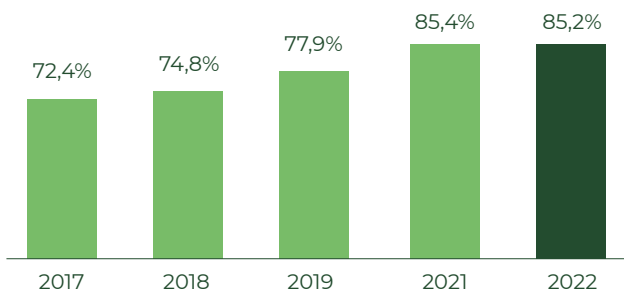
4- HR Processes and Sustainability of Systems

We measured employee satisfaction and commitment with the Life at Sun Survey.

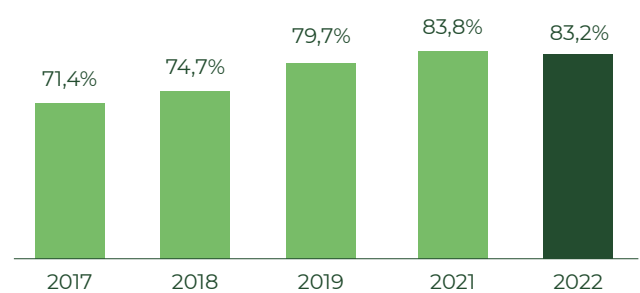
We redesigned the **"Employee Satisfaction and Commitment Survey"**, which we conduct regularly every year, as the **"Life at Sun Survey"** in line with our corporate culture transformation. While in the first 3 years of this survey, which we have been conducting since 2018, we proceeded with standard and stereotyped question sets, we updated the question sets of the survey in line with our values in order to adapt quickly to crises and paradigm changes. With this update, we focused on our values and sustainability, taking factors such as physical conditions, pay, and working conditions, which we focused primarily on in the past, to the second plan.

From 2018 to 2022, we have observed that our **"Passion"**, **"Commitment"** and **"Satisfaction"** rates have increased. At the same time, we have observed an increase in Net Promoter Score - NPS, which we have been measuring for 2 years.

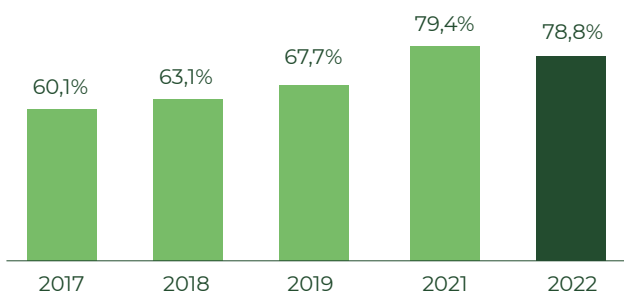
Passion



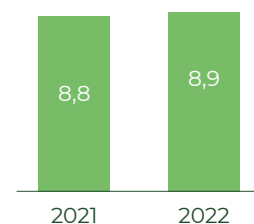
Commitment



Satisfaction



Group NPS Score



We Reshaped Our Career Architecture

We have revised our career architecture, where we can evaluate all groups independently of each other by putting talent at the center, and aim to prioritize the right development needs for each group. Based on this model, we have created a unique career map that focuses on the roles and leaders the company needs, where personalized talent is important, and where potential is prioritized along with performance, instead of the old seniority-oriented model that did not fully match talent management. With this change, we reviewed the career architecture works for all our colleagues.

Value-Based Promotion Conversations

We organized **"Positive Leadership Conversations"** with all our leaders. In these conversations, we aim to understand the skills that they see as strong development areas for themselves and their teams in terms of leadership competencies, to reveal their leadership needs and to raise awareness.

We organize **"We Are Us Conversations"** not only with our leaders but also with our colleagues with more than 7 months of seniority. In these conversations, we ask our colleagues both verbal and scorable questions about the factors that make them happy and unhappy in the company and the situations they would like to change in the company. We regularly analyze the data we obtain as a result of our conversations, create action plans and put them into practice. This year, we interviewed a total of 90 colleagues. We aim to continue our negotiations in 2023.

Simultaneously, we organize **"Employee Experience Interviews"** to ensure the loyalty of our new colleagues, understand their needs and listen to their suggestions. In order to ensure a positive and participatory employee experience, we aim to create employees who are wholeheartedly committed to our company by organizing one-on-one interviews in the 2nd and 6th months of new recruits. This year, we conducted 2nd month interviews with 120 people and 6th month interviews with 50 people. We aim to continue our interviews in 2023 as well.



Sun Tekstil Lean Management Practices

In line with our company's sustainability strategies and quality targets, we established our Lean Production Management unit in 2021 in order to carry forward our lean management practices that we have adopted for many years. Our unit, which reports to the Process Improvement Directorate under the Assistant General Manager of Operational Excellence, has increased the speed of improvement in all our processes with the contributions of our experts with more than ten years of experience in their fields. Thanks to our lean management practices, we use our resources more efficiently by preventing inefficiencies where they occur, reduce waste, save energy and labor, comply with our customers' quality criteria, increase efficiency throughout our supply chain, and continuously improve our holistic sustainability strategies by optimizing our occupational safety efforts.

In 2022, we provided a total of 16 hours of lean management trainings to 391 employees, thanks to our inclusive management approach that ensures the participation of our senior management through Hoshin Kanri activities and all our colleagues through suggestion systems. Our teams, who received training on before-after kaizen, standard kaizen, kobetsu kaizen, engineering approaches and project management, gained awareness and competencies in line with the analysis of the points where losses such as setup time (preparation time required for model/product type change), machine/production downtime, unnecessary transportation, unplanned/high costs.





Our Lean Production Management department aimed to prioritize the implementation of major profitability and cost-reducing kaizen projects as the basis of the lean philosophy in 2022. In 26 project teams formed in our departments that received training on analysis and kaizen projects, 91 employees carried out detailed analysis and improvement studies under the mentorship of Lean Production Management. A total of 396 problems were reported during two project development periods organized in five-month periods, where people from different duties and positions worked together. 260 of these problems were approved and work was initiated for improvements. Within this scope, 41 of the suggestions were implemented as before-and-after kaizen studies. In this way, we achieved an annual financial gain of approximately TL 1,500,000 through resource savings and productivity increases. One of our high impact projects;

With the Plotter Paper Reduction Project, we saved 247.5 kg of paper annually and thus reduced 228,000 kgCO₂ greenhouse gas emissions. In addition to material and energy consumption, we saved approximately TL 140,000 through labor savings.

We reduced 12,769 kgCO₂e emissions annually and saved TL 243,480 with the Logistics Unit Transition to Electric Vehicles in Inter-Warehouse Transportation Project.

With the Project for Reducing Electricity and Steam Energy Consumption in Ironing Passes in our sample production line, we reduced 33,000 kgCO₂e emissions annually, improved working ergonomics by balancing the ambient temperature, and saved 121,607 TL.

In order to increase the participation of all our colleagues in kaizen studies, we moved our suggestion entry and management process to the digital platform. We provided instant access to data and reports related to lean processes by ensuring the traceability of data from all departments. By creating our digital company memory about our lean projects, we have established a reportable structure by recording our project-based gains with details on the system.

In the last quarter of 2022, 10-step big kobetsu kaizen trainings were given to our relevant colleagues and managers. As an output of the training, 4 kobetsu kaizen projects were initiated with the participation of different departments and Value Stream Mapping methods were used. Daily Management System (DMS) and DMS boards prepared in the Lean Management format were commissioned in Torbalı production, Manisa production, sample production and all warehouse units. Our teams started to work with GYS with a focus on increasing Overall Equipment Effectiveness-OEE.

We have implemented our 5S studies, an important part of lean production, in all our production units, warehouses and offices. In order to make 5S a part of daily life, we started our practices by providing the necessary trainings to all our departments. We ensure the continuity of our practices through regular monthly audits.

We restructured our Lean Leader Training Program system for employees who are nominated by our production managers and meet our evaluation criteria. We re-planned technical and personal development trainings by adding different dimensions. We aim to prepare our road map in 2023 in order to extend our lean management systems to our suppliers.

Ekoten Lean Management Practices

In our journey, which we started in 2018, we have created a strong lean management culture in which we aim for continuous improvement in our operations through our approaches based on lean management philosophy, technical trainings and the contributions of our employees.

We ensure that our new colleagues have a culture of continuous improvement by planning their development journey from day one through our technical training team. Our colleagues, who receive training on topics such as lean management, problem solving, 5S, autonomous maintenance and apply them in the field, contribute to improving product quality and cost savings with the projects they develop.

We develop our teams of blue and gray collar colleagues with periodic trainings through our Lean Leader Development Program. We design high-impact projects by analyzing the current situation and root causes for all losses in the production area. We monitor our key performance indicators with department-based Lean Performance and Lean Leader Scorecard Management through regularly shared monthly reports. We identify our focus points and evaluate and improve the results through one-to-one mentoring meetings with the relevant teams and leaders.



In our traditional "Kaizen Festival" events, we share our projects and achievements with all our colleagues and managers with the presentations of the project teams. After the presentations at the end of each quarter, our project teams are rewarded and receive feedback as a result of all participants sharing their scores on the digital platform.

We ensure the effective participation of our colleagues in our processes through our Lean Management and suggestion systems infrastructure, which we have moved to the digital environment, and we continuously improve our practices with the power of big data. All work orders related to approved suggestions are transmitted to the relevant units via the digital platform, and completion rates, times and achievements are systematically measured and reported.

We increased our number of leaders by 29% in 2022 compared to the previous year with 36 lean leaders we trained within the scope of our "Lean Leader Development Program" managed by our Lean Management and Technical Training unit. In addition to the training and mentoring we provide to our employees, we doubled the number of qualified suggestions and 3.5 times the number of single point courses thanks to the improvement projects we implemented. In this way, we achieved a 50% increase in the number of projects realized compared to the previous year.

You can access our video where our colleagues share their views and experiences on lean leadership from the link.



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".

At Sun Tekstil and Ekoten, we continue our work by expanding our occupational health and safety teams in order to expand a proactive approach, remedial activities and field observation processes in all areas in 2022. We support our practices with 5S, Kaizen and Lean Production activities to make them more effective. In this way, we achieved valuable results with a 66% reduction in the number of occupational accidents at Ekoten. At Sun Tekstil, we achieved results in line with our key performance indicators that we set in line with our targets.

In order to carry our proactive approach forward, we established Field Observation Teams in our enterprises. Our teams, consisting of different people responsible for each unit, work under the mentorship of the OHS team with the principle of observe, detect, report, improve, and make significant contributions to our proactive management of risks. These teams, whose working methods are standardized by procedures, share their reports directly with our senior management and ensure the active participation of our employees in our management processes. In this way, we implement the best practices recommended by international occupational health and safety standards.

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. We implement our activities with reference to ISO 45001 Occupational Health and Safety Management Systems, ISO 14001 Environmental Management System and ISO 9001 Quality Management Systems. In addition, all our activities are audited for social compliance through audits conducted by global brands that are our customers, audits conducted by international independent audit firms directed by our customers, and platforms that measure the maturity of our working conditions such as Social & Labor Convergence Program (SLCP) and Higg Facility Social & Labor Module (FSLM). We benefit from these audits, which we have achieved successful results thanks to the good practices we have implemented, in order to continuously improve our roadmaps.

