

CROSS[®]
T E X T I L E S

2019

Annual Report
of
**SUSTAINABILITY
VALUES**



Stay Green
Stay Caring
Stay Responsible

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01-10

ABOUT THE REPORT

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In our “Annual Report of Sustainability Values”, which we published for the first time this year as Cross Textiles. We share our economic, environmental and social performance with all our stakeholders within the framework of transparency. In this context, we aim to share our journey with these sustainability values with our stakeholders every year.

This very first sustainability report is prepared per GRI Standards.

Mainly, it covers the calendar year of 1st January 2019 - 31st December 2019. Since this is the first reporting year, we covered the performance values of Cross Textiles to the present day in the report. We will continue publishing the report on an annual basis with the updated data that will develop in the coming years.

In the reporting process, we have contacted with all of our stakeholders to identify material issues and asked them to share their ideas with us. We learned about the expectations of our suppliers, the industry organizations we cooperate with, and also our customers. We have received the invaluable insights of all our stakeholders. We’ve then determined the content of the report according to the subjects defined as a result of these studies.

The report includes information about Cross Textiles headquarters in Istanbul, also two manufacturing facilities located in Tokat and Tekirdag and one in Port Said in Egypt within scope of Şık Makas. In addition to these, the report includes information about Şık Makas companies, which is under Cross Textiles roof.

This report has been prepared in accordance with the GRI Standards: Core option, and it hasn’t undergone an independent verification process.



You can contact us through sustainability.board@crostextiles.com for the Annual Report of Our Sustainability Values and any other issues related to Cross Textiles. You can also find more information about our company at www.crostextiles.com

Message from OUR CHAIRMAN OF THE BOARD



|| ||

Our industry plays a critical role in economic growth. We are proud to be a global leader with our Cross Textiles manufacturing company and we have made significant progress in the recent years. In today's fast-changing world, we continue fostering a culture that embraces and encourages change, while maintaining the highest standard of corporate governance to ensure the sustainability of our business.

The journey of Şık Makas started in 1939 in Adapazarı, Turkey. That was when we established a company culture that embraces and encourages sustainability through innovation, something that has since driven positive environmental, social, and economic improvements. At our company, we never stop moving forward.

We have recently celebrated our 80th year in business and to mark the occasion, we introduced our new motto of "Stay Caring". As we continue to grow, our vision for a sustainable future is unwavering. The current situation of the planet makes it more important than ever. As we continue on our path, we are strengthening our abilities to compete at the world stage through sustainable investments.

Our industry plays a critical role in economic growth. We are proud to be a global leader with our Cross Textiles manufacturing company and we have made significant progress in the recent years. Thanks to our family of 7226 employees, we are manufacturing over 20 million jeans annually, which is a great success also a great responsibility. We are dedicated to constantly introduce new sustainable practices and innovations as we are committed to protect the environment and well-being of the planet.

We recognize that in today's world, there are so many options about where to place your production and I appreciate that you have given us an opportunity to earn your business. In addition to this, I appreciate your honest feedback about what we are doing well in our factories and where we need to make improvements. Listening to our customers is very important for us and you can be assured that your voice is being heard. Thank you in advance for your time and input.

As I declare this, I'd also like to acknowledge the fact that Covid-19 has turned into the biggest global event of our lifetimes. As we all are navigating through this global crisis with resilience, our top priorities have always been about protecting the healthiness and wellbeing of our employees and their families. This novel global pandemic helped us to envision the future we want, while exploring the mindsets we must adopt – and the vital role of sustainability. I sincerely hope that we emerge stronger and more sustainable from this global crisis.

In today's fast-changing world, we continue fostering a culture that embraces and encourages change, while maintaining the highest standard of corporate governance to ensure the sustainability of our business. We work for a better future.

This year's Sustainability Report contains many more examples of how Cross Textiles is making a positive contribution to society, and I hope you find this report helpful in understanding our approach.

Sincerely,
Ömer KOLUNSAĞ

Message from CEO



At Cross Textiles, we do not only manufacture denim, we also develop the future. With facilities across Corlu, Tokat in Turkey and Port Said in Egypt, we are proud to be a company that is profoundly human and we want to keep on making a difference for our people, for the planet and ultimately for mankind.

Jeans are worn and loved all over the world, widely embraced through the generations. They are favourite pieces amongst almost every individual, irrespective of gender, age, and social status. Jeans are the most democratic of all garments. As Şık Makas, we have been in business for over 80 years and we have been making jeans since 1975 through the Cross Textiles company.

Winning “Denim Exporter of the Year” 15 years in a row is of course a great achievement, yet we are not interested in being known for the size of our company. Instead, we strive to be recognized as the most sustainable denim supplier. For us, it is not just business, it is personal. We have always been focusing on understanding the ways of the world and based on that, we have been managing our impact on the environment in a global perspective.

We recognize and embrace our responsibility. Our understanding of sustainability extends far beyond protecting the environment and incorporates our corporate governance, workplace practices, and responsibility to the community. We are committed to practices that affirm environmental as well as social sustainability. Every day, we strive to better manage our direct and indirect impacts on the environment, and to meet the sustainability expectations of our stakeholders.

Our pledge to support sustainability is deeply rooted in our culture and our actions are reflected as we drive growth, efficiency, and sustainability across our operations.

Our goal is to create value for people and the environment with the natural and financial capital we have for our supply chain and our employees. As a large family of 7226 people, we achieved a turnover of 170 million Euros with our Cross Textiles company in 2019 with a production capacity of 20 million pieces. As we did from the beginning, we care about efficient use of resources, water safety, employee health and education in our value creation model in the reporting year as well.

Since the beginning of 2019, we have completed our carbon footprint and water footprint studies in our Istanbul Headquarters and production facilities in Çorlu, Tokat and Egypt. In this first sustainability report, I am happy to present the numerical results of these efforts for climate change and water security to all our stakeholders.

Besides our human, intellectual and financial capital, we try to integrate our natural capital into our production model in the most efficient way. Due to our position in the value chain as denim apparel and laundry, we aim to measure our natural resources both as our direct and indirect impact. In this direction, we started to make sustainability measurable by managing the environmental impacts on product basis with Life Cycle Assessment studies in 2019.

To manage our direct and indirect impacts; and to protect and use our human, intellectual, financial and natural assets in the most efficient way, we started integrating our sustainability policies and principles into our in-house management mechanisms with our Sustainable Committee.

Thus, we determine our sustainability priorities not only internally but also by taking the opinions of all our stakeholders and define our goals in this direction. We are aware of the importance of cooperation in achieving these goals, and in our report, we present our projects and collaborations we released in 2019 and previous years to all our stakeholders together with their contributions to the Sustainable Development Goals.

We only have one planet and the key to saving it is being transparent in every step we take. Just as we deal with the current global pandemic. COVID-19 could be the most serious challenge we have to face following climate change. Even as the world works to stop the novel coronavirus and begin recovering from it, we also need to act now to avoid a climate change by taking sustainable actions. It may seem early to be imagining a post COVID-19 world, but it's important to take the long view. In the long term, the COVID-19 pandemic will offer lessons and opportunities leading to environmental action.

We have started to produce medical products to fulfill our responsibility during the COVID-19. We produce world-class medical devices and protective equipment with our CRS Medical Textiles brand. We offer our contribution to the fight against the pandemic with surgical masks, surgical gowns and protective overalls that we have developed in accordance with the ISO 13485 standard.

At Cross Textiles, we do not only manufacture denim, we also develop the future. With facilities across Corlu, Tokat in Turkey and Port Said in Egypt, we are proud to be a company that is profoundly human and we want to keep on making a difference for our people, for the planet and ultimately for mankind.

This year's sustainability report is a proof of the responsibility we embrace in as one of the largest denim manufacturers. We do business in a manner that will make positive impacts for generations to come. We are excited to develop and commit to even more aggressive goals in the upcoming years and beyond, raising the bar for our company and our industry.


Sincerely,
İsmail KOLUNSAĞ

 Turkey's Top 500 Industrial Enterprises
276th Place

 **100,000 sqm**
Production Area


7,000+
Employees


Supplying to
the World's Leading Denim Brands

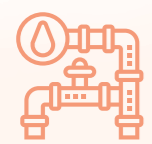

20 million
Garment Production Capacity
per annum



81 Years
of Experience

 In Turkey Exporters Assembly (TIM)
Exporters of Turkey's first 1000 List
118th place


Environment-friendly
Production and Products

 **%65**
Reduction in Natural Gas consumption in the last 10 years.

 **%34**
Reduction in water consumption in the last 10 years

%39 
Reduction in electricity consumption in the last 10 years



Our Core Values

- To meet the requirements of Product Quality, Environment and Social Responsibility Management Systems
- To be open to technological developments and to fulfil the R & D philosophy
- To fulfill social and environmental responsibilities towards our employees and shareholders in line with our goals
- To increase the continuity of customer satisfaction in all our works and with sustainable developments
- To ensure operational efficiency



11-28

ABOUT CROSS TEXTILES

ABOUT CROSS TEXTILES

Şık Makas Giyim Sanayi ve Ticaret A.Ş., the first textile firm of our group was established in 1939 in Adapazarı.

Our company, which produced men's suits back when it was founded, has carried out its activities in Istanbul in the following years. In the 1970s, it started operating in the field of denim apparel and washing by combining its technical experience in the field of apparel and denim washing.

In 1997, we united all of our sub-companies operating in the textile field under the roof of "Cross Textiles" and today we continue to add value to Turkey's economy with Cross Textiles, whereas our shares in our capital structure are located under the roof of Şık Makas Giyim Sanayi ve Ticaret A.Ş.

Our head office is located in Istanbul and we have 3 integrated denim garment and washing factories are located in Çorlu, Tokat and Egypt. Our retail network with Cross Jeans brand reaches across all European countries, with a strong presence in Germany, Poland and Czechia. We have a technology company in Yıldız Technical University in Technopark and a hydroelectric power plant in Ankara. With all these, we contribute to the country's economy and employment.

With more than 7,000 employees and more than 100,000 m² indoor area, Cross Textiles exports **about 20 million denim products annually** to our own group brand Cross Jeans and to the world's largest denim brands.

Our total turnover in 2019 was around 170 million €. According to the textiles export data, Cross is named as the biggest denim exporter in Turkey and we are happy to lead the industry with innovation.

Our highest motivation in our value creation model is to establish long-term commercial relationships with our customers and suppliers, and to produce high value-added denim products in accordance with the quality criteria and expectations of our customers. The most important concepts that we take as a guide for this purpose of creating value are **"Sustainable Development"** and **"Developing New Technology"** and **Low Carbon-Cleaner Production Techniques.**

We know that a happy employee will bring happy customers. Our company aims to build a happy, innovative and dynamic team by providing necessary Occupational Health & Safety working conditions for its employees, keeping social dialogue open under all circumstances and including employee professional & personal development training in its budget. We constantly support our employees with young and talented engineers and benefit from the innovative and dynamic perspective of the new generation.

Our collaborations with prestigious brands, global projects with our customers, projects for the community and global certificates we have achieved support our value creation model and contribute to our continuous improvement.

We will continue to grow sustainably with the contributions we make for the textile sector in Turkey and the global economy. We aim to maintain our leadership by presenting our development and the sustainable values we create to all our stakeholders. For this purpose, we created our Sustainability Logo with the motto of **"Stay Green"**, **"Stay Caring"** and **"Stay Responsible"** in 2019. It shows that we adopt a sustainability approach that is in line with the United Nations Sustainable Development Goals.

We believe in the collaboration of human and technology, continuous improvement and sustainable development. And, we know that the only way to do this is to establish integrated management systems. We design sustainable processes by constantly increasing our technology level. We believe that design and R&D activities play a key role. In the textile sector, under the roof of the "Cross Design Center", we offer our customers innovative and sustainable collections that are in line with trends. By reflecting all these values to our processes - never forgetting our social and environmental responsibilities - we constantly develop **"CROSS TEXTILES"**.



Our Value Creation Model

SUSTAINABLE DEVELOPMENT

We believe in sustainable development and sharing its results.

CUSTOMER ORIENTATION

The satisfaction of our customers is our most important focus.

HUMANE ORIENTATION

The peace, safety and improvement of our employees and all the people we touch with the values we create are important to us.

INTEGRATED MANAGEMENT SYSTEMS

We believe that the most critical way to create a sustainable business is through management systems.

TECHNOLOGY AND HUMAN COOPERATION

Human-technology collaboration plays a critical role in our development

CONTINUOUS IMPROVEMENT

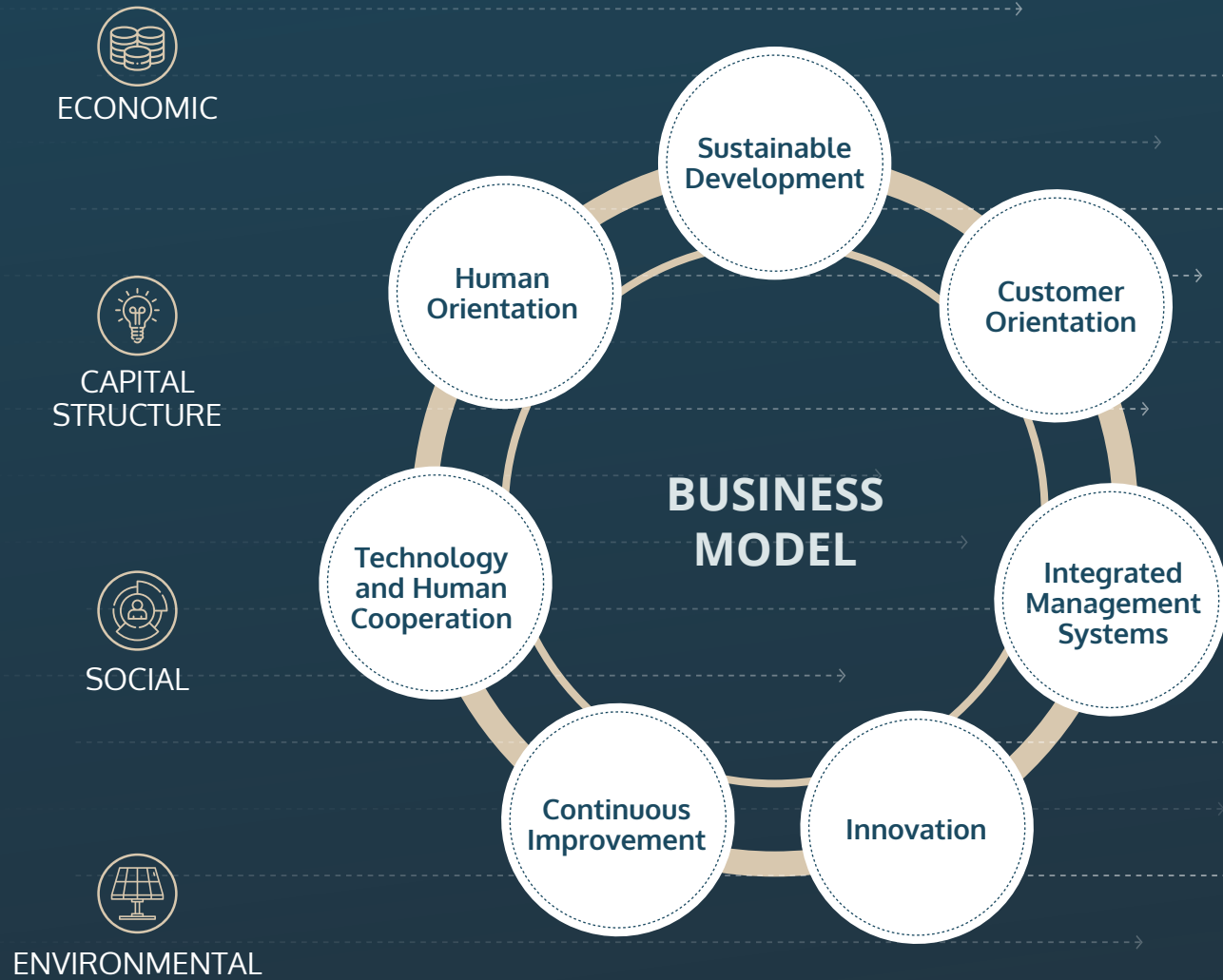
We work together with our entire team for the continuous improvement of our processes.

INNOVATION

Our most important motivation is to find the new in all the sectors we are in and apply it with sustainable methods.

TRENDY DESIGNS

With our sustainable perspective, we realize designs that are suitable for today's fashion trends.



7,000+ Employees

20 Million Denim Garment Product Capacity

81 Years of Experience

100,000 sqm Production Area

Turkey's Top 500 Industrial Enterprises 276th Place

Environment and Human Friendly Production

Sustainability Projects

Social Compliance Projects

Cross Textiles Affiliates



The address of our ongoing activities in the field of denim laundry is Cross Textiles.

Two production facilities in Tekirdağ-Çorlu and Tokat Organized Industrial Zone have a production capacity of approximately 15 million pieces of denim garment per year with 5000+ employees.

And in 2010, our company CRS Denim Garments Egypt established in Egypt-Port Said Free Zone, is an integrated denim garment and laundry facility with more than 2500 employees. **It has an annual production capacity of 5 million and serves under Cross Textiles.**

Cross Design Center

With our design center we established in 2017, we reflect our sustainable and innovative perspective to our products. We continue to produce innovative solutions in our center with a total area of 1,480 sqm with 57 employees, 29 of which are designers.

