

SUSTAINABILITY RERORT 2018



Our Repo

INDEX

ABOUT OUR REPORT **05** ABOUT OUR REPORT

06 MESSAGE TO OUR STAKEHOLDERS

CORPORATE PROFILE

 YÜNSA FACTS AND FIGURES 12 PRODUCTS AND MARKETS SUPPLY CHAIN AWARDS AND ACHIEVEMENTS

STRATEGY AND GOVERNANCE

 CORPORATE GOVERNANCE SUSTAINABILITY MANAGEMENT R&D AND INNOVATION TOTAL PRODUCTIVE MAINTENANCE



41 MATERIALS MANAGEMENT **46** CUSTOMER HEALTH AND SAFETY

ANNEXES 92 GRI CONTENT INDEX **96** CONTACTS



SOCIAL PERFORMANCE

 OCCUPATIONAL HEALTH AND SAFETY EMPLOYMENT 61 DIVERSITY AND EQUAL OPPORTUNITY TRAINING AND DEVELOPMENT

ENVIRONMENTAL PERFORMANCE

 ENVIRONMENTAL MANAGEMENT ENERGY MANAGEMENT EMISSIONS MANAGEMENT WATER MANAGEMENT WASTE MANAGEMENT

PERFORMANCE INDICATORS

84 ECONOMIC PERFORMANCE INDICATORS **85** SOCIAL PERFORMANCE INDICATORS **88** ENVIRONMENTAL PERFORMANCE INDICATORS



Yünsa Sustainability Report 2018

Corporate Profile

ofile (

ABOUT OUR REPORT

We are proud to present Yünsa's sustainability report that reflects our economic, environmental and social performance for 2018. The aim of this report is to give our stakeholders the opportunity to assess the steps we take to measure, monitor and improve the way we manage the impacts resulting from our activities.

ABOUT OUR REPORT

Our goal is to render our sustainability reports one of the major communication tools to examine the priorities of our stakeholders with regard to sustainability and to share our best practices towards solutions to issues today and in the future.

The Scope

Unless otherwise stated, the data in this report covers Yünsa's activities from January 1, 2018 to December 31, 2018. We explain how we defined our report content and topic boundaries in the Strategy and Governance section of this report.

The Principles

This report has been prepared in accordance with the CRI Standards; Core option. In the process of identifying our strategic sustainability topics, we took into consideration GRI's principles of materiality, stakeholder inclusiveness, sustainability context and completeness.

(GRI 102-54)

Next Report

We plan to publish our next report, which will cover our sustainability performance of 2019, in the second half of 2020.

(GRI 102-50)

Report Manuel

ſm	Please click for detailed information. [Yünsa Web Site and Within the Report]
• m •	Please click for detailed information. [Other Web Site]
< >	Please click on the arrows for moving to previous or next page.
Name of Section	Please use the menu to navigate between the sections.

MESSAGE TO OUR STAKEHOLDERS



Esteemed Stakeholders,

Since the day we were established as Yünsa, we have been managing the economic, social and environmental impacts of our activities based on our ethical principles. Since last year, we publish our reports in which we share our efforts and improvements towards our targets in managing our sustainability impacts.

Today, I have the pleasure in sharing with you the 2018 Sustainability Report of Yünsa, which exports to more than fifty countries, realizing 70% of Turkey's total woolen fabric export.

Here at Yünsa, we have an annual production capacity of 4,500 tons of worsted yarn besides a 12.5-million-meter fabric weaving capacity, which makes our company one of the five largest exporters of top segment woolen fabric in the world. We supply nearly 5% of the world's total woolen fabric market, uninterruptedly continuing to produce with our 1,000+ employees for the past 45 years.

While we contribute to the sustainable resources. We care developments of talented workers about the animal welfare, and in our sector with our investments work on totally eliminating the and employment, we also use of hazardous chemicals from continue our activities with an our chain of process. Besides environmentally conscious and recycled polyester, we also recycle sustainable business model and. post-process scraps in our own efficient and clean production production line, and feed back into our production system target. and continue to manufacture Besides the international environment friendly products standards we comply with made of recycled materials.

in reaching to sustainable solutions that create value for our company and our esteemed stakeholders, we also benefit from TPM and R&D projects. We are integrating the understanding of sustainability in all our processes and continuing our growth with our R&D and innovation approach.

Economic Performance

When we look at our financial outcomes, we appear to have doubled our net profits by the end of 2018 and increased our exports income by 25% compared to the previous year. Thus, we made an important contribution to our country's growth and industrial accumulation. We create an economy not only through our exports, but also through the materials we supply.

Since we are not able to obtain it locally, we import our main material input, wool, entirely from abroad. We pay utmost attention to make sure that we buy our main input items, fiber, yarn, dyes and chemicals from

Social Performance

At the top of our internal stakeholders' sustainability priority list comes occupational health and safety. Providing our employees' health and safety is the primary target of all departments in our facilities. Customer health and safety has also made it in our strategic topics list, in light of the feedback we received from our most strategic external stakeholders, customers, Since this is an issue related to the health effects of the chemicals we heavily use, we addressed this issue in detail following Materials topic under Economic Performance section.