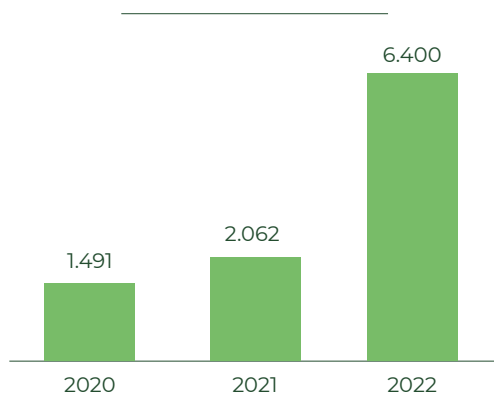
Within the scope of our management system, we instantly monitor data such as accident frequency rate, accident severity rate, occupational health and safety training hours, periodic controls, all scenario drills, legal legislation measurement values, indicators of occupational hygiene reports. We attach as much importance to the safety of the suppliers and subcontractors we work with as we do to our own colleagues, and we proceed on the basis of compliance with legislation on working conditions.

We constantly monitor the periodic examinations of all our employees with our expert doctor and nurse staff. We go beyond legal obligations and repeat the health examinations of our personnel every year and always prioritize the health of our employees. The health screenings we conduct show that we continue to achieve our goal of zero occupational diseases.

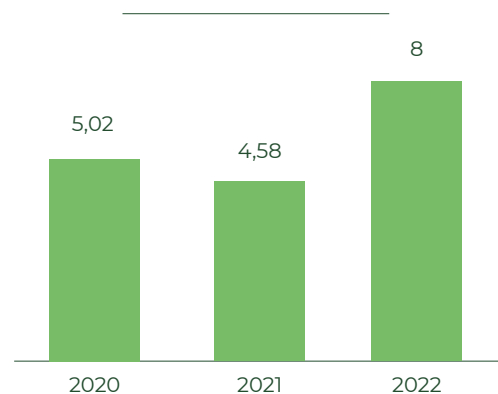
We organize detailed training for our employees that are specific to the work performed. As an organization with 70% female employees, we create space to touch the lives of our employees with awareness training such as breast cancer and pregnancy processes.

In line with our continuous improvement goal, we aim to create an annual analysis work plan to identify psycho-social risk factors in our companies in 2023. Thus, we aim to systematically implement our roadmap for 2024 with the power of the data we will obtain at the end of the implementation. In order to carry our data-driven improvement practices forward, we plan to launch our digital platform in 2023, where our OHS team provides occupational accident notification processes, monthly report cards to management, field follow-up Corrective Preventive Factor (CPF) follow-up and where all our colleagues can make near-miss notifications practically.

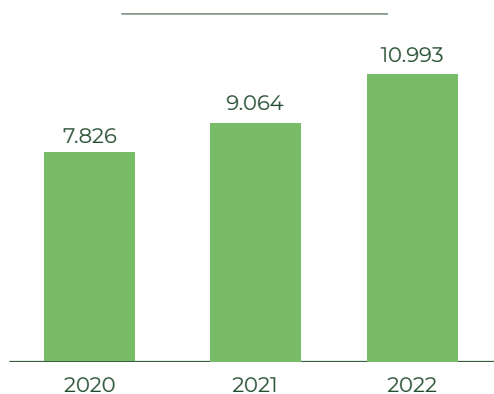
Total OHS Training Hours at Sun Tekstil



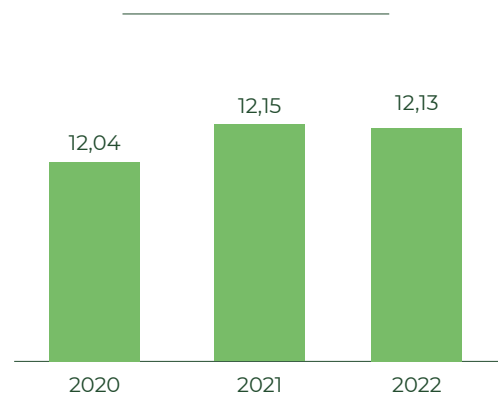
Average Training Hours per Employee at Sun Tekstil



Total OHS Training Hours at Ekoten



Average Training Hours per Employee at Ekoten



25 CM X 21 CM



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LOVE

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COMMUNITY ENPOWERMENT

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.

In 2022, we developed our 'Sun Tekstil Community Oriented Activities' strategy based on our key stakeholders and priority areas. We determined our activity plans by examining academic literature on corporate social responsibility approaches as well as research on the business world and benchmarking studies among companies. Accordingly, we structured our strategy under four headings: Programs for Our Employees, Programs with Our Supply Chain Stakeholders, Programs for Our Region and Programs for the Community.



Programs for Our Employees

Within the framework of the importance we attach to the social and emotional needs and health of our employees, we organized events and activities to improve internal communication, provide social benefit, and meet the need for awareness and information.

In this context, we organized and implemented the Best Narcotics Police Mother Presentation and the Pink Ribbon Event for October 1-31 Breast Cancer Awareness Month, followed by Breast Cancer Awareness Training organized in two interactive sessions.

We created social benefit by hosting the LÖSEV Benefit Seminar and continuing our EÇEV scholarship processes.

We shared fun experiences together with our Laughter Yoga and Hello to Summer events.

We supported our running team to participate in nationwide competitions. We shared with all our colleagues the works of art they created, the books they wrote, the first products they produced and the values they created in order to share their dreams.



Source: From the competition our running team participated in

Our **running team** consisting of our Sun Tekstil colleagues represented our company by participating in 5 different runs in 5 different provinces of our country in 2022.

They reminded us of the importance of sports for a healthy life and the value of team spirit with every step and supported social responsibility projects with their steps.

With the participation of 500 female employees, we listened to the presentation of the **"Best Narcotics Police Mother Project"** by officials from the Izmir Police Department, Anti-Narcotic Crimes Branch Directorate, who visited our company. Within the scope of the project organized by the Republic of Türkiye Ministry of Interior, awareness-raising activities are carried out to raise awareness on substance addiction and the fight against drugs and to prevent drug use among young people.



Source: From the Best Narcotics Police Mother presentation



Source: From our 'Hello Summer' event at our company

We held our traditional **Hello to Summer** event in 2022 with the participation of all our colleagues in the green garden of our company.

We said hello to sunny Izmir days with music and dancing. We organized barbeque parties on our campuses to enjoy the beautiful weather. We shared enjoyable moments together.

We listened to the presentation made by LÖSEV officials in our company to learn about the project Benefit (Creating Awareness and Solidarity) movement carried out all over Türkiye by **LÖSEV**, which was established to help children and adults with leukemia and cancer and to meet their needs during the disease process, and to raise awareness.



Source: From LÖSEV's Raising Awareness and Solidarity (FAYDA) presentation



Source: From our colleague's charcoal drawing exhibition

We continue to share the dreams we have designed. We shared our colleagues charcoal drawings with the rest of our colleagues with an exhibition of their work at our building center.

Our new colleagues, who received training in our garment production line and gained ready-to-wear production competencies for the first time, presented their first products with a fashion show we organized. We shared the excitement of our colleagues whose books were published with all our colleagues and this valuable motivation inspired us all.

As part of the October 1-31 Breast Cancer Awareness Month, we organized a pink ribbon event with our employees. We also organized in-class breast cancer trainings with the contributions of our company physician.

We learned the details of breast self-examination in interactive trainings where we calculated our breast cancer risks. We emphasized that early diagnosis of breast cancer and periodic health checks are of vital importance.



Source: From our Pink Ribbon event



Source: From our Laughter Yoga event

The social welfare and psychological well-being of all our colleagues are among our top priorities. We come together at the events we organize and share our common motivation and happiness.

In order to increase this synergy, we develop events that include sweet surprises. We renewed our energy with **Laughter Yoga Events**, a scientifically proven stress reduction method, which we organized in our company!

As part of our valuable cooperation with the **Aegean Contemporary Education Foundation - EÇEV**, which we started in 2018, we provide educational scholarships to the children of our employees. We supported 40 students in the spring semester of the 2021-2022 academic year and the fall semester of the 2022-2023 academic year through processes carefully carried out by EÇEV experts. Thanks to the activities, education and social responsibility experiences offered by EÇEV within the scope of our valuable cooperation, our students have more development opportunities.



Source: EÇEV (Aegean Contemporary Education Foundation) logo

Programs Conducted with Our Supply Chain Stakeholders

We work in partnership with our supply chain stakeholders and continuously develop together. We implemented our programs in 2022 with the efforts of all our stakeholders in order to continue developing despite challenges.



Source: From our Back to School program

As Sun Tekstil, within the scope of the **Back to School** program that we started in 2019 in cooperation with our customer, a global brand operating in the UK, we provide motivation by supporting our employees who had to leave their education in half to complete their education and graduate. We contribute to their journey with scholarships and stationery aid. In the spring semester of 2022, 27 employees, including 21 women, and in the fall semester of 2022, 15 employees, including 12 women, participated in the program and shared their valuable success stories with us. Thus, 81 employees, 68 of whom are women, have achieved their goals since 2019.



Source: Sinpa Tekstil Library Project

Within the scope of our cooperation with our supply chain stakeholders in Çobanlar District of Afyonkarahisar, we established our library with a capacity of 1300 books in the area allocated in Sinpa Tekstil's facility.

The project was realized with the contributions of **Tesco**, one of our **Sun Tekstil** customers, **Sinpa Tekstil**, one of our suppliers, and **Afyonkarahisar Municipality**.

In order to ensure the development of the content of the library with the families of the people of the region and employees, we collected 600 books with the contributions of our Sun Tekstil employees and presented them to the library.

We are working to contribute to the 2030 goals set within the scope of the SDGs to eliminate inequalities in the world and fight poverty and hunger. We contributed by donating clothes to **UNHCR-ACNUR** Uganda Refugee Camps with our partner, one of our important customers.



Source: UNHCR ACNUR



Source: From our PartnerUp program

We participated in the Private Sector Collaboration phase of the **PartnerUp program** within the scope of the Social Enterprise Istanbul Project. Within the scope of the program, we had the opportunity to meet and establish collaborations with social impact-oriented initiatives that received qualified capacity building trainings and mentorships. With the support of Istanbul Development Agency (ISTKA) and in partnership with Koç University Social Impact Forum (KUSIF), Vehbi Koç Foundation (VKF), Social Innovation Initiative Association (SIID) and Impact Hub Istanbul, we also benefited from the experiences of other companies participating in the program.



Source: Yanındayız Association logo

In line with our prioritized goals of ensuring gender equality in the business world, we are improving our work day by day. As Sun Tekstil, in cooperation with our customer, a global brand based in Sweden, we have initiated efforts to organize **Gender Equality (GE)** trainings, which are provided free of charge by the Yanındayız Association, in the facilities of our suppliers located in priority regions. Priority regions were determined within the scope of the project carried out by **Yanındayız Association** with national and international partners. **You can access the results of the GE Index at district level in Türkiye via the link.**

In line with this research, we organized the first training program in 2022 at Mariz Textile facilities operating in Mardin. All employees, 93 women and 64 men, participated in the training provided by trainings specialized in the field of GE within the association. We sincerely believe that the training program, which covers basic concepts of gender, language use and discrimination, discourse change, types of mobbing, view and measures of harassment at work, violence and its types, measures that can be taken at work and case studies, will provide significant benefits.



Source: Mariz Tekstil Gender Equality Training

Programs for Our Region

We consider supporting the development of our region and our city among our important priority areas. We carry out activities within the framework of our priority objectives as required by sustainable development.