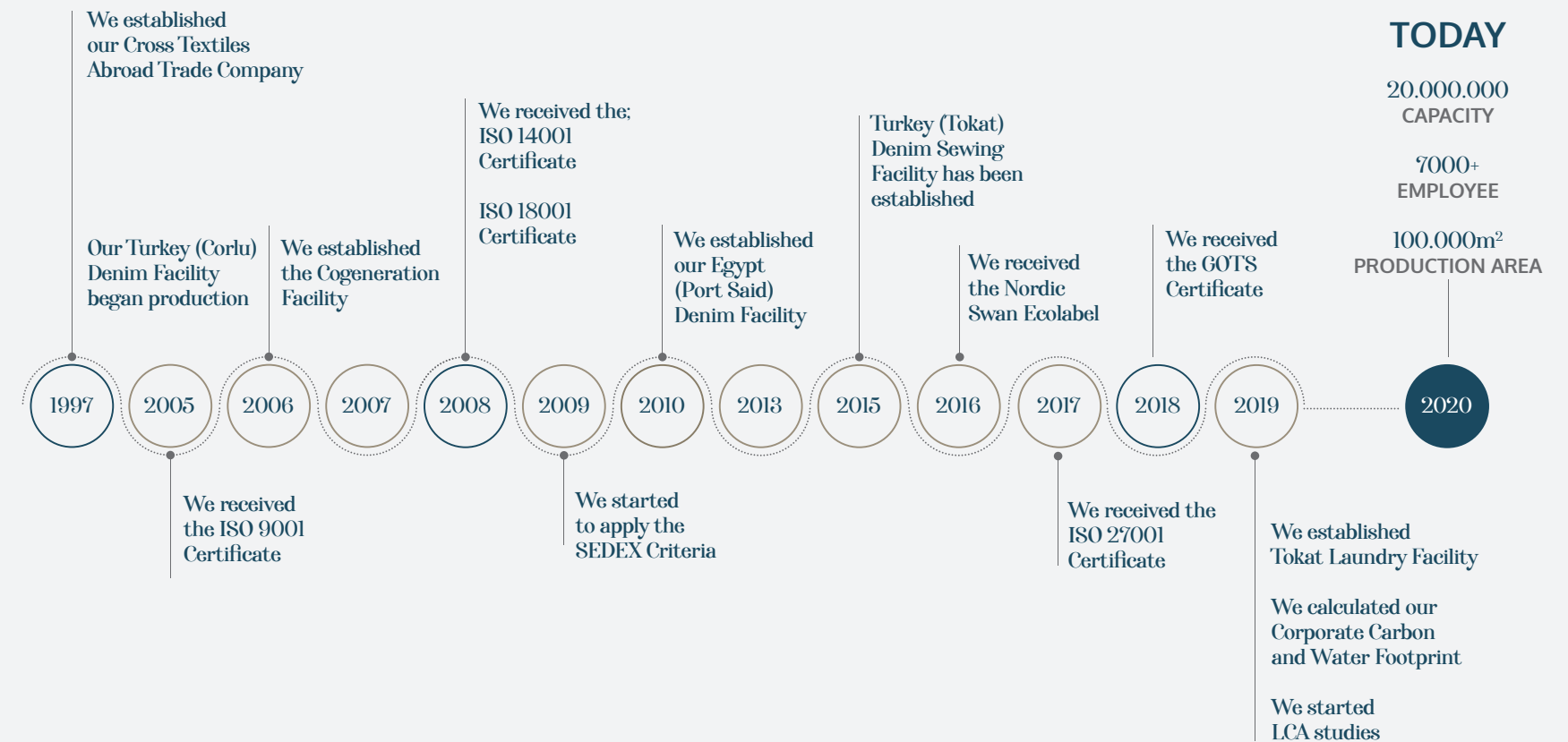
Red Cast Wrkshp

Red Cast Workshop serves as our design and innovation center where we welcome all our customers, perform workshops, develop new projects and implement field applications.

The Art of Denim Studio

We use The Art of Denim Studio as the space where we exhibit our niche collections prepared by our designers for our customers and end-users.

UNDER CROSS TEXTILES



Şık Makas Other Affiliates

CROSS JEANS®

One of our most important milestones as Şık Makas group of companies is the 1980s, when we stepped into the retail sector with the Cross Jeans brand.

We continue to develop our Cross Jeans brand and increase its brand value with our 4 companies operating in the retail field. With our stores and wholesale network, we bring our brand to the end consumer at more than 1,500 points in Europe.

We have been participated in the Turquality Program, the world's first and only state-supported brand developing program. We are working with Turquality to increase the global awareness of our Cross Jeans that reaches the end-users. In order to strengthen the image of quality Turkish goods, we carry out studies at every step from marketing, sales to after-sales services. We continue our goal of branding around the world with the projects we have implemented on the way to becoming a global brand. We continue to be the locomotive for our industry, strengthen our corporate infrastructure and increase awareness.

Our Retail Textile Companies

CROSS POLAND Sp.z.o.o

It is our company established in 1990 and operating in Poland.

CROSS JEANSWEAR GmbH

It is our company established in 1995 and operating in Germany.

CROSS JEANSWEAR s.r.o

It is our company established in 1997 and operating in Czechia.

CROSS JEANS PAZARLAMA VE TİCARET A.Ş.

It is our foreign trade company established in 2008.

Medical CRS® MEDICAL TEXTILES

CRS Medical Textiles is a brand of Şık Makas Group of Companies in order to develop solutions that contribute to human health and become an indispensable part of modern medicine.

On this journey we set off with CRS Medical Textiles; our top priority is to produce medical devices and protective equipment in accordance with international standards and to ensure the compliance of our products with scientific methods.

Surgical masks, surgical gowns and protective coveralls we offer with our CRS Medical Textiles brand are manufactured in our facilities audited according to the requirements of the ISO 13485 quality management system.

Our products, which meet the ISO 13485 and ISO 9001 certification requirements, meet the test conditions required for medical product sales.

Our surgical mask and surgical gown products are CE certified, and our protective coverall product has been CE marked.



Şık Makas Other Affiliates

Crssoft

Technology

We established our technology company "CRS Soft" in 2010 in order to follow the changes and innovations of the world more closely.

Our Crs Soft Software company is a software and consultancy company aiming to be a leader in its field in the world, to develop innovative and dynamic products to its customers in different sectors and to provide the best service to its customers. In order to achieve these goals, we continue on our way with CRS Soft.

With the e-world product family, we contribute to electronic transformation processes with solutions that increase business efficiency and facilitate cost and time management in organizing e-invoice, e-archive, e-ledger, e-delivery note and e-smm processes of companies. Our company is one of the 50 fastest growing technology companies in the Deloitte Technology Fast 50 Turkey at 2017, 2018 and 2019. It is also among the top 500 fastest growing technology companies in EMEA.

Energy

The first energy investment of Şık Makas group is the fuel station located right in front of our production facility in Çorlu, which started operating in 1996.

Continuing investments in this area, a cogeneration facility investment was made in our Çorlu production facility to generate our own energy. And finally, we continue to grow in the energy sector with the hydroelectric power plant in Ankara.

Hidaş Elektrik Üretim ve Hidroelektrik Santralleri A.Ş

Our facility is located in Ankara. It generates electricity with an installed power of 7.33 MW.

Şık Makas Giyim Sanayi ve Ticaret A.Ş. Çorlu Facility Cogeneration Investment

The installed power of the investment made in 2006 is 1.56 MW. We use the waste heat generated as a result of the energy generation process in the production of hot water and steam.

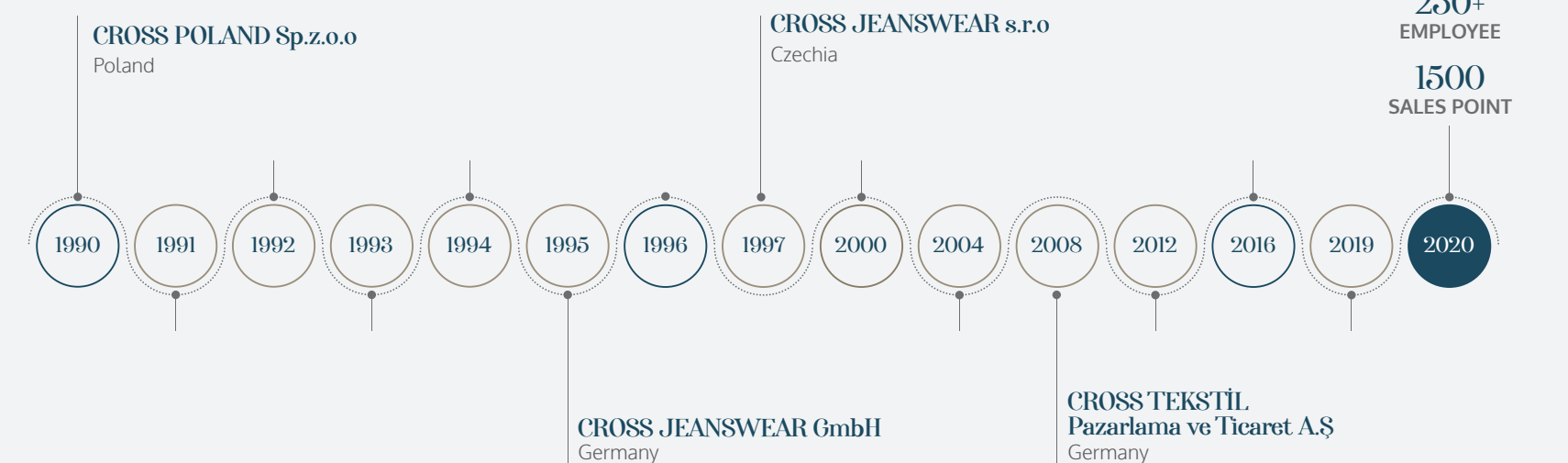
Bengisu Tekstil Sanayi ve Ticaret A.Ş.

It is our fuel station established in 1996.

Real Estate

One of the other sectors that our group has invested in is the real estate sector. We started to invest in the real estate sector with a project in 2016 with our company in Berlin, Germany, Cross Jeanswear GmbH.

Our Retail Textile Companies



Milestones

1939 • Our company was established in Adapazarı

1964 • We moved to Istanbul

1970 • We started to produce denim

1980 • Cross Jeans brand is registered

1991 • We entered the Polish market with Cross Jeans

1995 • We entered the German market with Cross Jeans

1997 • We established our Cross Textiles abroad trade company • Our Turkey (Corlu) denim facility began production

2005 • We received the ISO 9001 Certificate

2006 • We were included in the scope of Turquality • We established the Cogeneration Facility

2007 • Cross Jeans network spread all over Europe • Six Sigma studies were started

2008 • We received the ISO 14001 Certificate • ISO 18001 Certificate • ISO 45001 Certificate

2009 • We started to apply the SEDEX criteria

2010 • We started Cross Jeans online sales • We established our CRS Soft technology company
• We established our Egypt (Port Said) denim facility • We received the OCS Organic Certificate

2015 • Turkey (Tokat) denim sewing facility has been established

2016 • We received The Nordic Swan Ecolabel

2017 • Our Design Center was approved • We received the ISO 27001 Certificate • We started to apply the ZDHC criteria.

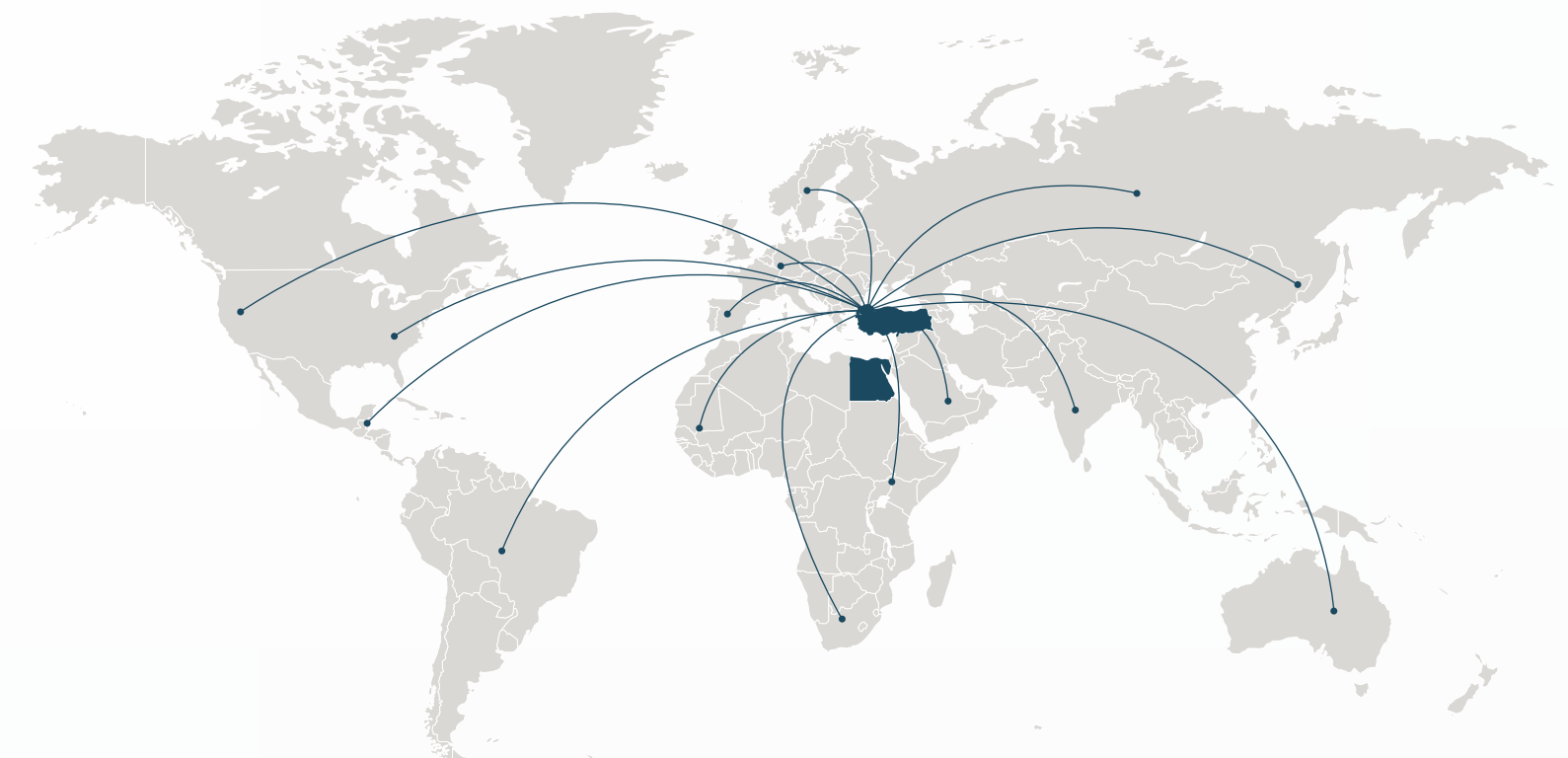
2018 • We received the GOTS Certificate • We received the EAC Certificate

2019

- We received RCS Certificate
- We established Tokat Laundry Facility
- We calculated our corporate carbon footprint in accordance with ISO 14064-1 Standard.
- We calculated our corporate water footprint in accordance with ISO 14046 Standard
- We started our product-based LCA studies
- We integrated our Water and Greenhouse Gas Management Plans into our system.

Where We Are

As Cross Textiles, we export to 43 countries from our Turkey and Egypt facilities and Cross Textiles is named as the biggest denim exporter in Turkey.



Cross Textiles Design Center

We create original product designs at the Cross Textiles Design Center approved by the Ministry of Science, Industry and Technology.

Cross Textiles Design Center is located in our Istanbul office. 420 sqm of the Design Center consists of laboratory, test, prototype, workshop and similar sections; 1 060 sqm consists of working areas and The Design Center has a total area of 1 480 sqm.

Our Design Center was approved on 22nd December 2017. As of 2019, we have a working team of 57; including 29 designers, 24 technicians and 4 support staff.

Our design and R&D staff ensure that our products are always up to date and in line with trends. Thus, it initiates the adaptation and application of this current image to the market.

We prepare an idea that emerged during the design process for production in the most economical and environmentally friendly way during the product development process. We consider the performance and durability of the developed product as a part of product development.



In our products, we

- Follow the latest technologies,
- Offer the best quality,
- Create a bond with our stakeholders,
- Follow global trends,
- Apply high standards of creativity, innovation and quality,
- We aim to meet the end consumer expectations,
- Reduce our environmental footprint.

Red Cast WRKSHP



A SUBSIDIARY OF CROSS TEXTILES

In our Red Cast WRKSHOP area, which was established completely isolated from manufacturing, we provide our clients the opportunity to implement the new recipes that have been developed in a sustainable production approach.

Red Cast WRKSHP is not just a playground for denim lovers.

It is also designed as a great creative space where you feel free to try new innovations and work with denim experts to make your denim dreams come true.

At Red Cast WRKSHP you can experience the latest technical wash / finish innovations, explore embroidery techniques and digital enhancements.





29-40

SUSTAINABILITY JOURNEY



SUSTAINABILITY JOURNEY

We have been developing our understanding of sustainable production, which we have made a company policy since our establishment, with our new projects. We do not only define ourselves as sustainable, we also certify every work we do in this area, both by our internal audits and by third party institutions, and we therefore inform our stakeholders in a transparent manner.



Today

- We published our first Sustainability Report.
- We completed our first corporate carbon and water footprint calculation.
- We completed our first LCA studies.



Sustainability Investments

Investment	Carbon Emission Reduction	Water Consumption Reduction	Chemical Consumption Reduction	Waste Reduction	Increasing the Compliance of Working Conditions	Reduction in Environmental Accident Risk	Increase in Efficient Use of Resources
New Generation Furnaces with High Energy Efficiency	✓					✓	
G2 and Ozone Machines	✓	✓	✓	✓	✓		✓
Laser Machines	✓	✓	✓	✓	✓	✓	✓
Laundry Automation System	✓		✓		✓	✓	
New Generation Hydroextraction Machines	✓						
Smart Laundry Machines		✓	✓	✓			✓
Nano Bubble Technologies		✓	✓	✓			
Spray Robot Systems	✓		✓		✓	✓	✓
Drying Automation System	✓					✓	✓
Smart Cutting Systems	✓					✓	
Artificial Stone Investment	✓						
Energy Efficient Sewing Machines	✓						

Sustainability Strategy

We invest in new technologies to reduce resource use and develop tools to show our stakeholders how we achieve this. We believe that the key to save our planet and our future is to be transparent at every step. We make sustainability a reality in cooperation with our stakeholders and we call it "Stay Green", "Stay Caring" and "Stay Responsible".