Source: From our visit to Özbey Animal Shelter

Our dream is to live in a world where animal exploitation ends and the right to life of all living creatures is protected. In line with the value we attach to our animal friends, on October 4, World Animal Protection Day, we donated an oxygen concentrator to Özbey Animal Shelter in Torbalı, İzmir on behalf of our subsidiary Ekoten to be used in the treatment of our friends.



Source: Olten Philharmonic Orchestra concert poster image

We continue to support the Olten Art Foundation, which operates in Izmir, in line with our goals for the development of art and artists. In addition to our regular support, we also organize music concerts on special days and events of our companies with the participation of valuable artists of the **Olten Philharmonic Orchestra**. Thus, we create added value in strengthening the connection of all our colleagues with art.

Monumental structures and magnificent mosaics are being unearthed in the archaeological excavations carried out by Celal Bayar University Archaeology Department in Metropolis, known as the City of the Mother Goddess, located between Yeniköy and Özbey neighborhoods of Torbalı district of Izmir. As Ekoten, we continue our support for illuminating the past and protecting the cultural heritage of our region for a better future.

In addition to the support we provide, we aim to increase the awareness of our employees and society about our cultural heritage with the visiting trips we started in 2022.



Source: From our trip to the ancient city of Metropolis



Programs for the Community

We attach great importance to carrying out high impact corporate social responsibility projects that create value for society together with our stakeholders. We develop projects and establish strategic partnerships based on our prioritized sustainable development goals.



**İZMİR EKONOMİ
ÜNİVERSİTESİ**

We support two students with educational scholarships within the scope of our scholarship protocol signed with **Izmir University of Economics, Department of Textile and Fashion Design** in 2019. We support them with internship opportunities, mentorship and network support on their journey to become designers who make a difference in our industry.

Source: Izmir University of Economics logo



Source: Koç University Anatolian Scholarship Program Logo

In 2021, as part of the scholarship protocol we signed, we became one of the corporate supporters of **Koç University Anatolian Scholarship Program**.

The Anatolian Scholarship Program offers a second opportunity to scholarship candidates who are preparing for university in disadvantaged regions of our country with limited educational opportunities and who are not eligible for a scholarship at Koç University despite being in the top 1% of the placement exam. As part of this program, we are supporting one student in 2021 and two students in 2022 throughout their education.

Within the scope of the **Turkish Education Association Full Support Scholarship**, scholarships are provided to successful but financially limited students studying in public high schools. In addition to academic and psycho-social follow-up of students, activities are organized to support their social and cultural development. In the 2022-2023 academic year, we contribute to the right to equal access to education by supporting the book, stationery, clothing and money needs of 10 students who are entitled to receive the Full Support Scholarship from TED, as well as supporting their participation in activities that will ensure their social and cultural development under the follow-up of experts within the scope of the scholarship.



Source: TED (Turkish Education Association) logo



Source: From our LÖSEV Shop bazaar event

After identifying areas where we could support LÖSEV's work, we contributed to their processes with two bazaars and a mandarin harvest in 2022.

We set up **LÖSEV Dükkan**'s stands with carefully prepared products in our company and supported them with two bazaars organized with great interest from our employees. We supported the harvest of mandarins specially produced by LÖSEV to support the health of people in need with the participation of our colleagues.

As an organization that believes in the importance of establishing partnerships for causes, we continuously support activities that provide social benefit on a voluntary basis. We joined the **AbilityPool Digital Platform** in order to increase our employee participation in our collaborations and to improve social benefit by contributing to the most appropriate programs for our competencies and talents.

Through the platform customized for our company, our employees have the opportunity to get information about many different institutions and projects they can support and to volunteer in a practical way.



Source: Promotional image of our AbilityPool Digital Platform



Source: April 23rd event from our social media visuals

As part of the April 23 National Sovereignty and Children's Day celebrations, Hope for the Heart Foundation (**YUVA**) hosted 18 earthquake-affected children from our twin city Elazığ in Izmir with a program that included science, art and nature activities.

We were happy to be among the supporters of this program. We were among the corporate supporters of the calendars featuring the works of art from the art exhibition organized by YUVA for children as part of the October 30th Izmir Earthquake commemoration events. We contributed to raising earthquake awareness by presenting these calendars to our employees.

We took our steps for good in **Marathon Izmir** Through Step by Step, we supported the Turkish Education Foundation's Don't Stop Halfway Project and TEMA Foundation's Tree Brotherhood Project. We were proud to be ranked first among different participating institutions with the highest number of runners and third among the institutions that collected the most donations by collecting 36,000 TL of goodness.



Source: Our colleagues participated in the Marathon Izmir run



Source: From the event we supported the 'Overcoming Barriers Together' project

Within the scope of the Disability Week, we supported this meaningful project by presenting t-shirts with the gendarmerie logo that we specially produced for the **"Overcoming Disabilities Together"** Project in Sun Tekstil Manisa. With the project carried out by Manisa Provincial Gendarmerie Command Traffic Teams in cooperation with Yunus Emre Municipality Muradiye Barrier Free Life Center, it is aimed to raise social awareness about individuals with disabilities, defined as "Vulnerable Road Users" in the Road Traffic Safety Action Plan, and their special needs in traffic.

Within the scope of the **"New Generation Internship Program"** developed in cooperation with Ahiler Development Agency and Bilim Virüsü in line with the targets of the Republic of Türkiye Ministry of Industry, Youth Employment Empowerment Program, university students contributed to strengthening the competencies of young people. Students gained competence on sustainability at Sun Tekstil during their one-month internship.



Source: 'New Generation Internship Program' from our social media visual



Source: Shutterstock

We participated in the Diversity and Inclusion Workshops Program, organized by the **UNGC Türkiye** network and consisting of four modules. We developed our competencies to improve our practices in line with our goal of eliminating inequalities in the business world. We also gained from the experiences of companies implementing different examples of good practices and business world representatives participating in the program.



Sponsorships

As a Group, we aim to provide sponsorship support in many areas where we can contribute to the development of our society in line with our priority goals.



Source: 35th International Izmir Festival plaque ceremony

As one of the sponsors of the 35th International Izmir Festival organized in 2022 with the contributions of valuable stakeholders, we continue our cooperation with İKSEV, which has become a culture of our company for many years.

Izmir Festival, a prestigious member of the European Festivals Association with its high-quality programs and events that keep historical places alive with art, brings world-famous names to the special atmospheric stages of our city and keeps the slogan **“Izmir, the City of Culture and Art”** alive.



Source: Sparks Program social media image

Since 2018, we have been among the sponsors of the "13th Change Leaders Summit" of the Change Leaders Association, which supports the development of young women leaders.

Our colleague, who met our company by being among the Sun Tekstil Sparks within the scope of the Association's **"Sparks Program"** and started to work in our company after graduating from university, was among the opening speakers at the year-end summit of the Sparks Program and inspired young women.

We sponsored the 30th Peryön Human Management Congress. Sabri Ünlütürk, Co-Founder and Vice Chairman of the Board of Directors of Sun Tekstil, gave a speech on **"Trust-Oriented Corporate Culture"** at the congress. He touched upon our sustainable human resources policies and talked about the values that have sustained Sun Tekstil for 35 years and explained the subtleties of creating a corporate culture that is managed by values, not by rules.



Source: From PERYÖN "Trust-Oriented Corporate Culture" speech by Sabri Ünlütürk, Vice Chairman of the Board of Directors



Source: Marmaris International Culture and Art Festival logo

We were among the sponsors of the first **Marmaris International Culture and Art Festival** organized with the theme 'Phonex, Rising from the Ashes' in Marmaris, which has been struggling with natural disasters such as major fires and floods in recent years. We were happy to be among the supporters of the festival, which includes multifaceted activities.

We were among the sponsors of the **"PERYÖN Aegean Human Management Summit"**, the largest human resources management event in our region, organized at Fuar Izmir.

At our stand at the event, which we attended with our human resources team, we introduced our company, which is managed with our values, and our positions that may be relevant to potential talents who met us.



Source: From PERYÖN Human Resources Management Summit event

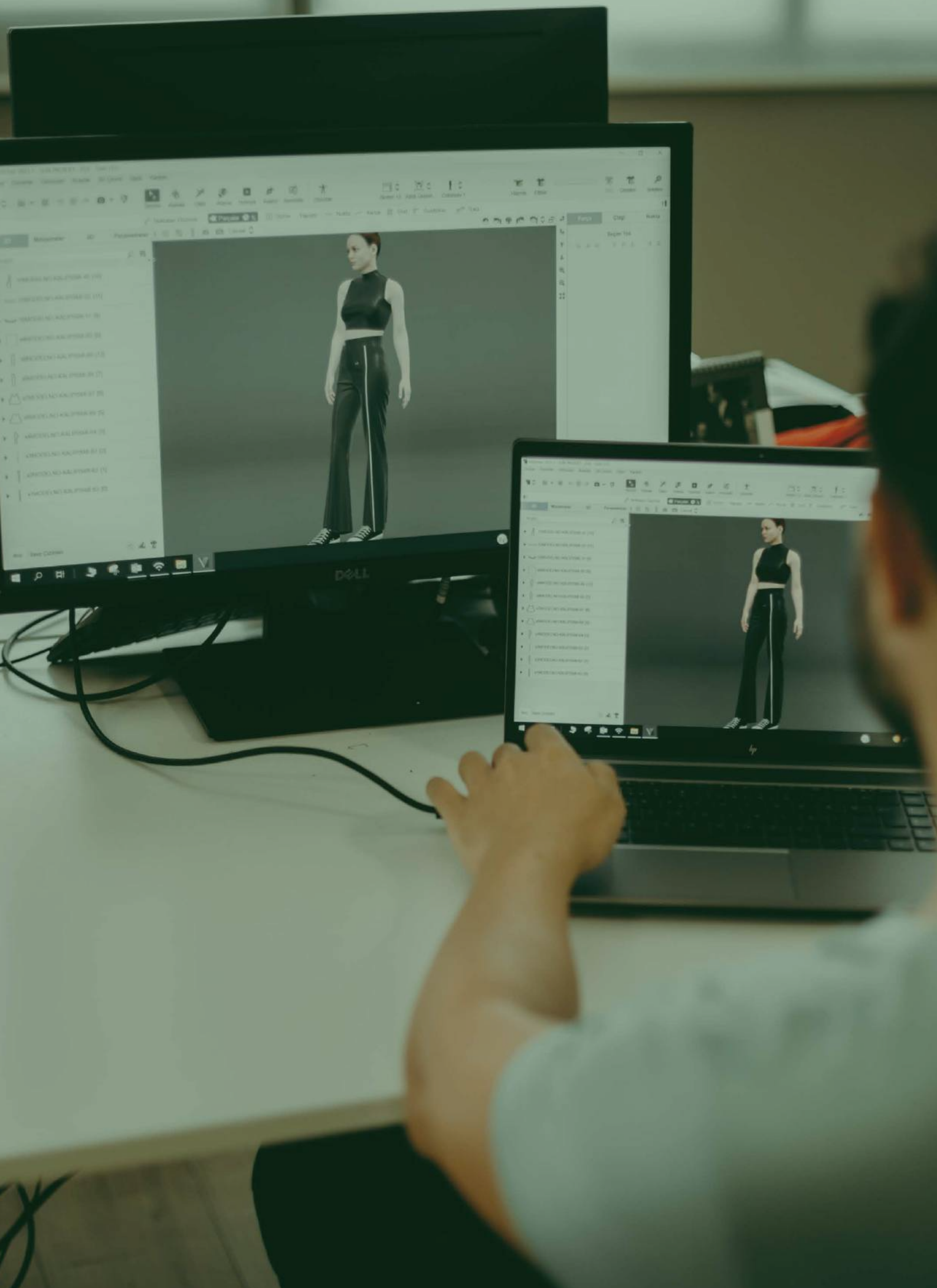
We became a platinum sponsor of the International Technical Textile Congress!



Source: International Technical Textiles Congress from our social media post

We supported the International Technical Textiles Congress (ITTC), organized by Dokuz Eylül University Textile Engineering Department since 2002, as the Platinum Sponsor of the 8th congress organized in 2022.

Our R&D Center made two different presentations at the congress, which we supported in line with our goal of contributing to innovation studies for technical textile solutions and sustainable textiles that will contribute to the future of our world.





SUSTAINABLE DESIGN

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.

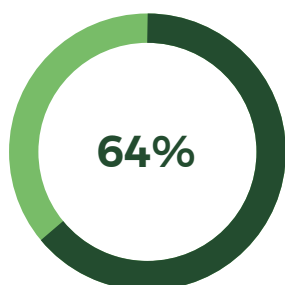


Sun Tekstil Design Approach

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.

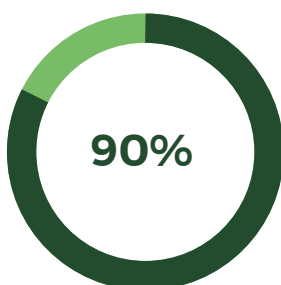
[Click on the link to watch our Design Manifesto!](#)

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. We increased our ratio of products made from sustainable raw materials from 60% in 2021 to 64% in 2022. We outperformed our target of an average annual increase of 3.75% until 2030.



IN 2022

We produced 64% of our products from sustainable raw materials.



IN 2030

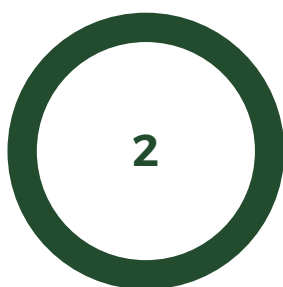
We aimed to produce at least 90% of our products from sustainable materials.



BY 2040

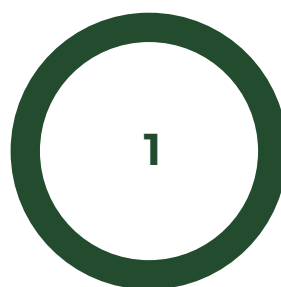
We aim to develop innovative solutions that will enable us to manufacture 100% of our products from sustainable materials.

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 using leftover garments 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. In 2022, our targets were to develop 5 sustainable capsule collections, 4 recycled capsule collections and 2 re-imagined capsule collections, but we were able to develop 2 sustainable capsule collections and 1 re-imagined capsule collection in line with customer demands. Accordingly, we aim to develop 3 sustainable capsule collections in 2023.



SUSTAINABLE CAPSULE COLLECTION, 2022

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



RE-IMAGINED CAPSULE COLLECTION, 2022

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

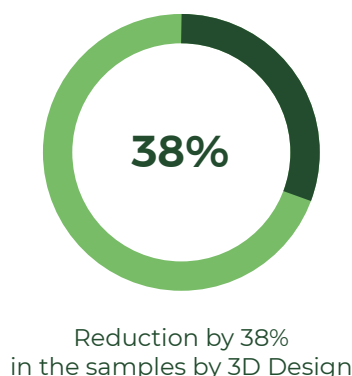
We reduce resource use and waste by digitizing our design processes. As of 2021, we started to present our designs to our customers, whose infrastructure is compatible with our system, in the digital environment by using 3D design software.

We 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 38% in this product group. Thus, we have saved raw materials, energy, labor, and time to be wasted in the production of 4580 products. Our 40% physical sample reduction rate in 2021 decreased to 38% in 2022 in line with the demands of our customers. However, we have achieved approximately 6 times more physical sample reduction compared to 2021. 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. In line with our 2021 target, we had planned to offer our specified collections in digital environment and convert them into orders without producing any physical samples in 2022. In the last quarter of 2022, we presented three of our collections completely digitally and converted them into orders. We realized our goal by not producing any physical samples. We aim to ensure the continuity of this goal by developing three-dimensional (3D) collections consisting of 20 pieces every month in 2023.

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 presentations in the most effective way without losing the feel from physical collections. 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.



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 have accelerated our efforts to implement our pilot project in the process of utilization of all our fabric waste from the beginning of 2022. In the 3rd quarter of 2022, we digitized the processes of sorting all our fabric scraps and forwarding them to licensed waste companies. By the second half of 2023, we aim to make the processes of transforming recycled waste into new raw materials, one of the most important steps of the project, digitally traceable.

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 aim to be among the leading organizations in our sector in reducing the environmental impact of the resource-intensive textile industry. In this direction, as Sun Tekstil, we became a member of the Turkey Circular Economy Platform (TDEP), which was established in cooperation with BCSD Türkiye and EBRD to raise awareness on circular economy and accelerate the transition to circular economy business models. We also become a member of the Turkey Materials Marketplace (TMM) Platform established by TDEP to create an ecosystem around the concept of circular economy and we aim to effectively follow potential Industrial Symbiosis Project opportunities.

In 2022, we participated in the 3-month comprehensive program for the WBCSD Circular Transition Indicators (CTI) digital tool and methodology, a support program offered exclusively to members of TDEP. During the program, we analyzed our company's circularity performance and aim to improve our decarbonization roadmaps with the competencies we gained.

Click the link to access detailed information about the program.

Together with our sector stakeholders, we contributed to the focus group studies of the "Textile Sector Report on Determining the Level of Preparedness of Izmir Industry for the Green Deal and the Measures to be Taken", which is carried out in cooperation with Izmir Chamber of Commerce, Izmir Development Agency and Izmir University of Economics, and which is important for determining the regional road map of our sector, which has a high share in exports from Izmir to the EU, in the EU Green Deal compliance process.

Click on the link to access the report.

We were among the institutions invited to the Circular Economy Workshop organized within the scope of the "Technical Assistance Project for the Assessment of Türkiye's Potential for Transition to Circular Economy (DEEP)", which was implemented by the Ministry of Environment, Urbanization and Climate Change with the support of the EU to prepare a roadmap for Türkiye's transition to a circular economy. Organized in cooperation with the Ministry of Environment, Urbanization and Climate Change, European Union Delegation to Türkiye, IPA Environment Türkiye and DAI, the workshop brought together public, private and international experts to create Türkiye's circular economy roadmap.

Click on the link to access detailed information about the project.



Ekoten's Design Approach

Eco-Friendly Choises

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.

We design our sophisticated fabrics that offer comfort and elegance together by following the rising trends. We present our fabric designs to fashion brands in 2 seasonal collections and 6 capsule collections per year. In 2022, 86% of the fabrics in our collections were developed in accordance with the sustainable fabric certificate.

Our design team of more than 30 experts also collaborates with professional designers to produce fabrics suitable for the needs of our customers and specially designed fabrics on order. We closely follow fashion trends and design an average of 300 different fabrics per month by examining the next year's fashion colors, patterns and textures. We design more than 50% of these fabrics using sustainable fibers and apply sustainable production processes.

We collaborate with both fiber brands and global retail brands to support the process development of new sustainable fibers being developed for the first time. We set targets to include new fibers in our collections.

"Strengthening Environmental Sustainability in the Ready-to-Wear and Textile Sectors: Reducing Carbon Footprint Project" is among the financial support programs of the Istanbul Development Agency (ISTKA) for 2022 and is supported under the "Innovative Istanbul Financial Support Program". Within the scope of this project, which is carried out under the General Secretariat of ITKIB - Istanbul Textile and Apparel Exporters' Associations General Secretariat, analysis and emission reduction studies are ongoing. Within the scope of the project, three brands and 20 manufacturing companies from the supply chain stakeholders of these brands were identified. These companies included in the project will carry out analysis, measurement and improvement studies with pilot applications. With the reporting of the project achievements, sample case studies that will benefit the entire sector will be shared.

As one of the manufacturing companies qualified to take part in the project, our sustainability maturity analysis carried out by expert consultancy firms serving within the scope of the project has been completed. The calculation of greenhouse gas emissions and the realization of the product life cycle analysis of a fabric model determined by our customer in the project are expected to be completed in the first quarter of 2023.



Sustainable Digitalization in Design

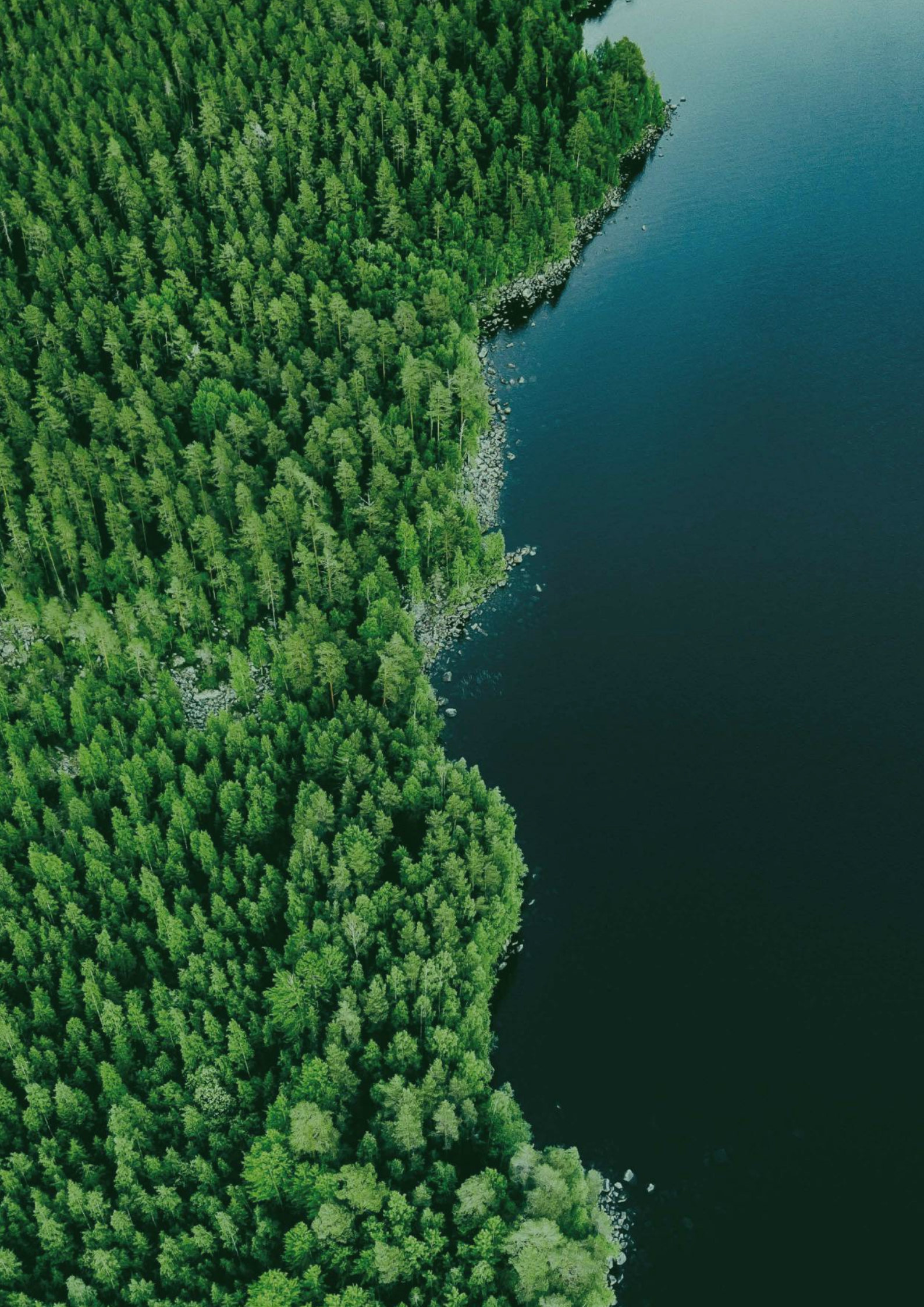
Thanks to our digitalization practices, we implement business models based on circular economy at all stages of our production, starting from the design phase.