01

Legal Requirements

As we follow international norms, we closely follow Turkey's and Egypt's legal obligations. Accordingly, we examine all kinds of legislation and regulation published in the field of sustainability and identify our strategy accordingly.

02

Customer Inquiries

We have identified customer and market needs as the focus of company activities by listening and understanding them. We aim to be seen as the first choice among our competitors by our customers with our added value.

03

Performance Management System

We set goals, measures and evaluate our results to improve the performance of our employees and our company. We take every feedback into consideration in our system where we highlight proper and fair evaluation.

04

Social Responsibilities

In the field of social compliance, which is one of the pillars of the sustainability concept, we always keep ourselves up-to-date with our own procedures and external controls and try to exceed the expectations of the sector. We share this with our valuable stakeholders transparently with our social compliance certificates.

05

Internal and External Audits Results

We conduct internal and external audits of all kinds of strategic plans and projects implemented and ensure that they are evaluated objectively. Our audit results are proof of our reliability.

06

Environmental Responsibility

We are aware of our responsibility to conserve future generations' rights to opportunities of present generations. For this, we follow our procedures and policies such as waste, water and wastewater management, and perform resource management in the most effective way. We are trying to minimize our impact on climate change by increasing our energy efficiency.

Sustainability Management

We have integrated our sustainability strategies into our corporate corporate culture.

The Sustainability Committee continues its activities depending on our board of directors, which is the highest decision-making body for our company.

With the Sustainability Committee, we follow the sustainability goals of the company and our brands, evaluate communication processes with stakeholder groups, manage our sustainability risks and opportunities, and manage environmental and social assessments of our suppliers.

The duties of our Sustainability Committee;

Review of all operations within Cross Textiles and activities in a way that responds to the sustainability priorities of all stakeholders,

Establishing infrastructure and assignments for strategic planning,

Identifying the sustainability risks and opportunities and evaluating the effects of these risks and opportunities on all operations and minimizing risks,

Controlling the decision-making processes of the Board of Directors in order to ensure that opportunities reach the maximum effect.

Our Sustainability Committee evaluates the compliance of all decisions taken within the company with our Sustainability Policy and Sustainability Principles through pre-determined periodic meetings and submits its suggestions to the Board of Directors.

With our Sustainability Committee, we follow the sustainability goals of our companies and brands, evaluate communication processes with stakeholder groups, manage our risks and opportunities, and evaluate the environmental and social processes of our suppliers.

Our Sustainability Committee

Members	Department	Job Description
Committee Chairman and Deputy Chairman	General Manager and Board Member	<ul style="list-style-type: none"> • Approving the short, medium and long term goals of the Sustainability Committee, • Transferring the decisions taken in the committee to the Board of Directors, • To take part in every planned meeting, • Ensuring the coordination of committee members, • Determination and approval of Sustainability Governance Mechanisms,
Strategy Determination and Compliance Officer	Business Development Director	<ul style="list-style-type: none"> • Providing necessary information to the Committee Chairman, • Auditing the compliance of the Sustainability Policy and Goals with the company's general strategy and goals, • Performance Audit, • Determination of Sustainability Governance Mechanisms, • COC, Supervision of social compliance activities in parallel with sustainability activities,
Projects Audit Specialist	Production Director	<ul style="list-style-type: none"> • Auditing of projects,
Social Sustainability Strategy Officer	HR Director	<ul style="list-style-type: none"> • Evaluation of social sustainability activities, • Ensuring the integration of applications that will ensure that relevant activities are internalized within the company,
Risk and Opportunities Specialist	Corporate Management Representative	<ul style="list-style-type: none"> • Identifying Sustainability Risks and Opportunities and submitting them for approval, • Updating the Sustainability Risks and Opportunities Management Procedure,
Projects Coordinator and Manager	Corporate Projects Manager	<ul style="list-style-type: none"> • Preparation of committee decisions, • Transferring it to the relevant units, • Managing projects, • Determining annual performance targets and submitting them for approval, • Identifying stakeholders and submitting them for approval,
Projects Coordinator and Manager	Business Development Chief	<ul style="list-style-type: none"> • Preparation of committee decisions, • Transferring it to the relevant units, • Managing projects, • Determining annual performance targets and submitting them for approval, • Identifying stakeholders and submitting them for approval, • All committee meeting minutes are translated in English and forwarded to the Sustainability Expert,
Sustainability Customer Communication Specialist	Sales Marketing Manager	<ul style="list-style-type: none"> • Submission of customers' requests regarding sustainability to the committee, • Making sure that these demands are met,
Supply Chain Environmental Assessment	Purchasing Manager	<ul style="list-style-type: none"> • Evaluation of suppliers' environmental compliance, • Submission of suppliers' sustainability requests to the committee,
Sustainable Product Designs Specialist	Laundry Consultant	<ul style="list-style-type: none"> • Preparing the sustainable product at the design stage and providing the product to the customer,
Projects Site Manager	Laundry Consultant	<ul style="list-style-type: none"> • Implementation and supervision of sustainability projects in the field, • Collecting data on projects,
Sustainability Specialist	External Expert	<ul style="list-style-type: none"> • Checking the compliance of all practices of the Committee with the Sustainability Development Goals, • Review of all decisions taken,

Sustainability Principles:

- Unconditional compliance and exceeding legislation and international norms
- Integration of sustainability economic, environmental, and social KPIs into the entire corporate culture from production to management
- Ensuring the decisions of the Board of Directors in line with the sustainability targets
- Increasing the sustainability awareness of customers and suppliers
- Continuous review, annual reporting, and continuous improvement of sustainability performance
- Accepting and integrating the UN's Sustainable Development Goals and the indicators targeted by each goal within Cross Textiles

Sustainability Policy:

As Cross Textiles, we demonstrate our commitment to "Encouraging Sustainability" with the sustainability principles and goals we have developed and accepted. We define the purpose of these principles and goals as "Meeting the needs of today without compromising the ability of future generations to meet their own needs."



Risk Management

With the Corporate Risk and Opportunity Assessment Procedure, we examine all risks and opportunities that may occur inside or outside the company. With our procedure for identifying corporate risks, which we follow in accordance with the ISO 9001 Quality Management System, we define the risk effects and dimensions, and we take all kinds of precautions carefully before the incidents occur.

We define the degree and likelihood of risks; with group exchange of ideas, data we have and workflow analysis. Accordingly, we group the emerging risks into 5 main groups as Unbearable Risk, High Risk, Medium Risk, Low Risk and Minor Risk. In addition, we follow up with SWOT analyzes in order to identify all our strengths and weaknesses within our organization and to identify opportunities and threats.

Sustainability Risk and Opportunity Assessment Procedure

In addition to the Corporate Risk and Opportunity Assessment Procedure, we also have a management approach that has made the understanding of sustainable production as corporate culture, and a Sustainability Risk and Opportunity Assessment Procedure, where we define sustainability risks and opportunities separately.

The purpose of this procedure is to define all sustainability risks considered in our company in the short, medium and long term, to determine the annual risks and opportunities, to explain that with which parameters that the identified risks and opportunities may affect the company, and to explain how and what the identified risks and opportunities are integrated into the company's financial planning processes.

Thus, as Cross Textiles, we evaluate our supply chain, all production processes and value chain, taking into account the entire life cycle of our products in our production activities in Çorlu, Egypt and Tokat.

Our Sustainability Committee is responsible for the execution of all works related to the procedure. The type of risk is identified, the risk is defined and the management style is determined with the risk assessment conducted.

Type of Risks and Definition

Current and Emerging Regulations



Current legislation and their legal obligations are followed. In addition, future legislation-based obligations are discussed in advance and measures are planned. The Climate Law, which will closely concern all sectors, is also expected to be published.

Technological Developments



Transition risk arising from new technological developments and transition to a low-carbon economy are defined for Cross Textiles. We anticipate the risk that our company may be potentially affected by an Emission Trading System or the Regulation on Greenhouse Gas Emissions Monitoring Regulation.

Legal Requirements



Potential "Carbon Tax" and "Emission Trading System" will create financial risks for Cross Textiles. Increasingly difficult access to fossil-based energy will also require additional financial costs and investments for Cross Textiles.

Market Requirements



With the understanding of sustainable production, our customers have started to demand low or zero-carbon products. We define this as a market risk and take necessary precautions.

Company Reputation



Increasing stakeholder concern or negative stakeholder feedback is considered as reputational risk.

Supply chain



With the Paris Agreement, customers expect the use of recycled and organic fabrics in the textile sector. Our stakeholders demand to learn about our impacts in every step of our value chain from raw material procurement to product usage, in accordance with the principle of transparency.



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SUSTAINABILITY COMMUNICATIONS

SUSTAINABILITY COMMUNICATION

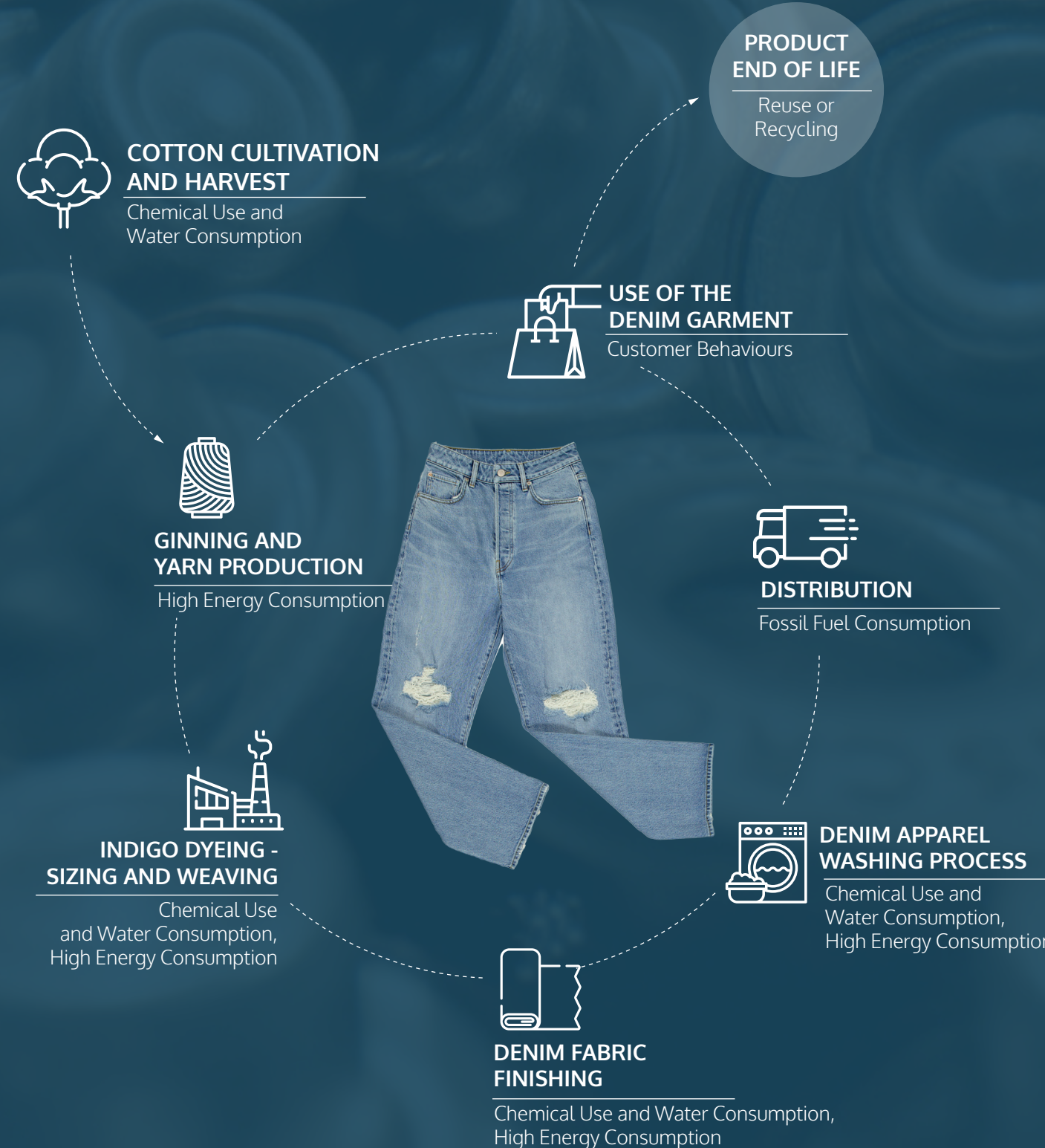
LCA-Life Cycle Assessment

In addition to the works we conducted on the basis of our corporate impact, we accelerated our product-based sustainability efforts in 2019.

Denim goes through processes such as washing and drying, where wet processes are applied in addition to other apparel products. As a textile business for denim apparel and washing production, we are aware of our responsibility to manage environmental impacts within the product life cycle.

We work with many suppliers for our product -denim garment-, and we use many raw materials such as fabrics, chemicals and accessories.

Every raw material and every process affect the environmental footprint of the product. We apply the Life Cycle Assessment (LCA) methodology and perform our calculations in order to analyze the impact of our products over the entire life cycle. Thus, we reveal the environmental impacts of our products with the cradle-to-grave approach, starting with raw material procurement.



With the life cycle assessment, we are able to identify the hot-spots of both environmental impacts from the supply chain and environmental impacts in our own production processes. With this method, we can measure the sustainability on a product basis and integrate it into our risk management. With our LCA studies, we are able to transparently share the environmental impacts of denim fabric supply with our customers.

Our Integrated Management Systems

At Cross Textiles ISO management systems has been integrated into our corporate management culture. Our company is regularly audited for the relevant ISO and sector specific certificates and we are pursuing a policy of constantly improving.

- ISO 9001:2015 (Quality Management System)
- ISO 14001:2015 (Environmental Management System)
- ISO 45001: 2018 (Occupational Health and Safety Management System)
- ISO 27001: 2013 (Information Security Management System)

Organic Content Declarations

Organic cotton offers a more environment-friendly and sustainable production approach compared to conventional cotton due to not using pesticides in the production stage and less irrigation.

With the understanding of sustainable production provided in raw material supply, carbon footprint, water use and energy use values can be reduced considerably.

We continue to increase the content of organic raw materials in the fabrics we supply, and we verify and record them with internationally valid certificates.



Organic Content Standard (OCS):

The **Organic Content Standard (OCS)** certificate issued by Textile Exchange, a non-profit and independent organization, is a certificate that can be obtained as a result of the examination of the organic content in the final product by an impartial institution.

As a result of the analysis, the organic content in the final product is documented as a percentage. By obtaining this certificate for our products, we share the organic content in our products transparently and consistently with our customers



Global Organic Textile Standard (GOTs):

With the **Global Organic Textile Standards (GOTs)** certificate, which can be obtained for products made of at least 70% of natural fibers, a process starting from raw material to the final product, that is, every step of production, is evaluated.

Although the natural fiber content is the first criterion for certification processes, in addition to the natural fiber content of 70% and above, the social compliance criteria required by the standard must also be met in order to be certified.

By being included in this certification system, we have proven our compliance with international norms in environmental and social compliance during production, as well as producing products from natural fibers. 56 different chemicals we use in production are on the approved list of GOTs.

Benefits of Organic Cotton

*	Potential Reduction	Reason
Global Warming	46%	A decrease in agricultural inputs (eg fertilizer, pesticide, irrigation, operational activities)
Acidification	70%	Fertilizer-related emissions reduction Energy use reduction
Excessive Fertilizer Use	26%	Reduction of nitrogen and phosphorus in water Soil protection by preventing soil erosion
Water use	91%	Water use reduction
Energy Use	62%	A decrease in fertilizer production Energy use reduction

Recycled Raw Material Declarations



Global Recycled Standard (GRS)

It is a certificate that expresses the rate of recycled material content in Global Recycled Standard (GRS) products, which is provided by Textile Exchange and obtained as a result of an inspection by an impartial institution. Certificates can be obtained for products made from 20% or more recycled materials.

We are developing projects to increase the rate of recycled material in our products. Thus, we prevent the consumption of our valuable resources.

We are happy to share the GRS certificate with our stakeholders, which is an output of the impact of the projects we developed. In order to minimize the consumption of natural resources, we are committed to continuing our efforts to obtain products from recycled raw materials without compromising product quality.



Recycled Claim Standard (RCS)

We share with our stakeholders that the rate of recycled material in our products is 5% and above with our RCS certificate provided by Textile Exchange as a result of the inspection by an impartial institution.

Sustainable Future



The Nordic Swan Ecolabel

The Nordic Swan Ecolabel is an eco-labeling system that evaluates the environmental impact of products throughout their life cycle on a voluntary basis. This label, which is given to products whose production process is more ecological and less harmful to the environment, is provided by the Nordic Swan Ecolabel organization on a product basis. The criteria on how more ecological production can be made compared to conventional production have been defined by the organization and products that comply with these criteria are entitled to receive labels.

We are one of the first companies in denim sector entitled to receive The Nordic Swan Ecolabel in Turkey.

With this label, we show our determination in ecological production. Our efforts continue for the production of more ecological products.

So far, we have been entitled to receive The Nordic Swan Ecolabel for a total of 22 types of products. You can find our The Nordic Swan Ecolabel labeled products at below link.

<https://www.svanemarket.no/produkter/produktliste/?lid=2039+0047>



ZDHC

ZDHC is an organization that aims to reduce the chemical footprint of products by collaborating with global brands, textile manufacturers, chemical manufacturers and other companies in the textile supply chain. As an indicator of our environmental responsibility awareness, we have been a member of the ZDHC Gateway chemical portal for a long time. We transparently declare our chemical inventory and wastewater reports on the relevant portal. Using ZDHC approved chemicals reduces the effects of textile products on human health such as clean water toxicity, acidification and eutrophication.