In order to be a pioneer in innovative and sustainable textile solutions, increase efficiency and reduce waste in the fashion design process, we switched to 3D design applications in the last quarter of 2021 and created Türkiye's first digital fabric library. In 2022, we rapidly increased the number of registered fabrics in our library. Thanks to our digital fabric library, we aim to reduce fabric waste, support making the right decisions faster, save time and resources, and reduce our carbon footprint by increasing efficiency and production speed.

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, Good Cotton production was realized on 47,757 hectares in 2022, equivalent to 108,310 tons of fiber cotton. As a supplier of Better Cotton, we also play a role in meeting the demand and need for sustainable cotton. By 2025, we aim to present our action plans on protecting biodiversity to all our stakeholders.

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.





ENVIRONMENTAL SUSTAINABILITY

Our Environmental Sustainability Approach

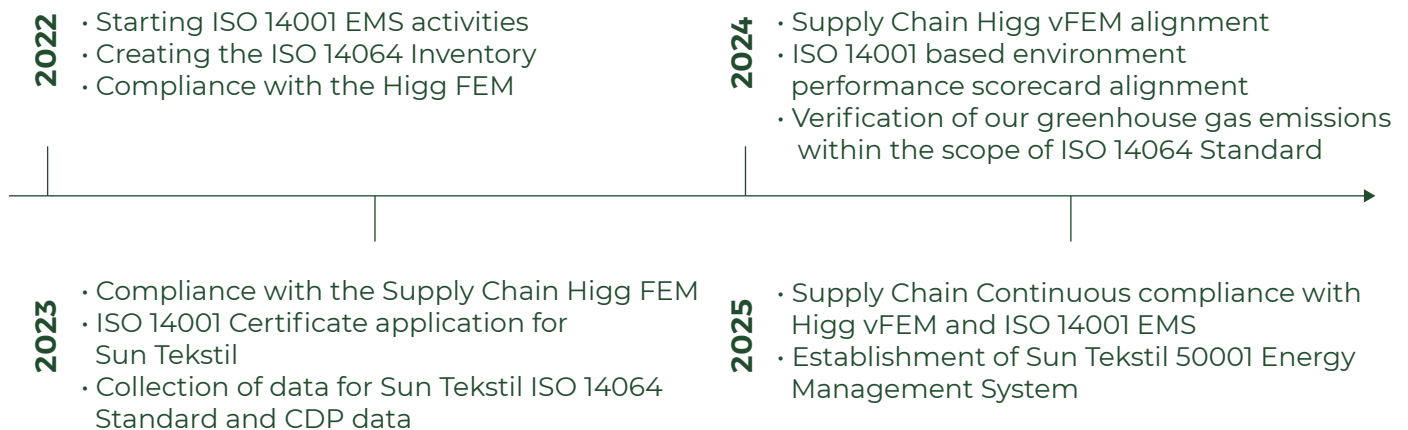
We develop environmentally friendly processes not only during the design stage but throughout the production and product life cycle. We always consider developing effective strategies and action plans in line with the fight against the climate crisis, which is our priority and aim to be among the organizations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

Sun Tekstil Environmental Sustainability Approach

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.

Sun Tekstil Environmental Sustainability Roadmap



In line with our roadmap and goals, we received our ISO 14001 Certificate covering our Sun Tekstil Torbalı headquarters factory and offices in December 2022. We also supported two of our apparel suppliers in all their processes and enabled them to obtain ISO 14001 Certification for their production facilities.

We aim to ensure the continuity of these successful performances of our suppliers by making our environmental audit scorecards ISO 14001 compliant. In 2022, we organized Environmental Management Awareness Training within the scope of ISO 14001 for approximately 60% of all our employees.

Click on the link to access our Environmental Policy.

Click the link to access our ISO 14001 Certificate.

We continued our successful environmental management performance in our Higg Facility Environmental Management (FEM) environmental index verification processes and completed our independent organization audits for our Sun Tekstil Torbalı and Manisa production facilities with successful scores. Within the scope of our goals to ensure Higg FEM compliance in our supply chain, we increased the ratio of suppliers registered on the Higg FEM Platform from 27% in 2021 to 31% in 2022.

Within the framework of the ISO 14064 Standard, we regularly collect category 1, category 2 and category 3 data to calculate the greenhouse gas emissions of our own production facilities. Thus, we calculate our scope 1 and scope 2 emissions in the Green House Gas (GHG) Protocol methodology, which is critical to comply with for carbon border adjustment regulation. In 2022, we offset our electricity consumption from the grid in our Sun Tekstil production facilities and administrative offices with I-REC certified 100% renewable energy source.

In 2022, we completed our compliance and calendar studies for our ISO 14064 verification processes. We aim to improve our governance mechanism by establishing a structure centered on the ISO 14001 Environmental Management System, to have our greenhouse gas emissions verified by independent organizations and to publish a Carbon Disclosure Project (CDP) Climate Change Report in 2025.

The "Climate Goal Acceleration Program", organized by the UN Global Compact and implemented simultaneously in 54 countries, aims to prepare companies on their journey to set science-based emission reduction targets. We were among the 26 companies from Türkiye participating in the program. We improved our competencies with training content and interactive sharing sessions provided by representatives from the world's leading institutions that lead the determination of roadmaps for science-based emission reduction targets.

We attach importance to the development of roadmaps based on scientific methods in line with our goals of combating the climate crisis and protecting biodiversity. In this respect, we have been among the sponsors and steering committee members of the multi-stakeholder study "Report on Forest Ecosystems and Catchment Area Management in Combating the Climate Crisis in Türkiye" conducted by the Nature Conservation Center under the leadership and coordination of TÜSİAD. The launch of the report, which is aimed to provide important contributions to the determination of effective road maps within the scope of our country's 2053 targets to combat the climate crisis, will be held in May 2023.

Ekoten 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.

Click the link to access our ISO 14064 Certificate.

Greenhouse Gas Emission		Total
2012	25.490 tons of CO ₂ e	45%
2022	14.148 tons of CO ₂ e	Reduction

Greenhouse Gas Emission		Per Unit Product
2012	3,30 tons of CO ₂ e/ton	48%
2022	1,70 tons of CO ₂ e/ton	Reduction

In 2022, we were rated with an "A-/Leadership" score in the CDP Climate Change Program. Thus, we are one level above the textile industry, which has a global average score of "B".



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.

We launched our Sustainable Supply Chain Meetings events in the second half of 2021 with a focus on the European Green Deal and border carbon adjustment compliance. In 2022, we continued our program with sessions on "Green Deal and EU Textile Strategy" and "Management of Greenhouse Gas Emissions and Use of Online Calculation System" in line with the areas where we identified the need for development.



We achieved an improvement in our greenhouse gas emissions, especially thanks to our SPP investment in 2018, our productivity-enhancing projects in which our employees participate with their valuable suggestions, and strategic transformation investments determined by our senior management. As of 2021, we continue to reduce our carbon footprint by using hybrid vehicles in our company fleet.

	2020	2021	2022
Total Tons of CO ₂ e	1.5466	1.4110	14.148
Ekoten's Total Production (tons)	6.057	7.845	8.307
Specific Consumption (tons of CO ₂ e/tons of fabric)	2,55	1,8	1,7
Change compared to the previous year (%)	-10%	-30%	-6%

In 2022, we participated in the Development of Sustainable Competitiveness Development of International Competitiveness Project, which is funded by the Ministry of Trade and coordinated by the Aegean Exporters' Associations (EİB). In the project, in which 18 companies operating in the textile supply chain in the Aegean Region participated, we benefited from the sustainability needs analysis and energy efficiency consultancy support provided to the companies within the scope of the fund.

We have become one of the few textile companies in Türkiye to commit to the Science Based Targets Initiative (SBTi) platform to set our science-based targets in 2022 with the support of our senior management.

You can access our Ekoten commitment information on the SBTi website by clicking on the link.

We aim to validate our science-based targets by the end of 2023 at the latest by the SBTi Platform.

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.



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SCIENCE
BASED
TARGETS

Energy Management

We were audited in 2022 by officials from the Ministry of Energy and Natural Resources in line with the obligations under the Regulation on Increasing Efficiency in the Use of Energy Resources and Energy. We completed the audit, which we passed for the first time within the scope of the obligation, with successful results.

As a result of the cooperation we established in 2021 with Miura company for the replacement of our natural gas boilers within the scope of Efficiency Increasing Projects supported by the Ministry of Energy and Natural Resources, we were among the companies that deserved an award in the energy saving category within the scope of the Efficiency Awards organized for the first time in 2022.

You can access more detailed information about the efficiency awards by clicking on the link.

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 2022 by using 100% renewable energy sources with an I-REC certificate.

You can access our certificates by clicking on the link.

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 51% and our water consumption per unit product (kg of fabric) by 68% compared to 2021, our baseline.

Water Consumption		Total	Water Consumption		Per Unit Product
2001	1.007.000 m ³	51% Reduction	2001	186 l/kg	68% Reduction
2022	491.000 m ³		2022	59,4 l/kg	

We optimize our chemical and water consumption, reduce our error rate and ensure resource efficiency with our automated paint and finishing prescription solution and highly automated paint and chemical dosing system developed by our Operational Excellence Department within the scope of digitalization and big data studies.

In order to further protect our water resources that give life to our world, we invested in a wastewater recovery facility 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.

We completed the installation of our wastewater recovery facility in December 2022. We started the feasibility studies of the facility and fabric dyeing tests with the recovered product water. We aim to carry out our dyeing processes with the water we recovered in 2023 in accordance with our target quality criteria. With the successful completion of the project, we aim to prevent the discharge of alkalinity, COD, BOD, suspended solids, nitrogen oil-grease pollution to nature with zero wastewater discharge.



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.

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 20% of our production in 2021 and 13% of it in 2022 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.

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. 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. In 2021, with our "Greenest Team" practice in our production areas and offices, we provided motivation and concentration by appreciating and rewarding teams in line with their monthly waste separation and lighting saving performances. However, we decided to stop this practice in 2022 due to the high workforce required and the inability to standardize the evaluation process. In order to carry out gamification and scoring processes on digital platforms, we conducted feasibility studies with initiatives that offer end-to-end solutions. We realized a successful demo application in our company with Biriktir App, which we met within the scope of the PartnerUp program.

We moved our waste sorting trainings and exams to our Sun Academy digital platform and survey application with the content we developed in 2022. Thus, we started to practically analyze, measure and evaluate and create archives in a shorter time through our digital platforms that all our employees can easily access.



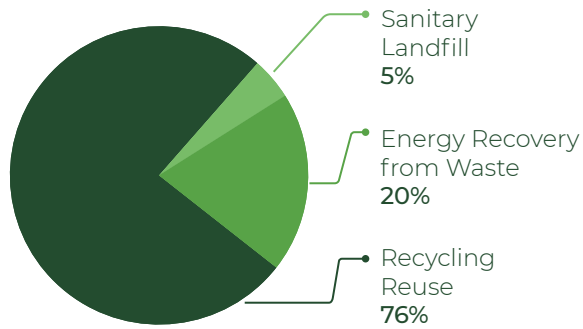
We Care About Our Resources!

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 Torbalı and Ekoten's facility.

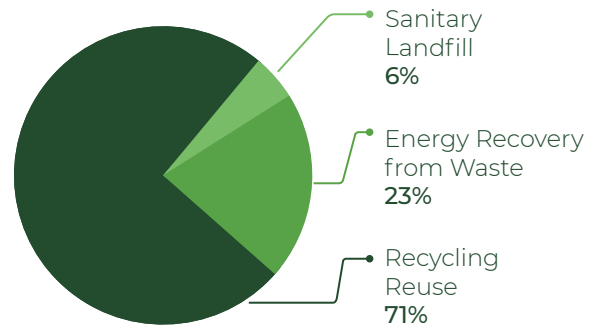
Waste (tons)/Year	2019	2020	2021	2022
Paper	216	184	277	330
Plastic (Packaging)	9	18	26	19
Plastic (Nylon)	76	67	96	95
Metal	1,5	1,7	1,8	1,6
Glass	0,9	1,1	2	2,9
Domestic	214	129	153	184



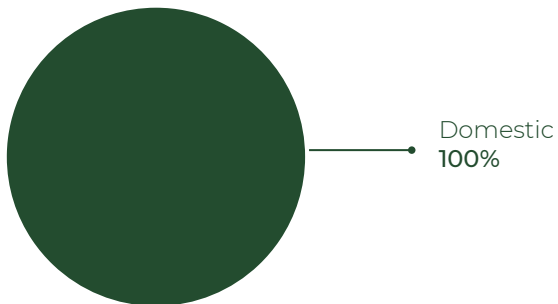
2021 Waste Hierarchy
Total Waste Amount: 5.325 tons



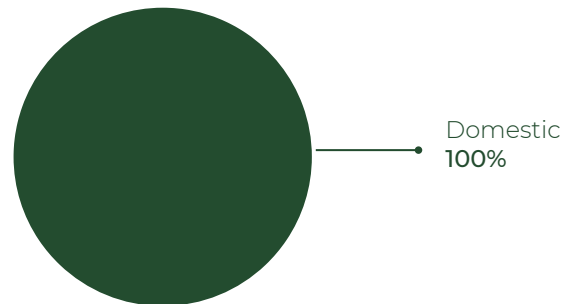
2022 Waste Hierarchy
Total Amount of Waste: 4.873 tons



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



Breakdown of Waste
Sent to the Sanitary Landfill Facility in 2022
Total Amount: 278 tons



Integrated Management and Sustainability Inspections

In 2002, we established ISO 9001 Quality 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. We continue to successfully pass audits by updating all our ISO certificates.

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



-  ISO 9001 Quality Management 
-  ISO 14001 Environmental Management 
-  ISO 45001 Occupational Health and Safety Management 
-  ISO 50001 Quality Management 

We continuously improve our governance mechanism within the scope of our integrated management systems and conduct internal audits at regular intervals with our certified internal auditors who are experts in their fields. We provide guidance to our colleagues who own the processes to improve the areas they are responsible for with a management system approach.

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.

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.



10

DIGITALIZATION AND
INNOVATIVE TECHNOLOGIES

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 Business Analysis Department and Operational Excellence Department, which are organized in line with the needs of our companies.

Software Development Department

As of 2022, we have added Robotics Process Automation (RPA) Project Developments to our software development strategies, which we manage under three headings in order to manage our digital transformation processes in the most effective way in the areas we need.

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: We continue our efforts to install a software development and management portal. In addition, the prerequisite that the software in this category we require 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.

4- Development of Robotics Process Automation (RPA) Projects: In order to make repetitive non-value-added processes efficient, we develop RPA solutions specific to our departments together with our software team and infrastructure provider stakeholders.

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

They prepare basic business development documents by analyzing business processes in detail. As a result; it contributes to the conceptual design that forms the first basis of the software and technology to be developed and triggers the team that will develop the software. The business analysis department creates a bridge between the key user and developer teams.

Operational Excellence Department

They ensure that all processes are carried out in the most effective and efficient way by collaborating with all units such as sales, machinery energy and production units to ensure the development, analysis and reporting of the business or technology.



Software Development Activities

In 2022, we completed many milestones in line with our software development strategies.

Within the scope of SAP software developments, we successfully completed our SAP integration project within our targets by changing the ERP program at Sun Tekstil and Ekoten. In 2022, we put all our screens into use. We accelerated our software development processes with the support of ABAP experts in our software team, as well as consultant company experts and independent experts from outside the company in order to realize system improvements, custom screen designs and report developments. The SAP integration of SunİK software, developed by a software company partner of ours, which enables us to digitize our human resources processes, was completed and made available on web and mobile platforms.

With Sun Portal, which we developed with our internal resources within the scope of developing software outside the SAP platform, Administrative Affairs Warehouse Management, Administrative Affairs Vehicle Request, Administrative Affairs Visitor and Subcontractor Door Entry, IT Help Desk and IT Inventory Tracking applications were developed and put into use to meet the specific needs of our companies. Sun Tekstil Time Study and Model Operation Lists Module, Sun Tekstil Fabric R&D Module, Sun Tekstil Micro Pastal Request Application, Band Production Efficiency and Blue Collar Bonus Calculation Module, Sun Tekstil Problem Notification and Kaizen Module were put into service through the Salt & Pepper (S&P) platform developed in-house by our software teams.

As part of the development of low code platforms, our operational excellence teams launched the programs they developed without the need for software experts in 2022 in line with their goals.

Within the scope of developing Robotics Process Automation (RPA) projects, we developed RPA projects with UiPath and Kronnika infrastructures. We put into use the solutions we developed for the RPA needs of the Financial Affairs, Import Export, Finance and Human Resources Departments. RPA robots, which provide support labor to our employees, joined us as our "Metal Collar" employees.

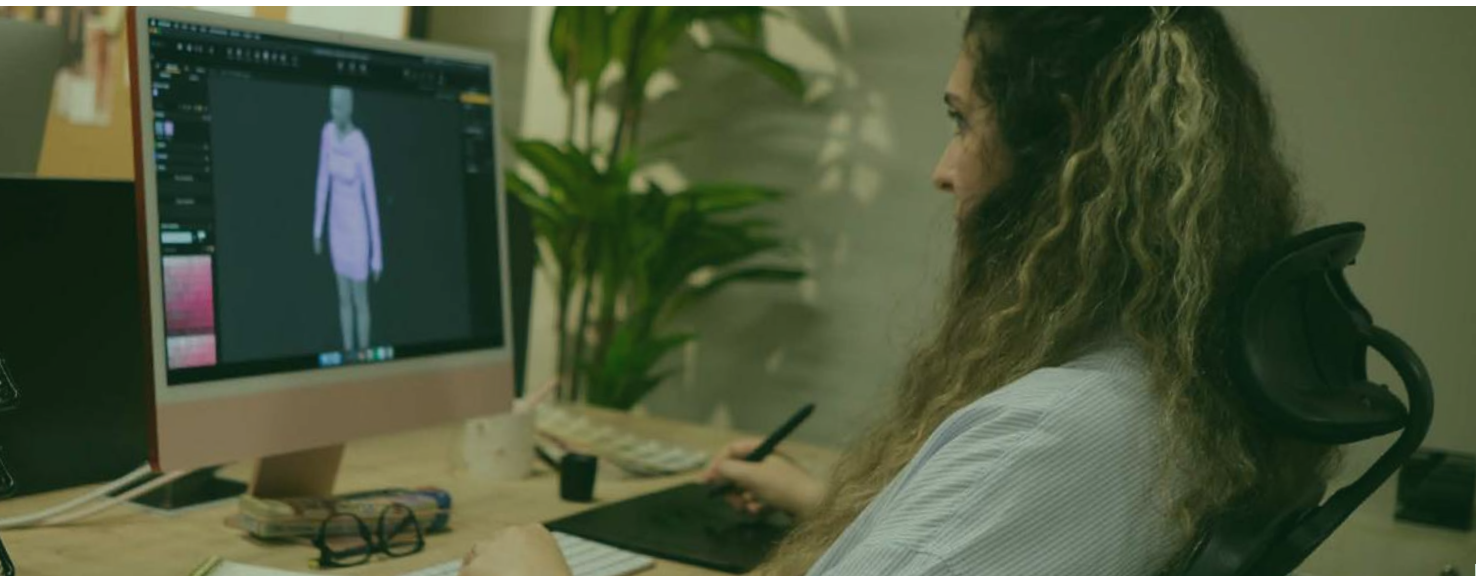


Digitalization in Design Processes

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, therefore saving resources. Moreover, we improve the content of our digital archives and increase the efficiency of our design processes daily. Thanks to the transformation process we have implemented, we ensure the sustainability of our business and increase our corporate resilience by overcoming physical constraints and presenting collections to our customers on digital platforms.

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 2022. 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 38% in this product group. In the last quarter of 2022, we converted three of our collections to order by offering them entirely digitally and realized our 2021 target by not producing any physical samples. We are working with all our stakeholders to further utilize this important potential in line with ensuring circularity starting from design.

We collaborate with startups to digitalize our processes with innovative technologies. In this direction, we were among the pre-seed investors of MythAI, a company that offers an artificial intelligence-based software solution that can design patterns. With this digital solution that can design patterns supported by artificial intelligence, we aim to increase the efficiency of our designers' pattern development processes in the first stage and to improve their original pattern design competencies in the future.



Equipment for Digital Libraries

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 seen by the naked eye and our hardware that can digitize the physical properties of the fabric such as drape.

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. In this way, we have adopted a digital, innovative design process that is in line with the times by reducing our resource consumption while saving time/work.



Scanner for 3D Transfer

Sun Tekstil Digitalization Approach

As Sun Tekstil, we carry out strategic studies on digitalization of processes in our Design, Production, Supply Management, HR and Process Improvement Departments in order to achieve our main goals of increasing digital maturity levels and digital culture formation.

Digitalization of Design Processes

With the digitalization of design processes, we are working to increase our product presentation capabilities to customers, to provide fast access to data in our design and collection processes and to ensure resource efficiency. In 2022, we worked on seven different projects. These projects are; Development of Digital Archive Program on Low-Code platforms, Development of Digital Fabric Library, Digitalization of Product Sample Archives, Development of Product Lifecycle Management-PLM processes, Collection and Store Design in Virtual Showroom-Metaverse Environment, Pattern Design with Artificial Intelligence, Tracking of Collection and Sample Services Offered to Customers from ERP System and Preparation of Collection Recommendations with Artificial Intelligence in the second phase.

We open the doors of the digital world with the projects we realize and act with the mission of leading the sector on its digital transformation journey.

Digitalization of Production Processes

We aim to increase production efficiency by ensuring traceability in sub-processes of production and reducing production losses through digitalization of production processes. In line with this goal, we carried out studies on eight different projects in 2022, including Digitalization of Survey Processes, RPA Applications in Production Processes, Digitalization of Transportation Processes in the Logistics Department, Digitalization of Performance Measurement and Premium Management System for Internal Production Premiums, Digitalization of Fabric Waste Management and Traceability Processes, Creation of SNS Tracking Screen to Shorten Logistics Goods Exit and Return Entry Processes, Digital Tracking and Reporting of Fabric Quality Control Field Control Processes and Lean Management Tracking Portal.