We contribute to reducing these ecological impacts with 166 ZDHC approved chemicals we use in production.

Platforms We Support



Sedex

Cross Textiles is a member of the International Sedex platform, which aims to improve ethical and responsible business practices in the supply chain. We produce in accordance with international norms regarding ethical trade and share our social and environmental activities with Sedex platform members.

Being aware that we will achieve better with a collective consciousness, we share our knowledge and experience with participating companies through such platforms and we reduce our deficiencies by following the projects carried out on a global scale.



Higg Index

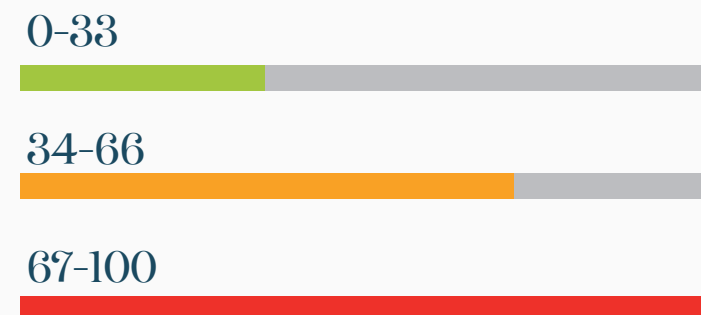
Developed by Sustainable Apparel Coalition, the Higg Index is an approach that allows brands, suppliers, facilities, a company or product to accurately measure and score the sustainability performance at every stage of their sustainability journey. The Higg Index provides a holistic overview that empowers businesses to make meaningful improvements that protect the well-being of factory workers, local communities and the environment. Our company has been reaching good scores in the denim industry every year since 2017. We continue to improve by constantly increasing our scores. Accordingly, we have obtained 68 points in the environmental score. In 2019, we aim for 86 points.



Environmental Impact Measuring Software

Our company aims to make use of all available software opportunities to measure and monitor its environmental impact. Because we believe that the first step towards minimizing this impact is to clearly assess where the impact is greatest. We monitor our environmental impact by using the Environmental Impact Measurement (EIM) software prepared for the denim industry. EIM is the first environmental impact measurement software created specifically to help create more sustainable processes in the denim laundry industry. Thanks to the software, we keep track of our water and energy consumption, chemical use and employee health compliance.

EIM Score Ranking



BVE3 (Bureau Veritas Environmental Emission Evaluator)

The Bureau Veritas Environmental Emission Evaluator (BVE3) platform, which is prepared by the French auditor company Bureau Veritas and allows the monitoring of the environmental impacts of the companies due to chemical use, is used by our company.

BVE3 platform is used and supported by our company. With the BVE3 platform, we keep our supplier chain under control and reduce our environmental impact.

We share the results we have achieved in transparency, green chemical and clean emission indexes on the platform with our stakeholders.

Sustainability Projects That We Have Participated

Sweden Textile Water Initiative Cooperation

SWEDEN TEXTILE WATER INITIATIVE

CATEGORY	ACTUAL REDUCTION
Process Water Consumption	31,149,900 litres
Electricity Consumption	1,015,256 kWh
Chemical Consumption	253,814 kg
Natural Gas Consumption	92,296 m ³

We, as Cross Textiles, participated in 29 public and private sector cooperation projects which were initiated by Sweden Textile Water Initiative, were conducted by 277 manufacturers, brands and public institutions from Turkey, Ethiopia, Bangladesh, China, India.

Our aim in this cooperation was to take the measures to reduce the use of resources in the textile industry, to create road maps for reduction targets and to share the results of the implementation of these road maps. The project subjects were decided by STWI as a 3 main sources, those are, energy consumption, water consumption and chemical consumption.

Having integrated 17 energy reduction projects, 8 water use and 4 chemical reduction projects into our production between 2015 and 2017, we were able to contribute to the outputs of this cooperation.

At Cross Textiles, we have achieved a carbon emission¹ reduction of 1,330,000 kg of CO₂ equivalent, a reduction of 1,280,000 m³ equivalent of Water Footprint² (Water Scarcity Potential) and a reduction of 45,800 m³ of Net Use of Fresh Water³.

With these projects we carried out, we were awarded the BEST APPLICATION IN CHEMICAL CATEGORY in 2015 and the BEST APPLICATION IN ALL CATEGORIES in 2016.



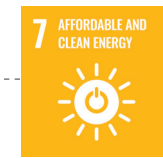
SDG 17: We believe that, one of the most important elements of the project was cooperation with 277 stakeholders in 5 countries, sharing common project information and outputs.

- 5 countries
- 119 production facilities
- 30 brands
- Swedish Government support



SDG 6:

- Annually 3.35 million m³ of water consumption reduction was achieved. This value corresponds to the water needs of approximately 183 million people annually.
- 7.3% of water consumption reduction was achieved per 1 kg of textile product.



SDG 7:

- A reduction of 27,650,006 kWh was achieved in total electricity consumption.
- 153,819,012 kWh reduction was achieved in total thermal energy consumption.
- 14.57% energy reduction was achieved per 1 kg of textile product.



SDG 12:

- The use of 5.3 million kilograms of textile chemicals was prevented. Chemical consumption reduction of 9.5% was achieved per 1 kg of textile products.
- Within the scope of the study, a resource consumption monitoring system was integrated into 68% of the production facilities.



SDG 8:

- 15,930 employees were trained through workshops and seminars.
- 179 senior management members were trained.
- Made an investment of approximately 20 million USD in production facilities with 20 months of depreciation.
- An operational gain of 11 million USD was achieved in the production facilities.

¹ Calculated with CML-IA baseline v3.06.

² Calculated with AWARE (Available Water Remaining) v1.02.

³ Calculated with ReCiPe 2016 Midpoint v1.04.

Fair Living Wage Project



It is very important for us that our employees can continue their lives in fair conditions. We shape our wage policy accordingly and take our steps in order to do this. In addition, we continue this policy by following the Fair Living Wage Project developed by the H&M brand, one of our customers we supply.

The main focus of the project is to contribute to the payment structures that enable fair living wages, which are an essential part of H&M fair living wage strategy, and to improve dialogue between employers and factory workers.



SDG 17:

- ILO¹ H&M brand collaboration and a cooperation with other 270 textile manufacturers for common purposes were achieved.
- Participation of the 6 countries, which are Bangladesh, Cambodia, Indonesia, India, China and Turkey, were done.



SDG 10:

- 1.6 million employees in different regions of the H&M global supply network were able to reach much fair living standards as part of the project.

MIG SCORE – Gender Equality Project



The MIG SCORE project launched by ILO was first started in Turkey based on Inditex supply chain. Participating in this opening project in cooperation with Cross Textiles - Umut Tekstil, we worked with ILO for our goals of "gender equality" and "the right to a good standard of living".

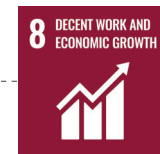
The project, which lasted for 8 months, was carried out in 4 stages and training for the employees to ensure gender equality; In order to prevent discrimination of gender, age, race, physical appearance, ethnic origin, culture, political tendencies and religion, training were held; evaluations and studies were carried out within the scope of EQUAL WORK EQUAL WAGE.

Gender equality and equality of opportunity are priority issues for our company. We follow the "MIG SCORE Gender Equality Model" approach in order to follow our activities with an objective point of view. Accordingly, our company is evaluated in the indexes of **Work and Life Harmony, Working Environment, Fair Remuneration, Fair Recruitment Process** and **Equality of Speech** indexes. As Cross Textiles, we aim for a world and future which are more equal and without any discrimination of gender with the MIG SCORE approach, which also contributes to the Sustainable Development Goals.



SDG 17:

- It is a project carried out in cooperation with ILO, Inditex, Cross Textiles and Umut Tekstil.



SDG 8:

- Employees were informed about gender equality and a good working environment.
- A request-complaint-suggestion mechanism was developed to learn about the wishes and complaints of the employees.



SDG 10:

- An egalitarian language in HR practices and training for preventing the discrimination in working conditions and recruitment were adopted.



SDG:5

- Employees were informed about Gender Equality through announcements, advertisements and weekly bulletins.
- Working mechanisms have been developed for each employee to do the same job regardless of male job or female job.
- Skill analysis scales were created and determinations of Equal Pay for Equal Work were done.

Social Dialogue Projects

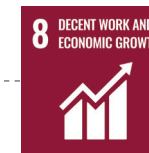
The Social Dialogue Project with Inditex and H&M aimed to create a bridge between employee representatives, employers and employees, and to deal with and resolve request-complaint-suggestion issues more appropriately.

The focal point of the project is to select employee representatives from each department in production and to provide training to these representative to be involved in the project and to have a grasp of the issues that may pose potential contradictions and problems, and to produce faster solutions by communicating these conflicts and problems to the management. The communication of the problems in the field to the management at the representative meetings to be held by the representatives and the transfer of the management decisions to the employees ensures the development of the dialogue between the employer and the employee in this project.



SDG 17:

- Social Dialogue Projects Inditex and H&M collaboration; Cross Textiles' Tokat, Çorlu production facilities and Istanbul Head Office; are a joint work of Öztürk Konfeksiyon, Pirnaz Tekstil and Umut Tekstil.



SDG 8:

- Evaluations are made at the "Implementation Team" meetings attended by the employees working in quarterly periods.
- The Request-Complaint-Suggestion mechanism has been established and is monitored proportionally.
- By adding "Worker Representative Training" to the training plan, informative training are provided on - Employee rights and responsibilities, - Union freedom and - Communication Channels.



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CORPORATE MANAGEMENT POLICIES



CORPORATE MANAGEMENT POLICIES

We owe our successful production system, which we have been maintaining for 81 years, to our point of view that we have developed internally and integrated into our system. We continue to follow and improve existing management systems with our organization chart for the continuity of sustainable production. We care about the number of female employees in important positions in our organization chart with our gender equality policy. During the reporting year, 21% of our female employees worked in important positions. This rate is increasing in administrative staff and blue-collar employees.

Supply Chain Policy

The supply chain starts with product design, which is our basic process. After the designed product successfully completes the necessary tests, the duration is planned for mass production. Required raw materials such as fabric and accessories are reviewed for test and quality control and then production is started. The final product is packaged and shipped to the final consumer. The follow-up of the product related to the After Sales Services process continues.

We carry out projects to improve our suppliers and procurement process, thus fulfilling our responsibility in the effective management of the product life cycle. We shorten the production deadlines and improve the deadline performance by improving the sample process with the projects implemented.



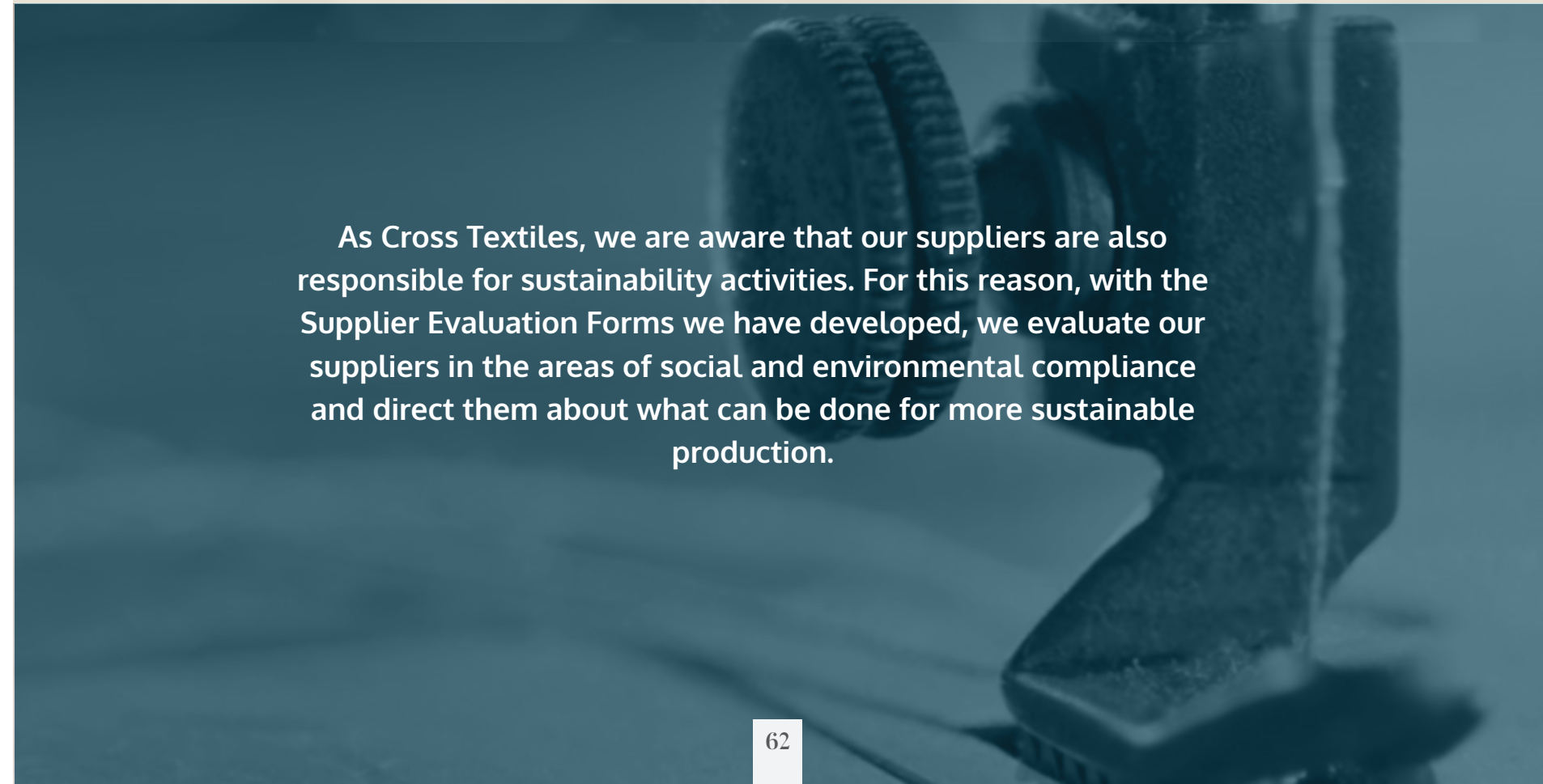
Shortening Production Deadlines and Improving Delivery Performance

Improving the Sampling Process

Effective Management of the Product Lifecycle

Improving the Sourcing System

Developing Projects to Improve the Procurement Process with Suppliers



As Cross Textiles, we are aware that our suppliers are also responsible for sustainability activities. For this reason, with the Supplier Evaluation Forms we have developed, we evaluate our suppliers in the areas of social and environmental compliance and direct them about what can be done for more sustainable production.

Continuous Manufacturing Policy

Cross Textiles rapidly continues to create added value in 3 different production locations. We continue to produce with our production facilities in Çorlu, Egypt and Tokat, and with our head office in Istanbul we continue our management and developmental activities such as R&D, sales & marketing, general planning. We follow our Production Policy, which we have made into a corporate culture so that all these processes continue in the same direction and integrated with each other.

In this way, we can properly continue to manage our indoor production area of 100,000 sqm in total, approximately 7000 employees, and our production capacity of approximately 20 million per year.

Considering our data for the last three years, we continued to grow by opening production facilities in Egypt and Tokat in addition to our factory in Tekirdağ-Çorlu. Compared to 2017, we increased our employment 5% in Egypt and 70% in Tokat.

With the 3-year change plan, we were able to increase our production of product types other than trousers in all our sites from 6% to 20%.

In the last 3 years, we continued to advance on our industry 4.0 line by performing machinery investment approximately \$ 4 million to our facility in Egypt and approximately 51 million ₺ to our facilities in Turkey. **We expanded our number of customers by 65% compared to 2017.** We have established the necessary certification and governance systems for the continuity of the integrated production perspective in all our production facilities.

Turquality

We have been participated in the Turquality Program, the world's first and only state-supported brand developing program. We are working with Turquality to increase the global awareness of our Cross Jeans that reaches the end-users. In order to strengthen the image of quality Turkish goods, we carry out studies at every step from marketing, sales to after-sales services.

We continue our goal of branding around the world with the projects we have implemented on the way to becoming a global brand. We continue to be the locomotive for our industry, strengthen our corporate infrastructure and increase awareness.

TURQUALITY®



Customer Relations Policy

Our Marketing and Sales team continue constantly customer relations according to the developed brand strategy.

Within the team, instant data sharing is made with the **B2B (Business-to-Business)** online order system, periodic customer visits are made, and a new fashion and valuable seasonal collections are designed.