Digitalization of Sun Tekstil HR Processes

We aim to digitalize the Training Department, Human Resources, Administrative Affairs and allowance/advance processes with our goal of digitalizing Sun Tekstil HR processes. In line with this goal, we have completed the project of Digitization of Allowance and Advance Processes. Thanks to the digitalization of the travel advance and per diem processes and SAP integration, we can carry out expense approval processes in a digital environment in a hierarchical structure. With this development, we prevented manual entry errors and saved 70% of employees' time for manual entry.

Increasing Digital Competencies of Employees

By increasing the digital competencies of employees, we aim to expand the use of digital platforms, reduce user errors and enable users to contribute to system improvements. In line with this goal, we organized 344 hours of training under 15 different training titles in 2022 to increase the digital competencies of a total of 160 colleagues in order to use the system correctly after the ERP transition. With the "Preparation of Up-to-Date Training Sets for All Digital Processes and Assignment to Individuals through the Academy Project", we aim to provide instant access to the relevant training sets for our current employees and new employees joining our company while managing their processes, and to document and keep business processes up to date. We have prepared 90 different training sets within the scope of our goal. As of 2022, we finalized the software processes of the project and completed the project by 95%.



Ekoten Digitalization Approach

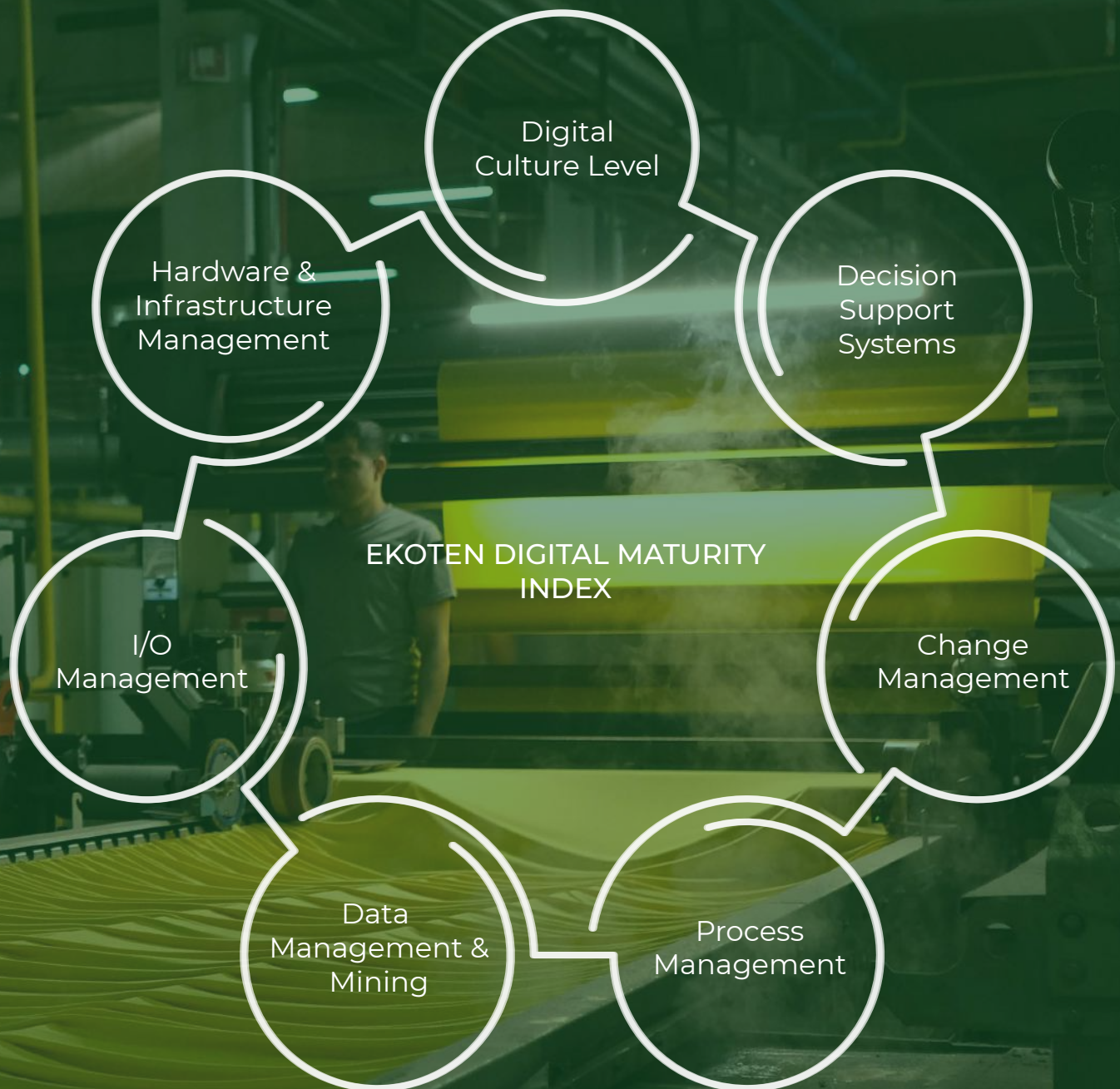
Our digitalization processes are always based on the analysis of our needs and the improvement of a process as a result of digitalization. At Ekoten Tekstil, we determine our strategies and needs based on the results of our digital maturity index, which we developed with reference to international methods 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.

We are creating Türkiye's first three-dimensional fabric library by pioneering innovative and sustainable textile solutions, thereby consuming fewer natural resources.

Thanks to our new technology that aims to significantly improve our fabric production, we detect fabric defects in real time with an artificial intelligence database and increase our resource efficiency.

In our knitting facility, which has a state-of-the-art automation system, we can easily monitor production with smart watches integrated into the automation system and intervene immediately in case of any problems.

Thanks to our automated dye and finishing prescription infrastructure developed by our Operational Excellence department within the scope of digitalization and big data studies, and our highly automated dye and chemical dosing system integrated with this infrastructure, we optimize our chemical and water consumption, reduce our error rate and ensure resource efficiency.



Rule Based End-to-End Planning Optimization

Using our own, in house commissioned planning system, work orders are assigned to workstations within the factory on a rule-based basis. The 70,000 planning rules defined within the system are instantly activated. It directs production resources to the most appropriate workstation by prioritizing customer deadline performance. 350 workstations and nearly 950 production routes are instantly optimized. Real-time rule-based planning optimization is provided by taking customer deadline priority into account.

Ekoten Knitting Mobile Application

Ekoten's Operational Excellence Department continues to implement activities that will contribute to the development of both our dyeing and knitting operations and facilitate the work of personnel in the field. In 2022, we developed a mobile application to accelerate and facilitate the pre-production training, production preparation and production stages in our knitting factory. The information to be obtained before production, single point training documents prepared within the scope of lean management, improvements made in production and explanations of the points to be considered in production are included in our application. Thus, we are able to carry out our processes in the most efficient way by providing access to information anytime and anywhere. Our operators can quickly access information on how the fabric will be produced during the production preparation phase, and information on the critical points that are sensitive and need attention during production. We aim to commission our application, which we developed in 2022, with the most up-to-date version in 2023, thus minimizing the resource losses that may occur in the enterprise.

Ekoten Knitting Business Automation New Type Smart Wristbands

The latest smart wristbands adopted by the knitting industry were introduced in 2022 and our operators started using the them within the scope of the knitting automation project. We aim to see the notifications more easily with the larger screen size of the them compared to the old version, to shorten the intervention time of the operators to the machine by receiving notifications in a shorter time and to prevent bluetooth disconnections with higher shooting power. Our production efficiency is at higher levels with the new smart wristbands due to faster intervention.

Artificial Intelligence Based Knitting Quality Control System

Within the scope of our goals to increase our resource efficiency, we make our disruptive innovation works more agile by collaborating with start-ups.

In 2020-2021, together with a start-up company, we 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.

We continued our work with 11 machines in 2021 with 17 machines with our new investments in the last quarter of 2022. In 2022, we aimed to increase the performance of artificial intelligence technology in all simple or complex fabric structures in our production range by performing the quality control machines installed in our knitting machine park, whose knitting structure is more diverse and richer. In order for the quality control system to detect errors in more complex fabric types, we aim to continue our efforts to teach artificial intelligence an error library and to implement it on more of our knitting machines in the future. Within this scope, we commissioned 6 new quality control systems in the new machine park in the last quarter of 2022. In addition, by developing a new self-learning learning model for artificial intelligence in the project processes, the fabric design learning time of 5-6 hours for each new fabric design was eliminated. Thus, we achieved significant time and raw material savings.

In the last quarter of 2022 (last 3 months), 1012 error prevention stops were made on 17 knitting machines with a quality control system working with artificial intelligence-based image processing technology. Thus, we prevented 540 hours of defective production and saved €64,768 by preventing the production of 10795 kg of defective fabric. Moreover, we prevented the environmental impact of 1.209.002 liters of water consumption, 97.152 kWh of power consumption and 24.190 kg of CO₂e emission.

In addition, our 12 knitting operators and 3 lean leaders 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.

With our Artificial Intelligence Based Knitting Quality Control System collaboration, we were awarded the International Textile Manufacturers Federation-ITMF "International Collaboration Category Award", which evaluates qualified collaboration projects that create impact in line with Sustainable Development Goals.

[Click the link to get information about ITMF Awards.](#)

With our project, we were among the finalist projects in the field of Sustainable Innovation-Process in the 2022 Sustainable Business Awards, organized by the Sustainability Academy and evaluated based on the impact created in the field of sustainability.

[Click the link to get information about the Sustainable Business Awards.](#)

SAP - MES Systems Integration Solutions

Nowadays, when Industry 4.0 and traceability are very important, production tracking, management and standardization of these stages are of great importance. With the non-sap systems we have developed in-house, we can monitor the processes in the production area from automation and production execution system software. We can also carry out integration works with SAP on these MES systems. In 2022, we commissioned new integration systems that enable direct integration of the MES 4.0 system, our production execution system, with SAP. With these systems, we ensured that the start and end information of instant production flow records to SAP interfaces can be transferred practically from MES 4.0 screens. With the commissioning of the interface screens we designed on MES 4.0, we increased the efficiency of operators' use of digital systems by 40%.

Finishing Chemical Automation Project

The complexity of our production processes increases day by day with ever more specific customer demands and product-oriented operations. With the improvement and capacity increase project of the chemical automation processes of the fabric finishing department, we commissioned a new system with 12 chemical dosing capacity instead of the system with 5 chemical dosing capacity at the same time in our finishing department. Simultaneously with the new system, we also commissioned our operator panels, which will be used for the first time, where chemical requests and controls will be made over the machine. By integrating our Focus BI system, where all recipe and chemical information is defined, with the new chemical dosing system, we ensured that operators can automatically dose chemicals without leaving the machine. Thanks to the renewal made in the automation system, we have successfully implemented a recipe request system that is fully integrated with the operator chemical request panels while increasing automation capacity and efficiency.

Development of Digital Culture

Within the scope of our efforts to develop a digital culture, which is one of the most important elements of our transformation processes, in addition to the qualified training programs we provide to our employees, we share experiences and participate in cooperation programs on many internal and external platforms. In our Digitalk seminars, we host experts in their fields, and include all our colleagues in interactive panels with the theme of digital transformation.

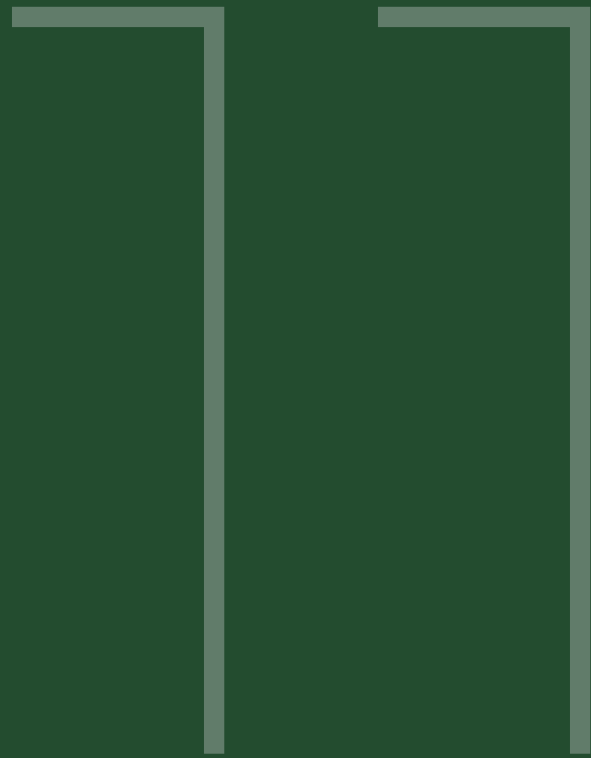
We organized seminars on two different topics, Digital Library Creation with 3D software and Robotic Process Automation (RPA), with the participation of approximately 200 people in 2022.

In our Digital Library Creation Seminar, our solution partner Browzwear-Polytropon Türkiye Marketing and Sales Manager Rıza Temel shared in detail about the development of realistic designs in 3D environment, the creation of digital libraries with these designs and the difference-making effects of this transformation on sustainability.

In our Robotic Process Automation Seminar, we shared good practice examples and case studies on RPA with the participation of experts from our solution partner SabancıDx. With the interactive participation of our colleagues from different departments, we identified our potential areas where we can implement RPA projects.







SUPPLY CHAIN MANAGEMENT

A photograph of three women with dark hair, wearing black t-shirts, looking down at a table. The woman on the right is wearing a t-shirt with a graphic of a hand. The background is a plain, light-colored wall.

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 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 approximately 200 suppliers in five regions of Türkiye, and we conduct periodic audits of the production facilities of our suppliers, which account for at least 80% of our total production. We score them with our performance scorecards, which we developed in line with international standards and the needs of our stakeholders. We feedback on the points that are open to improvement as a result of the evaluations and provide consultancy and mentoring for improvement efforts in line with the findings.

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 are shared. 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.

In order to improve the sustainability performance of our suppliers, we organized training to increase their knowledge and awareness on sustainability issues. We provided 594 hours of training on social, technical and environmental issues to 524 people in 60 producers. Within this training, we also organized sharing sessions tailored to the needs of each stakeholder held in their facilities. At the end of the training, we scored the level of knowledge and awareness reached in the oral interviews. Thus, we estimate that the success of our suppliers in all audits will continue to increase and our supply chain resilience will improve and we aim to analyze this development regularly.

We continue our efforts to establish sustainability teams that manage and monitor customer sustainability criteria in all our suppliers and to identify those responsible. We have completed the process of establishing teams at 46% of our current suppliers. In 2023, we aim to complete this work at all suppliers that realize 80% of our total production. We also aim to ensure the effective dissemination of our sustainability practices throughout our supply chain within the framework of compliance with Extended Producer Responsibility-EPR regulations. In line with this goal, we have started our efforts to direct our main fabric suppliers to establish an evaluation mechanism to measure the sustainability performance of their sub-suppliers. We aim to complete this process for all our suppliers by the end of 2025.

We have started our efforts to align our social compliance performance evaluation criteria in our supply chain with the scope of the Social Labor Convergence Program (SLCP) audit, which is internationally recognized and set as a criterion by many of our customers, and thus to increase the success scores of our suppliers in SLCP audits. In the same direction, we are rapidly continuing our work on Compliance with Environmental Compliance Standards. We continue our efforts to align our environmental compliance performance evaluation criteria with the Higg Index Facility Environmental Module (FEM) audit scope and thus increase the success scores of our suppliers in Higg FEM audits.

As a priority, we aimed to initiate more intensive work with our suppliers within the scope of our EU Green Deal compliance framework activities and to develop a common perspective on sustainability strategies in interactive sharing meetings where we will bring our suppliers together by organizing Sustainable Supply Chain Meetings events periodically. In the first event we organized in Istanbul in 2022, with the participation of a total of 116 officials from 72 different companies, we shared the regulations developing in Europe and the world, the supply chain criteria and commitments of our customers, Sun Tekstil's goals in line with holistic sustainability criteria, the processes we can develop together and examples of good practices.

As a result of the survey we conducted to measure the gains and satisfaction of our suppliers after the event, we observed that we were successful at the level we targeted. In addition, with the questions in the survey, we collected suggestions from our suppliers on the topics they would like to focus on in the next meeting and the specific sustainability trainings they need. With our Sustainable Supply Chain Meetings event, which we plan to organize at least once a year in line with the needs, and the trainings we will organize on more specific topics, we aim to create more value for all our stakeholders, our society and our world by creating resilient supply chains.



Ekoten 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 continued our program with sessions on "Green Deal and EU Textile Strategy" and "Management of Greenhouse Gas Emissions and Use of Online Calculation System" in line with the areas where we identified the need for development.

In 2022, we aimed to improve our Supply Chain Management System with Sustainability Performance Scorecards and to score the maturity levels in all dimensions of sustainability by analyzing the processes of our suppliers in more detail. Accordingly, we prepared and piloted our performance scorecards under the headings of Traceability, Certification, Management Systems, Environmental Compliance and Social Compliance. With the scorecards, which we plan to put into practice in 2023 after completing the necessary revision works, we aim to realize trainings, joint studies and projects in order to develop our suppliers in areas open to improvement after the current situation analysis.





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ANNEXES

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. Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	-Corporate Governance -Human Resources
Labour Standards	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor. Principle 5: The effective abolition of child labour.	-Corporate Governance -Human Resources
Environment	Principle 6: The elimination of discrimination in respect of employment and occupation. 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.	-Environment -Design -Digitalization
Anti Corruption	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	

References for World Economic Forum (WEF)

Pillar	Core Metrics and Disclosures	Description	References
Dignity and Equality	Diversity and inclusion (%)	Percentage of employees per employee category, by age group, gender and other indicators of diversity	-Human Resources
	Pay equality (%)	Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	-Human Resources -Working Principles
	Wage level (%)	Ratios of standard entry level wage by gender compared to local minimum wage.	-Human Resources -Working Principles
		Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO	N/A (Working Principles)
	Risk for incidents of child, forced or compulsory labour	An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.	-Human Resources -Working Principles
Health and Wellbeing	Health and safety (%)	The number and rate of fatalities as a result of workrelated injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked. An explanation of how the organisation facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.	-Human Resources -Sun Tekstil UNGC Progress Report
Skills for the future	Training provided	Average hours of training per person that the organisation's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees).	-Human Resources
		Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).	N/A (Wage Policy)
Climate Change	Greenhouse Gas (GHG) emissions	For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO ₂ e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	-Environment

References for World Economic Forum (WEF)

Pillar	Core Metrics and Disclosures	Description	References
Climate Change	TCFD implementation	Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above preindustrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050	-Environment -CDP Reports -SBTi Commitment
Freshwater Availability	Water consumption and withdrawal in waterstressed areas	Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.	-Environment -Corporate Governance Approach
Nature Loss	Land use and ecological sensitivity	Report the number and area (in hectares) of sites owned, leased or managed in/or adjacent to protected areas and/or key biodiversity areas (KBA).	N/A (Wage Policy)
Community and social vitality	Total tax paid	The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	-Annual Report
Employment and wealth generation	Absolute number and rate of employment	1. Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region.	-Human Resources
		2. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.	N/A (Wage Policy)
	Economic Contribution	1. Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organisation's global operations, ideally split out by: – Revenues – Operating costs – Employee wages and benefits – Payments to providers of capital – Payments to government – Community investment 2. Financial assistance received from the government: total monetary value of financial assistance received by the organisation from any government during the reporting period.	-Annual Report

References for World Economic Forum (WEF)

Pillar	Core Metrics and Disclosures	Description	References
Employment and wealth generation	Financial investment contribution	1. Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy.	-Annual Report
		2. Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.	
Innovation of better products and services	Total R&D expenses (\$)	Total costs related to research and development.	-Annual Report
Ethical behaviour	Anti-Corruption	1. Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures	-Corporate Governance -Sun Tekstil UNGC Progress Report
		a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and b) Total number and nature of incidents of corruption confirmed during the current year, related to this year.	
	Protected ethics advice and reporting mechanisms	2. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption A description of internal and external mechanisms for: 1. Seeking advice about ethical and lawful behaviour and organizational integrity; and 2. Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity.	-Corporate Governance
Governing purpose	Setting purpose	The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	-Corporate Governance Approach
Quality of governing body	Governance body composition	Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or nonexecutive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of underrepresented social groups; stakeholder representation	-Our Journey -Corporate Governance Approach

References for World Economic Forum (WEF)

Pillar	Core Metrics and Disclosures	Description	References
Risk and opportunity oversight	Integrating Risk and Opportunity into Business Process	Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.	-Corporate Governance Approach
Stakeholder engagement	Material issues impacting stakeholders	A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.	-Our Journey

References for Sustainability Accounting Standards Board (SASB)

Topic	Accounting Metric	Category	Unit of Measure	Code	Related Part
Management of Chemicals in Products	Discussion of processes to maintain compliance with restricted substances regulations	Discussion and Analysis	N/A	CG-AA-250a.1	-Environment
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Discussion and Analysis	N/A	CG-AA-250a.2	
Environmental Impacts in the Supply Chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement	Quantitative	95%	CG-AA-430a.1	-Environment -Supply Chain
	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	Quantitative	31%	CG-AA-430a.2	-Environment
Labor Conditions in the Supply Chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor	Quantitative	It is practiced but reported internally.	CG-AA-430b.1	-Supply Chain
	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits	Quantitative	It is practiced but reported internally.	CG-AA-430b.2	
	Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain	Discussion and Analysis	100% compliance is ensured within the scope of supply chain social compliance scorecards.	CG-AA-430b.3	

References for Sustainability Accounting Standards Board (SASB)

Topic	Accounting Metric	Category	Unit of Measure	Code	Related Part
Raw Materials Sourcing	(1) List of priority raw materials; for each priority raw material: (2) environmental and/or social factor(s) most likely to threaten sourcing, (3) discussion on business risks and/or opportunities associated with environmental and/or social factors, and (4) management strategy for addressing business risks and opportunities	Discussion and Analysis	Within the scope of the risk committee, corporate risks are evaluated and action plans are determined.	CG-AA-440a.3	-Corporate Governance Approach
	(1) Amount of priority raw materials purchased, by material, and (2) amount of each priority raw material that is certified to a third-party environmental and/or social standard, by standard	Quantitative	Sun Tekstil 64% Ekoten 50%	CG-AA-440a.4	-Design -Environment -Supply Chain

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 2022 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

Sun Tekstil San. ve Tic. A.Ş.

Yedi Eylül Mah. Celal Umur Cad. No:6/A, 35860 Torbalı İzmir/TÜRKİYE

+90 232 850 60 00

www.suntekstil.com.tr

info@suntekstil.com.tr

surdurulebilirlik@suntekstil.com.tr

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