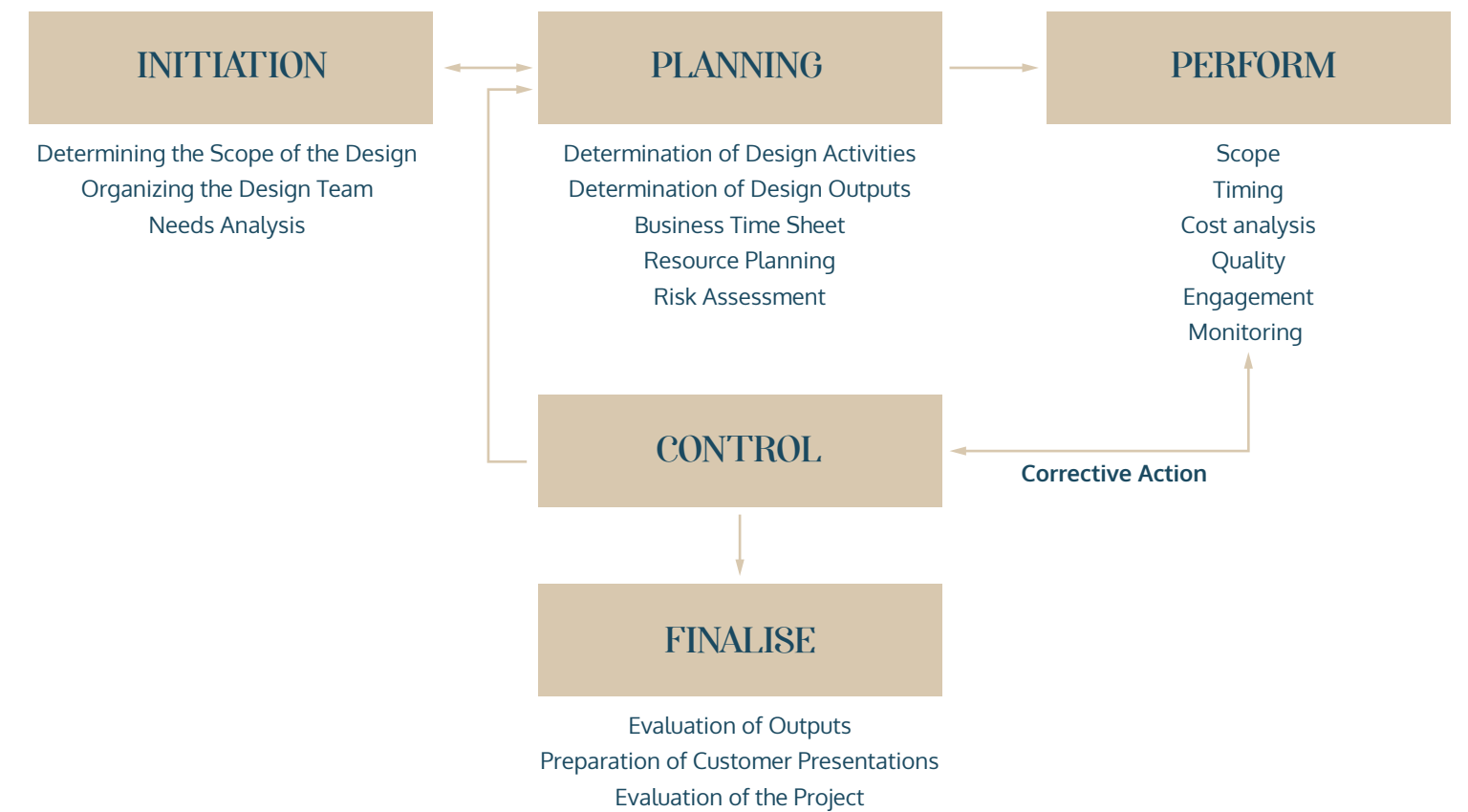
We record customer complaints in our **ERP (Enterprise Resource Planning)** infrastructure and create action plans. We analyze the collected data by storing them in the database, and we have made it a culture to return to our customers regarding their complaints.



Design and R&D Management Policy

We continue our design and R&D activities without slowing down in order to always stay up-to-date and in line with trends. We continue this service without slowing down with 48 projects completed in our Design Center, which has been operating for 3 years with nearly 60 personnel. We are aware that sustainable products start with sustainable design and we continue to sign sustainable designs without saving the spirit of denim.

Being aware of the changing effect of environmental, cultural and sociological structure on people and the importance of taste and traces in perceptions, we also carry out sociological research with our R&D team.



Human Resources Management Policy

As Cross Textiles, we employ 7000+ employees in Istanbul, Çorlu, Tokat and Egypt locations.

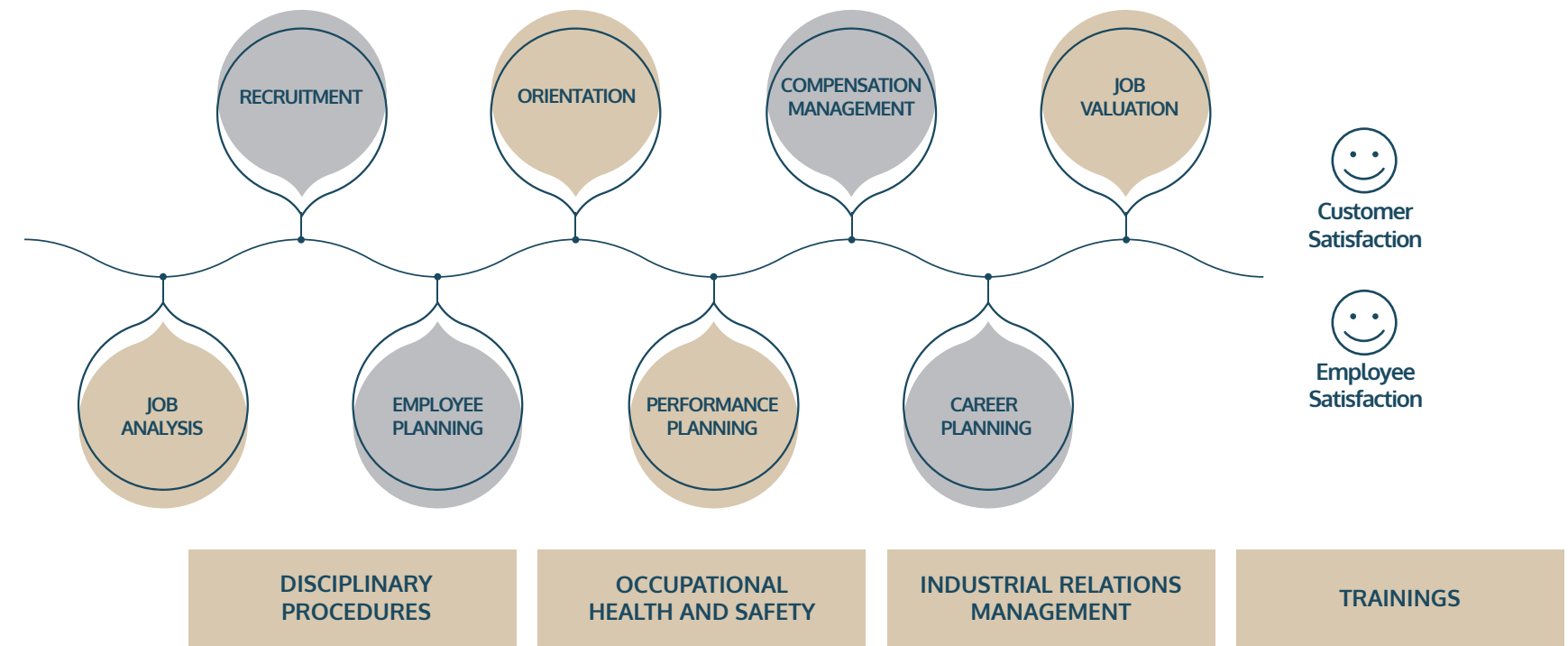
With our Human Resources Management System, we continue the activities of this big family in the best possible way.

Our main policy on human resources;

- Increasing productivity along with their motivation, job satisfaction and happiness with systems and practices that provide opportunities and contributions to the development of our employees,
- To provide a qualified and peaceful working environment where Individual and corporate values are shared by taking into account the material and moral rights of our employees,
- One of our primary goals is to plan human resources in line with company policies and strategies.



Human Resources Management System



Human Resources Management

In the face of the growing organizational structure, restructuring the organizational chart and revising job descriptions

Integration of the performance management system

Improving career management

Increasingly continuation of training activities for all employees

Information Technology Management Policy

In our age where all data are archived online and technologically developing, information technology management is very important in order to catch up with the age and respond to the needs. Being aware of this, we take the necessary measures and continue our investments. We have obtained the ISO 27001 certificate in order to integrate information security into an integrated system, and we create our management policy by following this standard.

We use an ERP system developed by the Şık Makas subsidiary, CRS Soft, in accordance with Cross Textiles and follow the inputs and outputs of the denim production from here in a controlled manner.

We carry out Customer Complaints, Projects, Meeting Notes, Targets, Risk Analysis and many related applications through our ERP system.



We also use software support for activities such as the control of in-site performance and processes, the production of documentation in accordance with the standards, machine maintenance and failure tracking. Our company follows the trends in information technologies and carries out the investment plans of the most up-to-date systems.

Production Monitoring System (PMS) Project

In all our facilities and processes, we take steps in the internet of things and digitalization, which are among the most important principles of Industry 4.0, and continue digital transformation without slowing down. The production monitoring system called PMS (Production Monitoring System) that we use in our sewing facilities is one of them. PMS is the most important tool that enables us to manage all sewing processes with real-time data. The tablet used by the operator, data collection, the airport screens that allow managers to monitor the processes, and the software that manages all these are one of the best examples of the internet of things. All the elements of the system communicate continuously and collect real-time data, process it and present it to managers / employees. Thanks to this tool; We can monitor products and production line in real time.

The collected data is processed instantly and the production line is managed in the most efficient way. Operators transfer the number of products they produce to the system with the help of the tablets they use and instantly reach efficiency values from the same tablet. With the airport screens on each line, supervisors can analyze the instant balance of the line; can monitor efficiency and quality KPIs. Actions can be taken with real-time analysis. At the same time, data in the system are analyzed and presented to users in report formats designed.



Code of Conducts Policy

We consider fair, moral, ethical production understanding as the basis of our vision and values. We have secured the code of ethics with our Code of Conduct Policy.

According to this;

- We do not employ child labor in our company, and in our salary policy, we pay our employees at least the legal minimum wage.
- We follow the collective labor agreement signed between our company and ÖZ-İPLİK Work Union. Thus, we secure our each employee with collective labor agreements. 95.5% of our blue-collar employees work under a collective bargaining agreement at Çorlu facility and 96% at Tokat facility.
- We fulfill all legal requirements regarding occupational health and safety and the environment. We work with ISO 45001 and ISO 14001 standards within the framework of an inspection mechanism on these issues.
- We oppose and prevent forced labor.
- We care about transparency with our employees and use social dialogue tools to ensure its continuity.
- We take into account the working hours specified in local and international norms.
- We care about any language, race, gender, political view, belief, religion, sect and similar differences and we oppose discrimination.

We support our Code of Conduct Policy with sub-policies we publish on each separate subject.

Social Responsibility Policy

- We are committed to complying with national and international social compliance criteria.

Harassment and Abuse Policy

- We are committed to protecting the identities of our employees and taking necessary precautions against all kinds of harassment.

Employment Policy of People with Disabilities

- We are committed to employing people with disabilities at a rate of 3% of our total number of employees in order to reintegrate them into society.

Anti-Discrimination Policy

- We are committed to providing equal rights and conditions to all our stakeholders.

Labor Relations and Freedom of Organization Policy

- We are committed to ensuring our employees to be organized and established unions, engage in union activities and the continuity of freedom of organization.

Forced Labor Policy

- As stated in law, we accept and undertake not to employ any of our employees involuntarily, by force or threat.

Education and Development Policy

- We are committed to providing training on quality, environment, orientation, production, technical, occupational health and safety and personal development.

Personnel Recruitment and Admission Policy

- We accept and undertake to comply with the relevant law and Minimum Criteria for Recruitment.

Child Labor Prevention Policy

- We accept and undertake not to employ child labor as required by the law of the Republic of Turkey

Employee and Management Communication Policy

- In order to increase employee satisfaction, we accept and undertake that individual/collective wishes and complaints are submitted and evaluated without any obstacle.

Orientation Policy

- We accept and undertake to comply with the Orientation Minimum Criteria regarding the legal rights, laws, wage payment rules and methods of all our employees and to inform our employees.

Worker Representative Selection and Worker Representatives, Occupational Health and Safety and Worker Safety Meeting Policy

- We acknowledge and undertake that we will ensure that all our employees know their collective communication rights and that the dialogues are announced to the Senior Management through the employee representative.

Sub-Manufacturer Usage Policy

- We undertake to protect the rights of our sub-manufacturers within the scope of corporate social compliance.

Security Policy

- We are committed to providing a safe working environment for all employees at all levels.

Occupational Safety and Environmental Policy

- We are committed to following a safe and environment-friendly process in our activities.

Human Rights Policy

- We promise to approach all our stakeholders equally and observe fundamental human rights.



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STAKEHOLDER ENGAGEMENT

STAKEHOLDER ENGAGEMENT

We define every group affected by our activities as our stakeholders. In order to define who the stakeholder groups are, we primarily identified Internal and External Affairs by conducting studies for the company.

While determining the Internal Affairs, the company's values, strategy, vision and mission, human and physical resources, financial information and process performances were taken into consideration. While determining the External Affairs, legal and commercial authorities such as the state, non-governmental organizations, our competitors, our neighbors, our customers, where we have relations and expectations in the region we are, international crisis or economic situation, competitive markets, social and cultural situation, technological issues and again competitors and customers have been taken into consideration.

After the determination of Internal and External Affairs, we defined the relevant parties, namely our stakeholder groups. Considering the company's internal scope, employees, company partners and shareholders have been evaluated as the first party. Suppliers and customers are determined as the second party. Ministries, state, municipalities, legal authorities and similar organizations are defined as third party status.



Stakeholder Category

Stakeholder Expectations

Engagement Method

Shareholders	Profitability, increase in the market value of the organization, efficiency, Increase of income from shares, adoption of management systems to the corporate culture	Shareholder meetings, digital media tools and financial reports
Employees	Supporting good working environment, occupational safety, health, safety, education, promotion, appreciation, rewarding, improvement of targets and performances	Training, one-on-one meetings, social events, meetings, email-phone calls
Suppliers	Informing the parties about the increase in purchasing volume, long-term supply contract, informing the future purchases, timely payment, management systems requirements	Supplier evaluation surveys, visits and controls, digital media tools, sustainability reporting, quarterly news bulletins
Customers	Informing the parties about the performance of the product, ease of use, reliability, understanding of the demands, low price, management system requirements	Customer visits, digital media tools, sustainability reporting, quarterly news bulletins, national and international fairs
Government agencies	Compliance with laws, improvement in working conditions	Controls, legal reporting
Unions and Affiliated Organizations	Compliance of the documents of the institution with the law and being within the scope of incentive	Training, seminars, meetings, joint projects, sustainability reporting, quarterly news bulletins
Non-Governmental Organizations	Compliance with laws, quality, appropriate products and services, environmental awareness	Training, seminars, meetings, joint projects, sustainability reporting, quarterly news bulletins
Consultants	Improvement in working conditions, reliable environment, quality appropriate products and services	One-to-one meetings, training
Local Community	Landscaping-emergencies	Digital media, printed and visual national media

Membership of Associations

We think that progress will develop through the collective actions. Hence, we share our knowledge and experiences with our sector stakeholders through our active association memberships and benefit from their valuable experiences. Thus, as a constant follower of global trends and innovations, we aim to maintain our top-quality production understanding.

MEMBERSHIP OF ASSOCIATIONS

- **Istanbul Textile and Apparel Exporters' Associations - ITKIB**
- **Istanbul Apparel Exporters Association-IHKIB**
 - **Turkish Exporters' Assembly- TIM**
 - **Istanbul Chamber of Industry**
 - **Istanbul Chamber of Commerce**
 - **Tokat Chamber of Industry**
 - **Tokat Chamber of Commerce**
 - **The State Supply Office**
- **Turkish Medicines and Medical Devices Agency**
- **Turkish Clothing Manufacturers' Association**

Supported External Initiatives

In addition to our association memberships, we also support organizations established to ensure collective progress in economic, environmental and social areas in our industry. We adapt the road maps to our company which developed by these organizations considering the realities of the sector.

SUPPORTED EXTERNAL INITIATIVES

- **SEDEX**
(Supplier Ethical Data Exchange)
- **UNGM**
(United Nations Global Marketplace)
- **TEXTILE EXCHANGE**
- **HIGG INDEX**
- **BCI**
(Better Cotton Initiative)
- **STWI**
(Swedish Textile Water Initiative)
- **ILO**
(International Labor Organization)
- **ZDHC**
(Zero Discharge of Hazardous Chemicals)
- **REACH**
(Registration, Evaluation, Authorisation and Restriction of Chemicals)
- **BVE3**
(Bureau Veritas Environmental Emission Evaluator)
- **EIM**
(Environmental Impact Measuring Software)
- **Euratex**
(European Apparel and Textile Organisation)

Our Value Chain Management

We are positioned as being close to the end consumer in the product value chain. The process starting from the cotton production in the field reaches us through many different stages such as fiber production, yarn production, indigo dyeing, fabric weaving and finishing, and through suppliers. Right after the raw materials enter into our gate, our products, which are finalized for apparel clothing, are delivered to the brands. In the other part of the value chain, right after the brands, products reach the end user and continue in their life cycle of use stage and end-of-life stage.

With our supplier network, our own production processes and our value chain network, we are involved in every step of denim apparel. In order to manage such a large-scale chain, we have defined internal value chain management. We supervise our stakeholders, whom we define as suppliers, for environmental and social compliance issues, and we fulfill our duty for sustainable production as a whole. With the question sets we prepared, we evaluate the environmental and social compliance norms of our suppliers and shape our agreements accordingly.

We demand and expect from our suppliers a sustainable production approach that respects employee rights, against all kinds of discrimination, complies with environmental norms, takes into consideration and manages climate change, supports renewable energy and energy efficiency, is aware of and tries to prevent water shortage.



We work with hundreds of companies from fabrics to chemicals in our supplier network. We are aware that the development of the state's economy is important for every company like us. Considering this, we have grouped our supplier network as domestic and foreign. We consider domestic producer which operates within the territorial boundaries of Turkey in the domestic group; and the rest in foreign group. We aim to strengthen our domestic supply chain whenever possible to support local companies. **94.5% of the companies in our supply chain are in the domestic category and 5.5% are in the foreign category.** We are working to maintain our high domestic supplier rate and increase it day by day.

Our products reach the end user safely with our own brand and many different brands. **In 2019, the total number of countries where our products are in use, is 44, including Turkey.** Our country-based distribution covers every part of the world. We are reaching many parts of the world from England to Chile from Australia to Canada. We reach the end user through brands and many large companies that are known worldwide and work for sustainable production are among our value chain.

MATERIALITY ASSESSMENT

In our Sustainability Report, which we published for the first time this year, we conducted a survey with broad participation to determine the priority issues. According to the results of the survey, which we concluded with the active participation of both internal and external stakeholders, we determined the sustainability priority issues and we share how we manage these issues in the report transparently.

We conduct our stakeholder engagement process in accordance with the AA1000 Stakeholder Engagement Standard, which is widely preferred globally and offers a method for quality interaction.

According to the results of the materiality analysis, which we concluded with the intense participation of both our internal and external stakeholders, we determined the sustainability priority issues and we share how we manage these issues in the report transparently.

We evaluate sustainability topic titles in three groups as a priority, high priority and very high priority. We develop our projects by considering the priority groups.

Priority

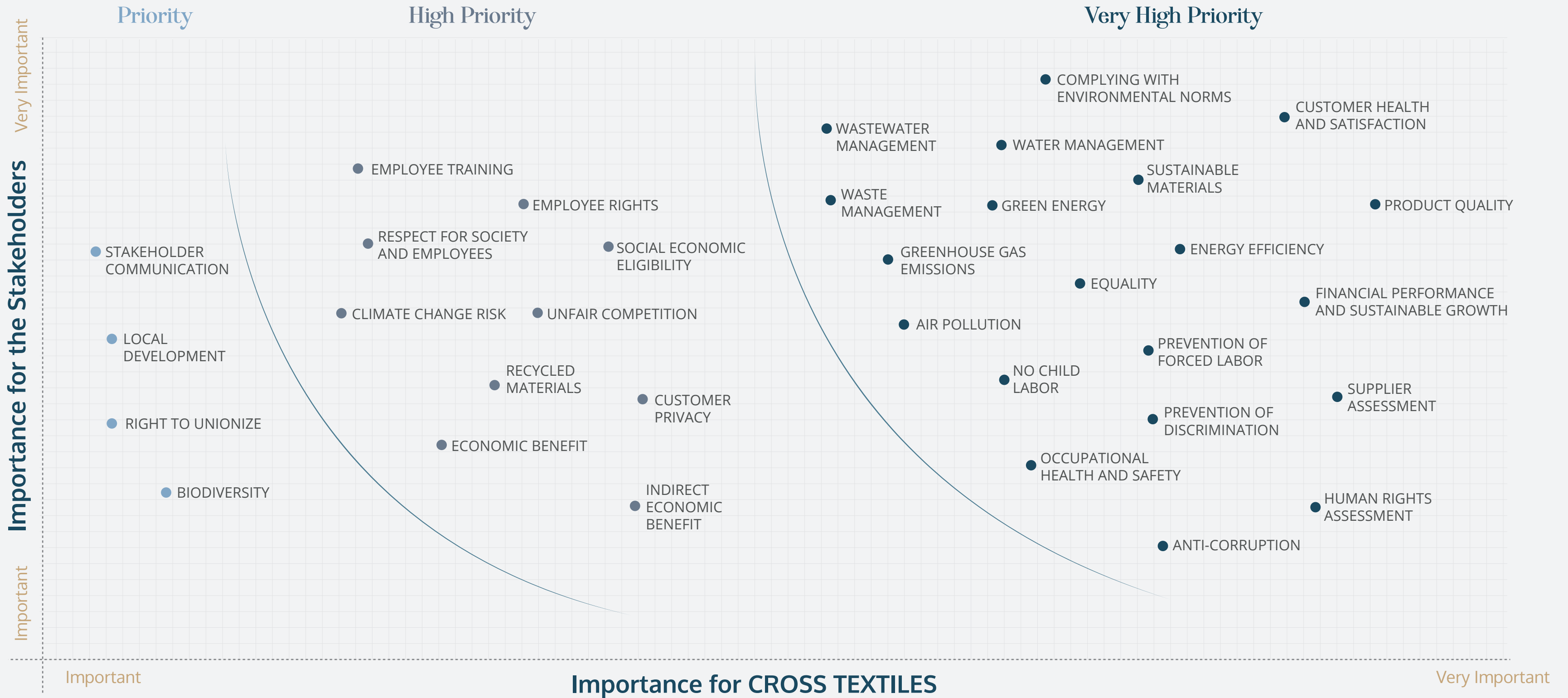
- Stakeholder Communication
- Local Development
- Right To Unionize
- Biodiversity

High Priority

- Employee Training
- Employee Rights
- Respect for Society and Employees
- Social Economic Eligibility
- Unfair Competition
- Climate Change Risk
- Recycled Materials
- Customer Privacy
- Economic Benefit
- Indirect Economic Benefit

Very High Priority

- Complying with Environmental Norms
- Wastewater Management
- Water Management
- Sustainable Materials
- Waste Management
- Greenhouse Gas Emissions
- Energy Efficiency
- Green Energy
- Air Pollution
- Financial Performance and Sustainable Development
- Prevention of Forced Labor
- No Child Labor
- Supplier Assessment
- Human Rights Assessment
- Equality
- Occupational Health and Safety
- Prevention of Discrimination
- Anti-Corruption
- Customer Health and Satisfaction
- Product Quality



Contribution to the Sustainable Development Goals



NO POVERTY

- We work as a large family with approximately 7000 employees which we employed.
- Together with the employees in our supplier network, we are leading employment in a wide network from farmers to brands.
- We reach those who need help with the projects we have developed.



ZERO HUNGER

- We shape our wage policies with the Fair Living Wage Project.
- We determine our salary policy according to the minimum wage values determined by local governments and we provide each employee with a minimum wage and above.
- We support local development with our investments in the production facility.



GOOD HEALTH AND WELL-BEING

- We measure and improve our impact on climate change and air quality on a regular basis.
- We determine Occupational Health and Safety as our priority and secure it with the ISO 45001 standard.
- We conduct our waste and water management in accordance with national and international norms and prevent potential negative health effects on our stakeholders.



QUALITY EDUCATION

- During the reporting period, we conducted 557 different training. Thus, we pioneered the development of our employees in both technical and personal equipment areas.



GENDER EQUALITY

- 50.1% of our total staff are female employees. Our rate of female employees in our administrative staff is 42%, and the rate in our management staff is 21%. We continue to develop projects and policies to bring our female-male employee ratio to the same level.
- With our policy of preventing discrimination, we prevent all kinds of gender discrimination.
- We continue to support our employees in their happy times with maternity leaves and provide financial support.



CLEAN WATER AND SANITATION

- We protect and improve our water storage environments by treating our wastewater in our own and local government treatment facilities.
- We are developing recovery projects in order to use water in the most efficient way.
- We evaluate the potential water shortage risk and make long-term plans.



AFFORDABLE AND CLEAN ENERGY

- We have implemented many efficiency-enhancing projects for the efficient use of energy, which is one of our main inputs.
- We continue to reduce our energy density of the product and approach more sustainable production.
- We use energy in the most efficient way with our cogeneration facility, efficient furnace and machines.



DECENT WORK AND ECONOMIC GROWTH

- Being against child labor, we improve our supply network in this regard.
- We offer our contributions to our state's economy with the added value we create.
- We respect the right of our employees to organize.
- We supervise and develop our supply network in the field of social compliance.



INDUSTRY, INNOVATION AND INFRASTRUCTURE

- We are making investments with our production facilities in Tekirdağ, Egypt and Tokat.
- We continue to lead the sector with our R&D activities.



REDUCED INEQUALITY

- We prevent all kinds of discrimination with our Code of Conduct rules.
- None of our employees are discriminated against in matters such as religion, language, race or color. The criteria that we consider in all our recruitments is the person's competence for the relevant job description.



SUSTAINABLE CITIES AND COMMUNITIES

- We support local industrialization and hence local employment with our investments in the production facility.



RESPONSIBLE CONSUMPTION AND PRODUCTION

- Being aware of our responsibility in water, air quality and energy efficiency, we work with a responsible production approach.
- We care about using recycled or recycled raw materials in our products and manage our supply network accordingly.



CLIMATE ACTION

- All kinds of risks and opportunities related to policy change are defined by our Sustainability Committee, presented to the senior management, and Senior Management, after the necessary evaluations, puts short, medium and long term plans into effect.
- We calculated our carbon footprint for 2019 for all our locations and demonstrated our impact on climate change. We have defined reduction targets for the coming years based on our reference period.



LIFE BELOW WATER

- We track our water balance with our water footprint calculations and calculate our blue water and gray footprint.
- With our projects such as laundry with ozone, we minimize our water use and reduce our impact on water storage environments.
- We treat our wastewater in accordance with national norms in order to protect the quality of the water storage environment and its biodiversity.



LIFE ON LAND

- We store our solid wastes temporarily in our sites according to their categories and then send them to the relevant facilities.
- The wastes generated after our processes are under our responsibility. Hence, we track the wastes sent to the relevant facility and make sure that the necessary actions are taken.



PEACE AND JUSTICE STRONG INSTITUTIONS

- We support our understanding of sustainable production in social, environmental and economic areas with our Code of Ethics.



PARTNERSHIPS TO ACHIEVE THE GOAL

- Our Board of Directors is in the position of a supporter of collective development in continuous cooperation with external initiatives and associations.



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ENVIRONMENTAL VALUES

ENVIRONMENTAL VALUES

We work hard to protect our environment and to conserve future generations' rights to opportunities of present generations which is one of the three pillars of sustainability. We protect our environment with our policies that we made into the culture and take every precaution to protect it. We maintain our environmental performance with the **ISO 14001 Environmental Management System** policy we follow.

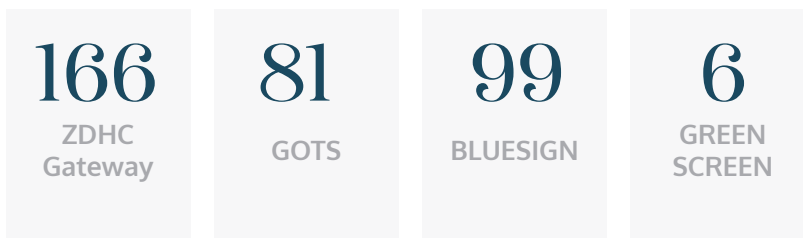
We identify our strengths and opportunities with our internal environmental risk assessments, define our aspects open to improvement and global risks, and take the necessary steps. In line with the policies we follow, we control our natural resource consumption, energy use, water and wastewater management, emissions, waste management and compliance of our company and our suppliers with environmental norms, and we develop projects to improve and go beyond national/international norms.

As a denim garment manufacturer, one of our most important raw materials coming after fabric, is chemicals. Chemicals can cause harmful effects on the environment and human health during both production and use.

In order to prevent this, we care that every chemical we use in our company has at least one of the global certificates, those are ZDHC Gateway, GOTS, Bluesign or Green Screen and we manage our supply network accordingly.

Thus, we keep our environmental and OHS impact during chemical use under control and secure it with chemicals that have internationally valid certificates.

Global Certified Chemicals



Reducing Natural Resource Consumption (Sustainable Materials)

We care to minimize the consumption of natural resources in the processes under our control. In line with our Sustainable Management System, we provide training to our employees in order to minimize the consumption of natural resources. We first reduce waste, then collect the waste separately at the source and send the appropriate materials for recycling and recovery to the relevant facilities and pioneering them to be entered into the economic cycle again.

We are currently working on sustainable production and material use in our facility. With Smart Cutting, we make pre-cutting plans so that the denim fabric can be evaluated in the most effective way during the cutting process and we obtain intermediate products with the highest efficiency from the denim fabric that comes as raw material. We reduce the chemical footprint of our products with ZDHC approved chemicals.

During the laundry process, we are minimizing the pumice stone extracted from nature by using our own production and synthetically produced CRS-ZERO Waste stone.

As a denim garment manufacturer, the most intense raw material in our supply chain is the fabric. We work with many suppliers, primarily local companies, for fabric production. We are working to increase sustainable fiber percentage over our denim fabric suppliers.

During the reporting year, 21.2% supplied meters of denim fabric is made out of sustainable fibers.

We reduce our consumption of natural resources with sustainable fibers that are organic, pre-consumer recycled, reused and post-consumer recycled, and we continue to work to increase our percentage of 21.2%. In addition, 35.7% of the fabrics we supply are BCI (Better Cotton Initiative) certified.

BCI, an international non-profit organization, aims to reduce the negative environmental and social impacts that occur in cotton cultivation. The educational policies implemented by BCI reduce the use of pesticides, ensure efficient use of water, and increase soil health and agricultural workers' welfare.



%21.2
ORGANIC & RECYCLE

%35.7
BETTER COTTON INITIATIVE

CRS-ZERO Waste

We use CRS-Zero Waste stone as an alternative to the pumice stones we use in the laundry process within the scope of the zero waste projects we have developed with the motto of "**CRS-Zero Waste**" in order to minimize the damage we cause to the environment. Pumice stone is obtained from nature. We decided to use the polymer-based CRS-Zero Waste stone as a result of the market research we conducted in order to both eliminate the environmental impact during the supply of pumice stone/its transportation and to use the resources efficiently.



The stone we use can be used many times before it is sent to landfill and does not generate waste.

In addition, with our project, we contribute to the Sustainable Development Goals, SDG 12- Responsible Production and Consumption and SDG 17-Partnerships to Achieve the Goal. We are proud of this ecological approach that we have added to the denim and apparel sector and we continue our work with the same enthusiasm and determination.

Laundry Automation System

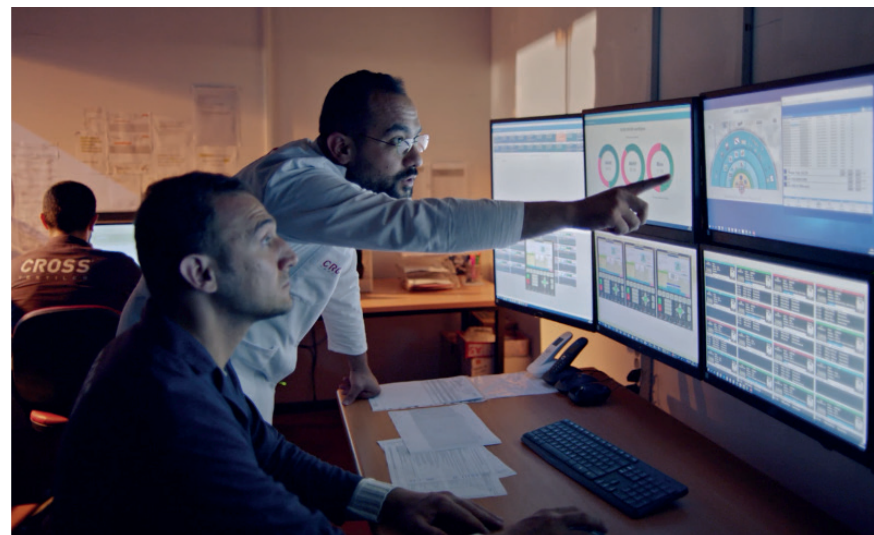
Aiming to be the first in the sector in many fields, our company switched to the laundry automation system in 2014 and became the first garment manufacturer in the denim industry on a global scale.

Our production continues in the understanding of Industry 4.0 with the system, which is environmental, social, sustainable, easy to manage and an example of the best scenario.

Thanks to the installed system and the automation system, the chemical loading rate which is required during laundry is sent to the machines online with 99.9% accuracy. None of the employees comes into contact with chemicals carried by closed line pipes from tank and thus any possible accident risk is eliminated.

With this system, the chemical dosage is made according to the product recipes as planned. Thus, the excess use of chemicals that are harmful to our environment and created by consuming resources is prevented.

%99.9
Accuracy



Efficient Use of Energy

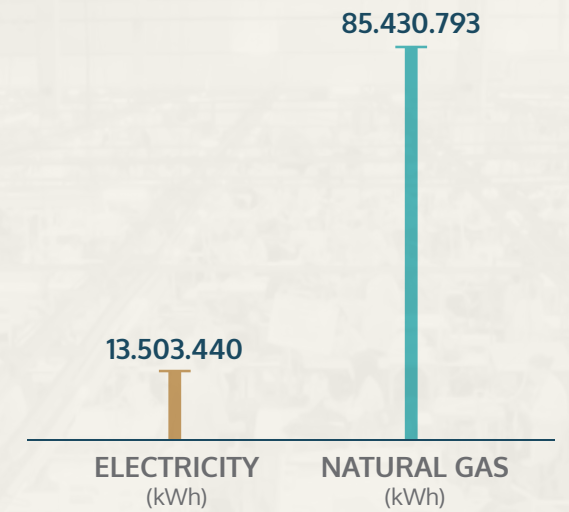
As a result of the rapid depletion of natural resources, we observe that energy supply and its cost are increasing every year.

We are aware of this developing process in our studies related to sustainable risk and assessment and develop long-term strategic plans to reduce its impact on our company.

We have implemented many projects in our factories for the effective and efficient use of energy. In addition, we are making plans to focus on renewable energy resources. We use natural gas and electrical energy intensively in all of our sites. **In the reporting year, our total electricity consumption was 13,503,440 kWh and our natural gas consumption was 85,430,793 kWh.** Our Çorlu location is the one that consumes the most energy and has the highest energy consumption per operational product, due to its capacity and the intensity of the operations performed.

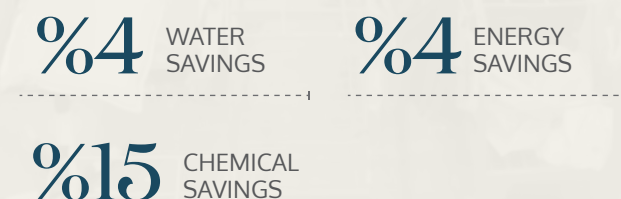
Accordingly, we achieved 4% water efficiency, **4% energy efficiency and 15% chemical savings** with our projects implemented in the reporting year.

When we examined our performance in the last 10 years in efficient use of energy, **we managed to reduce our natural gas consumption by 65% and our electricity consumption by 39%.** With our efficiency improvement projects, **we reduced our natural gas consumption per product from 0.86 m3 to 0.3 m3 and our electricity consumption from 1.6 kW to 0.97 kW in the last 10 years.** Considering our energy savings, we can produce **3 products** today with natural gas consumption that was used for 1 products 10 years ago and **2 products** today with electricity consumption that was used for 1 products 10 years ago



SOURCES	CROSS TEXTILES
ELECTRICITY (kWh/operation/product)	0.34
NATURAL GAS (kWh/operation/product)	0.20
TOE/operation/product	0.000195

We determine various KPIs every year in order to increase energy-efficiency and implement projects in order to achieve the targets.



Cogeneration Plant

We have a cogeneration facility in Çorlu, our most energy-intensive manufacturing plant for efficient use of energy.

With our natural gas based cogeneration plant, we generate electricity and use waste heat for hot water and steam production.

With the innovation we make, we save **500,000 m³ of natural gas per year**, and thanks to this savings, **we reduce our impact on the environment by preventing the release of approximately 1 000 tons of carbon to the atmosphere per year**. Thus, we reduce resource consumption and achieve a more economical production system.



Efficient Oven Investment

We made investments in 2012 in order to provide a transition to more energy efficient ovens in our company. During the studies, two conveyor ovens placed in the spray section. Thus, low-efficiency chamber type ovens were removed from the production line. **As a result of these studies, a 20% reduction in natural gas use and a 30% reduction in reprocessing was achieved.**

LED Project

We have achieved savings of up to 50% in energy use with the LED conversion we made in our production facilities. With our implemented project, we replaced 4000 interior lighting and 60 outdoor lighting with LEDs



Hydroextraction Machine Investment

We integrated the machine equipment, which we determined as the best scenario for the hydroextraction process, into our system in 2014. While the machines perform water separation in the best way and in accordance with their purpose, they work in a closed system and with sensors. With this feature, which is also very important in terms of occupational health and safety, we prevent possible accidents. **With the investments made, we reduced electricity consumption by 40% compared to conventional machines.** Thus, we have succeeded in reducing our demand for electricity, the production of which has very harmful effects on the environment.

%40

Reduced electricity usage compared to conventional machines

Automatic Drying System

An algorithm decides the completion of the drying process with our drying automation system that we have put into use at the Çorlu facility. This algorithm ends the drying process at the right time and **energy consumption is reduced by 25%**. This project, which has a direct impact on energy efficiency, also eliminates manual controls made by the employee and prevents possible work accidents. With this project, drying criteria are planned in advance in the product recipes and automatically reflected on the machines. Thus, production is ensured to be sustainable.

In a project we commissioned in our Tokat facility, the conveying operations in the drying and squeezing lines have started to be carried out fully automatically. Thus, working conditions of our employees were improved.



Our Management of Water and Wastewater

Water is the basic material necessary for the continuation of production and more importantly, life. As stated in the international scientific reports, we are aware that there will a major water crisis in Turkey and global in 2047. We see this as a risk and take precautions to minimize the risk of the water crisis.

As it is known, when denim product manufacturing is handled starting from the raw material, it is a production process that consumes very water. The process, which starts with the production of cotton from the field, goes through steps such as yarn production, denim fabric production, laundry, becoming a garment product, and water is used in every step and process. Hence, we are aware that one of the main starting points of more sustainable production is to produce by consuming less water. We have developed and continue to develop procedures, evaluation forms and projects to reduce consumption in processes within our area of impact.

The first step before going to management and reduction is measuring and mapping. Being aware of this, we conducted a water footprint study for our production facilities in 3 different locations (Çorlu, Egypt and Tokat) in 2019 to direct our water consumption reduction policies. As a result of the calculations made in accordance with the relevant ISO standard ISO 14046, we calculated the pollutant load and impact we give to water storage environments which is a gray water footprint and water withdrawn from nature which is our blue water footprint.

Within Cross Textiles, domestic water is supplied from water wells and water supply networks, while wastewater is processed in different ways based on location.

In our Çorlu factory, treatment processes are carried out in our own wastewater treatment plant located on the site and discharged to the water storage environment in accordance with national standards. Our wastewater in our Egypt and Tokat factories are given to the collective wastewater treatment facilities of the relevant local administrations. The relevant facilities carry out the treatment and discharge to water storage environments.

When we examine our performance in the last 10 years in water consumption, we have achieved a 34% reduction by reducing water use per product from 76.3 lt to 50.3 lt.

%34 Reduction in Water Consumption

With our projects that increase efficiency in water use, we can produce 3 products today with water consumption that was used for 2 products 10 years ago.

2019 Water Footprint Results

	Quantity
The Amount of Clean Water Withdrawn from Nature (Blue Water Footprint)	1,035,193 m ³ /year
Amount of Wastewater Discharged	874,994 m ³ /year
Gray Water Footprint	369,754 m ³ /year

Water Management

Wastewater Management

Water is a very important resource. We ensure that the process water from our facilities is treated in our treatment facility and discharged in accordance with legal norms. However, we realize that this is not enough to reduce our blue water and gray water footprint.

For this reason, we carried out a project with a university and the private sector in order to re-evaluate our process water.

We reveal the polluting characterization of our process water, work on simulations, and evaluate more efficient different system alternatives for the treatment of our wastewater.

Our work on this subject continues rapidly. With our new projects, we will take greater steps in water management and share our results with our valuable stakeholders.

Wastewater Recycling Project

Due to its nature, denim fabric has a structure that contains a lot of fiber residue and makes it difficult to recycle wastewater due to laundry processes. In order to prevent this problem, we started to research new wastewater recycling methods with the project we started as of 2019.

We examined 3 methods in the research and found that one of them would provide the optimum solution.

We conducted feasibility studies with consulting firms for the optimum method. We revise our treatment facility according to the results of the feasibility studies.

Ozone Usage

Ozone use, water consumption and chemical use are being substantially reducing. Being aware of this, we are carrying out projects for ozone use investments. The use of ozone, which is currently one of the most environment-friendly and sustainable techniques,

- Provides an opportunity for bleaching and washing in an environment without water and chemicals
- Provides basic color adjustment without the use of water and chemicals
- Provides sustainable, consistent and waterless production while combined with laser treatment systems

As a result of the ozone use, we reduce our chemical need by 80%, electricity consumption by 20% and water consumption by 65%.

Nano Bubble Technology

Nano Bubble technology, which enables production using less water and chemicals with nano bubble technology, has been used since 2015. Thanks to this technology, the amounts of the following are reducing as,

- Chemical use 50%,
- Electricity usage 80%
- Wastewater amount 95%

Low Liquid Rate Application Machines

Thanks to the automated use of the machines we commissioned in 2014 and their unique internal structure, compared to equivalent machines,

- 50% less water use
 - 50% less chemical use
 - 40% less wastewater discharge
- has been achieved.

Greenhouse Gas Emission

Our world is gradually warming due to greenhouse gas emissions and faces a global climate change. As stated by the report "1.5 °C in Global Warming" of the Intergovernmental Panel on Climate Change (IPCC) that if we continue to use fossil resources in this way, by the year 2100, the temperature will have been increased by + 5.2 °C worldwide and many people will be negatively affected by this.

In order to keep global warming at a certain level, every person, company and organization is obliged to measure their own impact and take the necessary steps.

Being aware of this, we have measured our impact on global warming and prepared a greenhouse gas inventory for all locations. In the calculations we have performed according to the ISO 14064-1 standard, we have identified all our greenhouse gas sources for our head office in Istanbul and our production facilities in Çorlu, Tokat and Egypt, and we have measured our impact on global warming on a location basis and in total.

In addition to Scope 1, Scope 2 emissions, we have also measured our indirect greenhouse gas emission by calculating our Scope 3 emissions to a limited extent (Airline Business Travel and Personnel Services). In our calculations, we took into account all greenhouse gases defined by the Kyoto Protocol, calculated our results in carbon dioxide equivalent, and determined our scope as an operational control approach. We obtained all of the emission factors used in the calculations from scientifically based and proven databases. In 2019, our total corporate carbon footprint amount from our operations in all our locations is 27,254 tonsCO₂eq. Accordingly, our carbon footprint intensity is calculated as 1.54 kgCO₂eq./product.

In addition, by creating our Greenhouse Gas Emissions Identification and Assessment Procedure, we have made this a corporate culture.

Our works for which we have determined 2019 as the base year, will continue in the coming years.

We are aware that measuring is just the beginning. We have determined the year 2019, our first accounting year, as the base year. We set targets and plan new projects to reduce our greenhouse gas emissions in the coming years. We will carry out our internal control on the way to reach our goals with annual calculation studies and we will continue our projects in order to conserve future generations' rights to opportunities of present generations.

2019 Carbon Footprint Results
Güneşli Headquarter

462 tonCO ₂ eq	362 tonCO ₂ eq	440 tonCO ₂ eq
Direct Greenhouse Gas Emission Scope-1	Energy Indirect Greenhouse Gas Emission Scope-2	Other Indirect Greenhouse Gas Emission Scope-3

TOTAL 1,264 tonCO₂eq

2019 Carbon Footprint Results
Egypt Facility

3,318 tonCO ₂ eq	2,391 tonCO ₂ eq	267 tonCO ₂ eq
Direct Greenhouse Gas Emission Scope-1	Energy Indirect Greenhouse Gas Emission Scope-2	Other Indirect Greenhouse Gas Emission Scope-3

TOTAL 5,977 tonCO₂eq

2019 Carbon Footprint Results
Çorlu Facility

10,731 tonCO ₂ eq	3,224 tonCO ₂ eq	513 tonCO ₂ eq
Direct Greenhouse Gas Emission Scope-1	Energy Indirect Greenhouse Gas Emission Scope-2	Other Indirect Greenhouse Gas Emission Scope-3

TOTAL 14,468 tonCO₂eq

2019 Carbon Footprint Results
Tokat Facility

3,057 tonCO ₂ eq	2,355 tonCO ₂ eq	133 tonCO ₂ eq
Direct Greenhouse Gas Emission Scope-1	Energy Indirect Greenhouse Gas Emission Scope-2	Other Indirect Greenhouse Gas Emission Scope-3

TOTAL 5,545 tonCO₂eq

Waste Management

We carry out our waste management with the motto of **"Our environment is not ours, but of future generations"**

Our Waste Management Procedure; has been prepared in an integrated manner in accordance with ISO 9001, ISO 14001, ISO 27001 and ISO 45001 standards.

Our procedure covers the wastes originating from all activities, products and services within Cross Textiles. In the management of our wastes, we follow the relevant national regulations and international norms and aim to prevent any violations before they occur.

Waste management starts with reducing waste generation. We provide informative and awareness-raising training to all our staff on this subject and we ensure the continuity of the training given.

In the next stage, we collect the wastes suitable for recovery and recycling separately at the source and send them to the relevant companies.

Non-recyclable or hazardous wastes are temporarily stored within the company in accordance with the storage conditions and sent to the relevant facilities.

Air emissions generated in our facilities are analyzed and measured periodically in accordance with the relevant regulations. When a new emission source is added to our system, the necessary measurement procedures are completed without waiting for the periodic measurement time. In addition, the exhaust gas emissions of the vehicles of our company are measured regularly every year.

AMOUNT OF WASTE GENERATED IN 2019



In addition, the exhaust gas emissions of the vehicles of our business are regularly measured every year. By recycling our paper, plastic, metal and cardboard, fabric wastes, we contribute to the recycling of an average of 2,064 tons of resources per year, and reduce our environmental impact.



Supplier Environmental Conformity Assessment

Our products go through many stages and processes, starting from the supply of raw materials until they reach the end user, and create environmental effects at every stage.

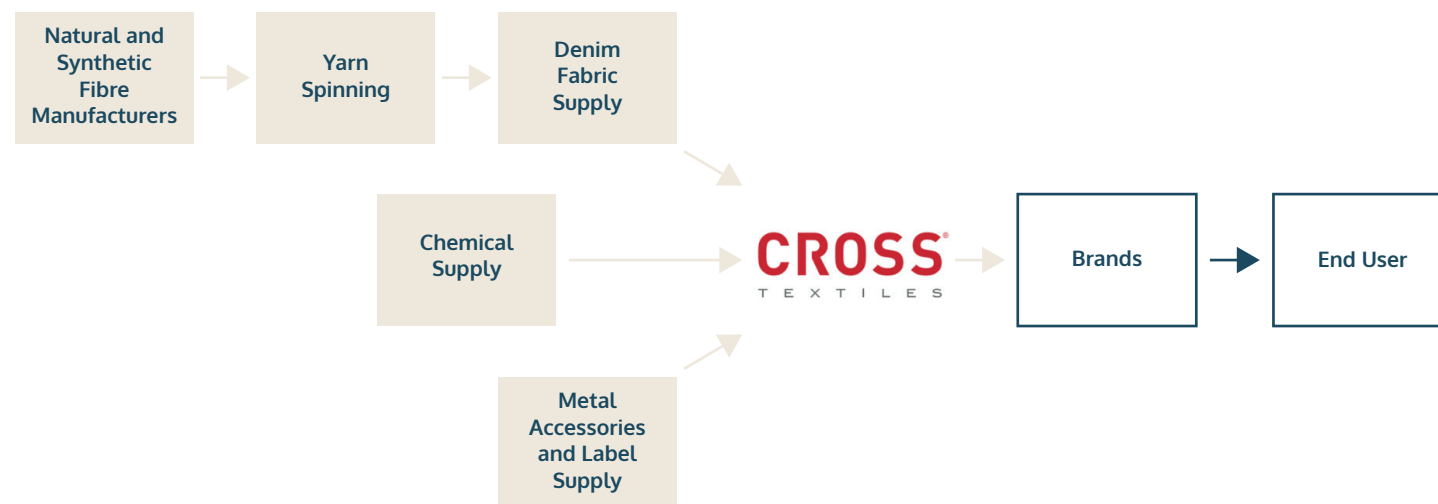
We are responsible not only for environmental impacts at our site boundaries, but for our entire value chain.

Hence, we evaluate our suppliers in the environmental field as well as in the social field with the supplier evaluation forms we have prepared, and we apply improvements and sanctions in cases of non-compliance.

With this policy, we support more environment-friendly and sustainable production by assessing our entire supply network.

We especially take into account of ISO 14001 certification in our suppliers and support other projects and practices that reduce environmental impacts.

In particular, we supply organic, recycled and BCI certified cotton in fabric supply, and we take care that all our chemicals have at least one of ZDHC Gateway, GOTS, Bluesign or Green Screen certificates.



Product Life Cycle Assessment-LCA

Sustainable production and products have become important in the textile and many other sectors. We have adopted a sustainable production model, considering the future of us and future generations, and we continue to develop our existing projects in this field. In order to inform our stakeholders within the framework of transparency, we examine our sustainable production based on international standards and declare our impacts to the environment in a scientific and approach.

In addition to the carbon and water footprint we calculate on an institutional basis, we also carry out studies based on the product. Life Cycle Assessment (LCA) is a methodology used to demonstrate the sustainability of products and their impacts on the environment, and includes the life cycle of the product from the raw material extraction to the end of life. Thus, we examine our products' impacts starting from the cradle-to-grave.



We produce more sustainable products with the same quality and visual quality as traditional samples by developing different recipes in our production lines within our company. We also compare our traditional and sustainable products with the comparative LCA methodology to prove our claim for a more sustainable product. With the EPD (Environmental Product Declaration) documents we plan to publish, we will transparently share the verified environmental impacts of our products with all our stakeholders.



95-96

ECONOMIC VALUES

ECONOMIC VALUES

We care about economic sustainability which is one of the three pillars of the sustainability approach. With our production strength, we create direct and indirect value, provide employment, support local development and consider the economic risks of climate change and other environmental concerns. We manage all these processes in accordance with human rights and freedoms, observing ethical and fair competition conditions. We aim to continue to create value by ensuring our economic sustainability.

Our Economic Performance

In 2019, our total turnover, including our production facility in Egypt, was approximately 170 million €. Thus, we continue our position of being Turkey's top exporting company of denim with our production capacity of 20 million units.

While creating value, we also support local development. With our production facilities in Tekirdağ, Tokat and Egypt, we provide employment opportunities to the local people and we prefer our employees to be primarily from the local people. We contribute to the development of local infrastructure and the local economic market with the investments we make.

With our materiality analysis, we have seen that our economic performance is a critical issue for our stakeholders as well as for us. In our materiality matrix, this has been identified as a very high priority issue.

170 million €
TOTAL TURNOVER

20 million piece
PRODUCTION CAPACITY

Our Production Facilities



We prioritize corruption and fair competition conditions for a sturdy progression of our economic performance. We undertake that we will take the necessary measures to prevent bribery and corruption with our Anti-Corruption and Anti-Bribery Procedure. Our procedure covers every employee of Cross Textiles and all levels of new recruitment. In case of a potential incident, we follow our internal procedure and relevant legal regulations and if there is a violation, we take the necessary steps immediately. We take measures to prevent all anti-competitive behavior and follow our relevant legal procedures in all cases that occur.

We convey our company policy on fair competition conditions and Anti-Corruption and Anti-Bribery to every employee who has recently started working with us, through the training during the orientation process and we repeat our training at certain periods.



97-110

SOCIAL VALUES

SOCIAL VALUES

We do not limit our understanding of sustainability only to our economic and environmental values, but also, we prioritize and manage our social values by considering them in an integrated structure. Social compliance is an area that the Sustainability Committee and our Senior Management pay attention to and develop projects.

We transparently evaluate the results of our integrated management structure and projects through our internal controls and the audits of the independent third parties. As a stakeholder and supporter of global initiatives and projects such as Sedex, Fair Living Wage Project, MIG Score, Social Dialogue Projects, we closely follow global developments.

We develop social responsibility projects with our stakeholders in our supply chain. We see the people we are responsible for not only as our 7000+ employees, but as our entire value chain, especially our supply network, and we increase our impact area. We touch the lives of many people with our 5000+ employees in our supply network, our 7000+ self-employed and our stakeholders in our value chain. We integrate our social value creation model and our policy of being at an equal distance to each of our stakeholders to our understanding of sustainable production.

With our Social Responsibility Policy, we have identified social sustainability issues and our priorities. With the Social Responsibility Policy, which is our roof policy, we identified a separate policy and management procedure for each related topic title.

Our employees

We define our employees which are in the first group stakeholder list as our internal stakeholders. With our Integrated Social Responsibility Policy, we treat our employees equally who work in our head office in Istanbul-Güneşli and in our sites in Tekirdağ-Çorlu, Egypt and Tokat where our production facilities located. Our Human Resources Directorates, located in each site, continue their works to be reporting to our Human Resources Director. We determine our human resources policy in accordance with international norms by prioritizing local laws.

During the reporting period, our total number of employees has been 7226. We are happy that our rate of female employees above the average of Turkey with our distribution which 50.1% female and 49.9% male employees.

The rate of female employees in our administrative staff is 42%. We care about recruiting our employees from the local community and thus supporting local development. 100% of our employees, who work as security personnel in our sites, are informed about human rights policies.

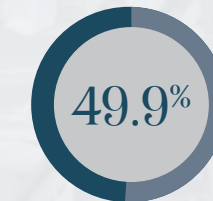
7226

TOTAL EMPLOYEES



50.1%

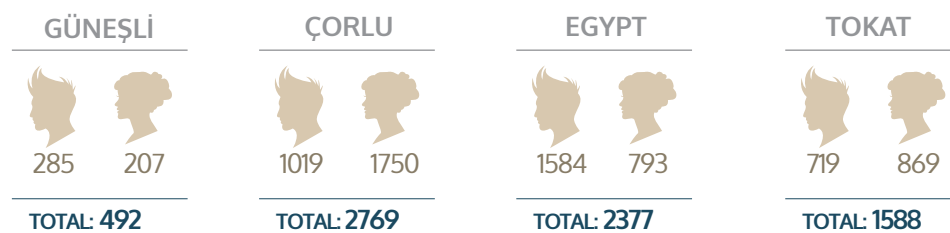
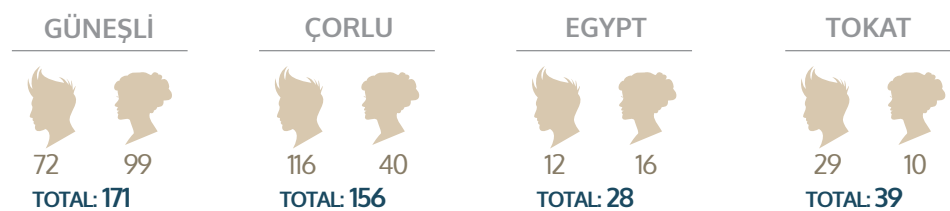
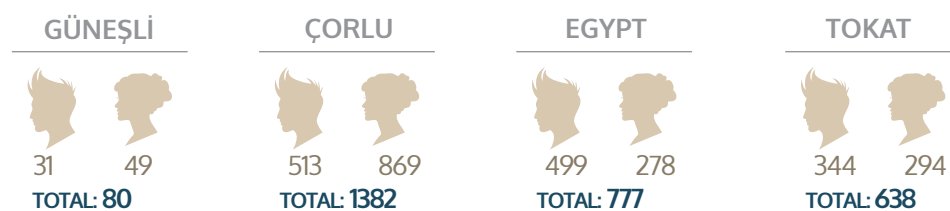
● FEMALE EMPLOYEES



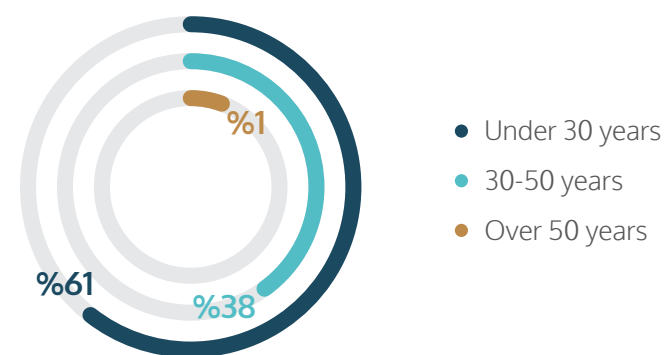
49.9%

● MALE EMPLOYEES

Total Employees

Administrative Employees
by genderNew Employment
in 2019

New Employment in 2019



During the reporting period, we have continued to create new jobs. Accordingly, we raised our family by providing new employment opportunities to 2877 people in total in 2019. 61% of our new employees are under the age of 30, 38% are in the 35-50 age range and 1% are above the age of 50.

We aim to create additional opportunities for our employees besides the opportunities which are usual and under our responsibility, and to keep our employee satisfaction at the highest level. In addition, we provide financial aid to our employees with new children, financial aid to our newly married employees, food aid during the year, leave and assistance in case of death, various bonuses and fuel assistance. We provide our employees with discounts and convenience in health procedures through the hospitals we have contracted with. Apart from these, we provide health training on individual subjects and then, we encourage our employees to carry out relevant examinations.

- **Breast Cancer Awareness** We provided training to our female employees on breast cancer and the importance of early diagnosis. We offered discounts for mammography tests with our contracted hospitals.
- **Awareness of the Harms of Smoking:** We ensured that the examination of carbon monoxide in the bodies of our employees is done and we informed our employees about the harms of smoking.
- **Awareness of the Eye Health Protection:** We provided eye scans of our employees with no fee and informative training on eye health.

In addition to providing financial assistance to our employees in the event of birth, we enable them to use maternity leaves guaranteed by legal regulations. A total of 271 employees, including 27 at our head office, 80 at our Çorlu site, 15 at our Egypt site, and 95 at our Tokat site, used their right to maternity leave during the reporting period. Our percentage of the return of the employees after the end of maternity leave and our percentage of employees who started to work and still continue to work 12 months later, have been considerably high.

2019 Maternity
Leave Numbers

Occupational Health and Safety

It is our responsibility to ensure health and safety and our employees to work in a secure working environment. Any incident that occurs has the potential to affect the health of our employees. Hence, the incidents should be prevented before they occur, risks should be identified and all kinds of preventive actions should be implemented. We manage all processes related to our Occupational Health and Safety Procedure. Every employee, from our top executives to our short-term interns, and our stakeholders visiting our sites are obliged to comply with the relevant procedure. OHS issues are the common responsibility of everyone and everyone has the right to stop working in a risky situation. We aim to keep the number of cases at zero with non-amendable rules we have established.

We have defined our OHS procedure in accordance with the relevant legal regulations and ISO 45001-ISG Management System. Thus, we both follow local obligations and ensure our compliance with international norms. Members of the Board of Directors, General Manager and Senior Managers participate in the Occupational Health and Safety Committee, which we have formed with occupational safety specialists, workplace physicians, employee representatives, employer or employer representatives and relevant employees from various departments.

Our Board discusses and decides at meetings on issues such as measures to be taken, cases and training to be provided to employees. With our due diligence and risk assessment studies, any risk-bearing process or machines are taken into account. We take actions by prioritizing according to the evaluation results obtained with the risk degree, frequency of repetition and the number of people to be affected.



In our procedure, we have defined the methods to be followed in order to prevent panic and to act reasonably and calm in potential case situations. We divided our potential case plans into two scenarios, as, during and out of working hours. In both scenarios, first aid teams, workplace health unit, relevant department supervisor and OHS department should be informed after the safety of the victim or the patient is ensured, respectively.

We provide OHS training to prevent possible cases and to inform our employees. Every employee attends training periodically and is subject to an exam after training. Employees who achieve results below the exam success score have to repeat the training. In addition, OHS training is given to our newly recruited employees during the orientation period. In order to keep the awareness of our employees at the highest level, apart from the training, there are indicators and signs at every risk-bearing point within the sites. Employee opinions are received in the processes and improvements are made accordingly.

Laser System

Since 2014, the majority of dry processes in our company are carried out with laser machines defined as the most environment-friendly and sustainable process. With our system, which contributes to the creation of a more suitable environment in terms of occupational health and safety, our employees can work far away in the active work area without the need for any extra protective equipment.

By using laser instead of local spray, we are able to work the effect we like to see on our products and reduce our environmental impact without the need for any chemicals and water use.



Conveyor Spray System and Automatic Spray Robot

With the Conveyor Spray we established in 2016 and the Automatic Spray Robot we launched in 2019, we abandoned traditional methods in local spray processes and created a safer work environment for our employees. Thus, we develop our sustainable production understanding in the fields of social sustainability and occupational health and safety.



Training

We believe that the continuity of our quality in production will be achieved with employees who are competent in their field and follow global developments. For the personal and technical development of our employees, we continue our training with the support we receive internally and, when necessary, from outside the company. During the reporting year, we have provided 557 training, 524 of which are internal and 33 are external training.

In addition to the training we organize at certain periods such as orientation and OHS, there are also training we organize in line with the needs. All of our employees have the right to participate in all kinds of training and to request training whenever they deem necessary, even if they participate in the training organized in line with their needs.

In 2019, we organized a total of 3701.25 hours of training.



Our employees, whom we employ as new starters in our Tokat factory, continue their technical training during their orientation periods. In this process, we send the products they produce free of charge to children in need. Thus, we include social responsibility projects in our training processes.

2019 Training Hours



Our Training Types

Orientation Training

It is organized to increase the productivity of our new employees in transition period.

OHS Training

It is organized to increase awareness on OHS issues and to ensure continuity.

Integrated Management System Training

It is organized to explain our integrated systems to employees

Brand and Customers Special Quality Management System Training

It is organized to explain our Quality Management System to brands and customers.

Information System Training

It is organized to explain the developments in informatics.

Fashion Trends Training

It is organized to inform about today's trends and trends.

Technical Training

It is organized to increase the technical capacity of our employees.

Personal Development Training

It is organized to raise awareness of our employees on personal development issues.

Social Awareness Training

It is organized to increase social awareness.

Environmental Compliance Training

It is organized to increase company environmental compliance.

Disaster Management Training

It is organized to explain what to do in case of disasters.

Legal Rights Training

It is organized to inform our employees about their legal rights.

Administrative Trainings

It is organized for the development of our managers in the field of personal development and process management.

ZDHC Training



380 HOURS OF ZDHC
EXPERT TRAINING

We aimed to raise the awareness and by reviving current management system we get to know the improvement actions.

Ø ZDHC

We continue to manage the use of chemicals in our processes through the ZDHC framework.

A 380-hour training was delivered to our team by a ZDHC expert. To prevent to distribution of hazardous chemicals and to manage risk of contamination in manufacturing ZDHC training was delivered to the designated people, representing each Cross Textiles department.

Pattern Making Training

We develop our existing product range in accordance with today's demands and trends. Developing new product types in our pattern room, our modelists develop new models by following global trends in line with the wishes of our stakeholders and customers.

In order to meet the existing demand in the market and to continue to develop new model types without slowing down, we employ new modelists in circulation in our pattern room. Our newly employed modelists, who are mostly graduates of the fashion design department, are given regular training by our employees with high technical equipment and expertise, and their orientation is provided in the fastest way.

By providing pattern making training in our training, the technical know-how of our new employees is strengthened and training on the use of the pattern making software program we use in pattern development is provided. In 2019, we provided a total of 924 hours of pattern training to help our new employees create added value to meet market demand.



Child Labor Prevention

With our Child Labor Prevention Policy, we undertake that child labor will not be employed in our company. We also manage this important issue together with our Child Labor Prevention Procedure. Our procedure covers every employee within the company and is a reference to many of our other procedures and policies, such as the Recruitment and Admission Procedure.

Accordingly, child workers cannot be employed in our company.

We also evaluate our suppliers in our value chain in terms of not employing child labor, and we terminate our business relations with our suppliers who do not comply with our social compliance assessment policy.

Communication with Local People

We aim to employ a high percentage of our employees from local people. When we regularly evaluate our Human Resources data every year, we observe that we are progressing successfully in line with this goal. In line with this policy, we create job opportunities for local people and ensure sustainable economy and social compliance. We provide employment for Turkey through the site in Egypt, as well as at the international level.

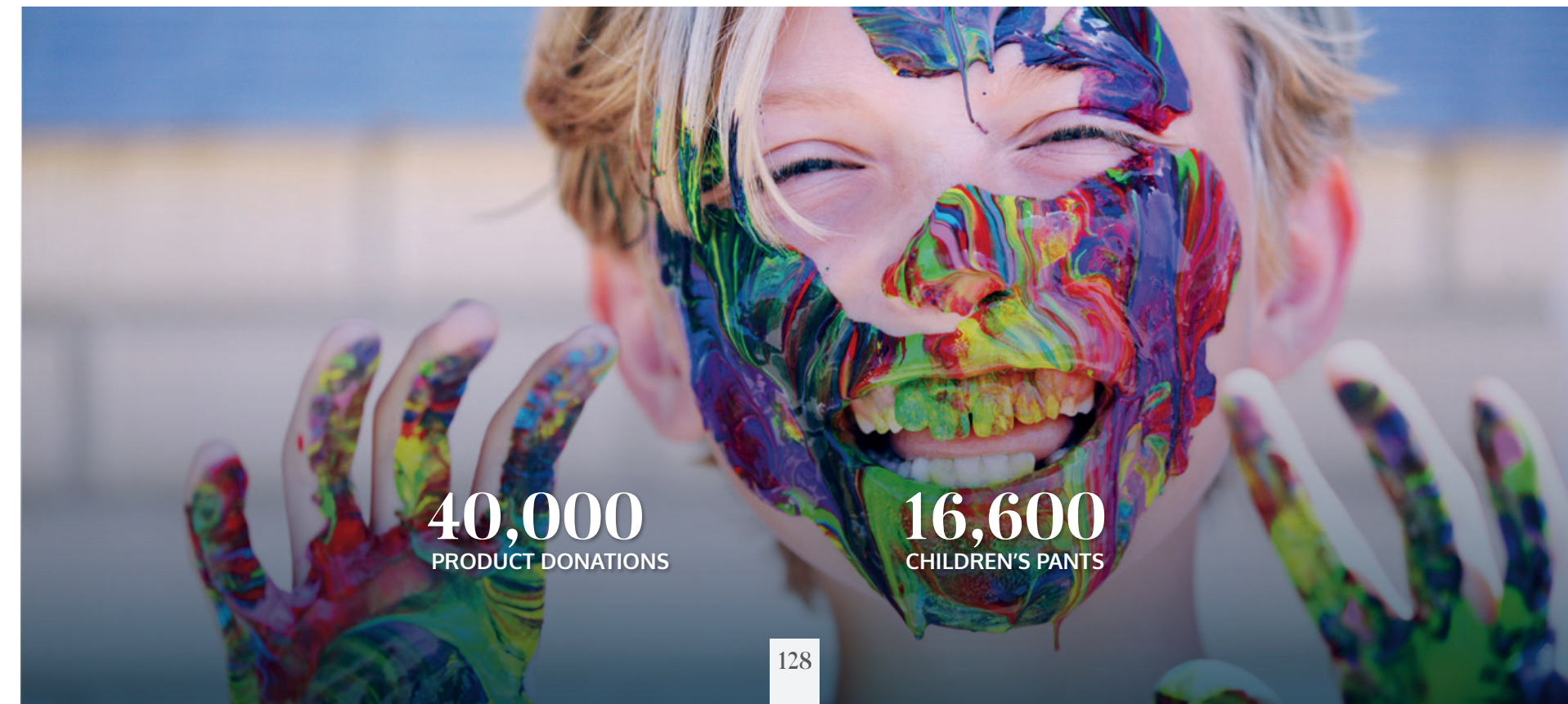
In accordance with local regulations, we are subject to environmental impact assessment (EIA) before establishing our sites. With the EIA processes, we ensure the participation of local people in our investments and we receive their valuable opinions. We carry out our investments by reaching the best and optimum solution for the local environment and social people. We are working to prevent pollution of the local environment, especially regarding our waste.

We send our wastes to relevant institutions and organizations as required. We treat our wastewater in our own treatment facility in our Çorlu site and in the treatment facilities of the local government in our other locations and discharge it into the water storage environment, and we prevent the contamination of local water storage environments.

Donation of Kids Jeans in Tokat

We have made a company policy to respond to the requests of our customers at the highest quality and we always keep the technical know-how of our employees at the highest level. Each employee goes through an orientation process after recruitment, thus ensuring compliance with the company's production quality and policies. As a garment and laundry company, we develop projects in order to evaluate the training process of our new employees in the most effective way.

In our Tokat site, our new staff is producing on a separate line and after completing their training on this line, they are transferred to our main lines. In order to evaluate the products of the line, which we call the training line, we donate the products from this line to people and children in need. Within the scope of this social responsibility project, we donated approximately 40 000 products in 2019. 16 600 of this amounts were donated as kids jeans. We are trying to help our children and families in need with this project, which we have developed to ensure that everyone can access reliable and high quality products.



40,000
PRODUCT DONATIONS

16,600
CHILDREN'S PANTS

GRI Content Index

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



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In this report, Cross Textiles' corporate profile, governance structure, sustainability values and performance on these issues are declared with the most accurate and reliable data to have a transparent communication method with stakeholders. The comments and evaluations in the report are of a general nature.

Comments and evaluations in the report have been prepared by Cross Textiles for general information purposes. Cross Textiles is not directly or indirectly responsible for the results of the actions to be taken or the damages that may occur based on the comments and evaluations in this report.

All photographs used in the report were obtained before the pandemic period.

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