Regarding our other social impacts, we have been carrying out regular performance evaluations in order to ensure long term employment of our skilled employees and supporting their personal and professional developments with training programs. We provided average 34 hours of training per

employee in 2018. Diversity and equal opportunities for women is among our employment priorities. The female employees in our company comprise 31% of our total work force.

Environmental Performance

Our energy and water saving projects continued throughout 2018. We eliminate all of our waste in compliance with the legal regulations. Our environmental expenditure has amounted to EUR 7,550. Thanks to our energy efficiency we saved EUR 316,330 while reducing our emissions even lower. We participated in CDP Turkey's Climate Change and Water Programs in 2018 again.

As Turkey's and Europe's largest integrated woolen fabric manufacturers under single roof, we will continue to offer high value, fast and innovative products, and protect the environment while creating value for our employees, customers and all stakeholders in our sustainability journey. I would like to extend my gratitude to all of my colleagues who contribute to our endeavors to reach our goals.

Sincerely,

Nuri Düzgören CEO

CORPORATE PROFILE

Yünsa Sustainability Report 2018

Yünsa, founded in 1973, is the largest integrated woolen fabric manufacturer in Europe and is also one of the five top high-segment woolen fabric manufacturers in the world. Yünsa covers 70% of the woolen fabric sector's export volume.

Yünsa stands out within the woolen fabric industry in Turkey and Europe with its sales and marketing organization, flexibility it offers in production, cost structure, vision, experience and reputation.

Producing and using its own yarn, Yünsa has an annual worsted yarn manufacturing capacity of 4,500 tons along with a fabric weaving capacity of 12.5 million meters.

Shareholding Structure (31.12.2018)

Hacı Ömer Sabancı Holding A.Ş Public and other

As of 26.11.2019, shares have been transferred. The new structure on the report publishing date is in the following.

Sürmegöz Tekstil Yatırım A.Ş. Public and other

(GRI 102-5)

Corporate Memberships

Turkish Textile Employers' Association KALDER Turkish Quality Association iTO istanbul Chamber of Commerce Çerkezköy Chamber of Commerce and Industry

57,88% 42,12%

%57.88 %42.12

Management System Standards

Name of Certificate	Valid at	Since
ISO 9001: 2015 Quality	Factory+HQ	1998
ISO 14001: 2015 Environment	Factory	2004
ISO 50001: 2011 Energy	Factory	2013
OHSAS 18001: 2007 Occupational Health and Safety	Factory	2016
ISO 27001: 2013 Data Security	Factory+HQ	2016

(GRI 102-13)



YÜNSA FACTS AND FIGURES

Our Rep

CORPORATE PROFILE

SUSTAINABILITY PROFILE



orporate

(GRI 102-7)

rr		n	
	at		

Annex

x

TEKNIK EĞİTMEN

<

11

PRODUCTS AND MARKETS

Exporting to more than 400 customers located in 52 countries and supplying fabrics for leading global brands, Yünsa has its own sales offices in the UK, and Germany; design offices in Biella, Italy and Çerkezköy, Turkey and agencies in 15 countries.

The leading markets of Yünsa are the EU countries, North America and Far East. Our product range includes suit and uniform fabrics for women's and men's wear.

Besides 100% woolen fabrics, we also manufacture polyester, viscose, nylon, spandex fiber, cashmere and silk blended fabrics. Since the beginning of 2015, we took our place in apparel industry with the fabrics we manufactured by producing the models our customers requested from us.

(GRI 102-2, GRI 102-6)

[AUSTRALIA] [AUSTRIA] [CANADA] [DENMARK] [EAST EUROPE COUNTRIES] [FINLAND] [FRANCE] [GERMANY] [HOLLAND] [INDIA] [IRELAND] [ISRAEL] [ITALY] [JAPAN] [MALLEY] [MEXICO] [NORWAY] [POLAND] [PORTUGAL] [RUSSIA & NEARBY GEOGRAPHY] [SINGAPORE] [SOUTH KOREA] [SPAIN] [SWEDEN] [THAILAND] [UK] [USA]



es

<

13

SUPPLY CHAIN

We create a significant volume of economy with our foreign and domestic suppliers.

Our domestic suppliers constitute 85% of all our suppliers in quantity and 24% of our purchasing amount, which is EUR 9.40 million. Spare parts, packaging, various administrative equipment is purchased from domestic suppliers.

Wool fiber, which is 100% imported raw material, composes 62% of our supplier expenditures. Fiber (polyester, nylon, spandex fiber and others), yarns, dyes and chemicals are second in line on our import list.

We evaluate all our suppliers within supplier evaluation scope regularly using a digital platform; the Supplier Evaluation System.

In 2018, we did not terminate contracts with any of our suppliers. We started doing business with 62 foreign and 262 domestic suppliers during the reporting period.

(GRI 102-9, GRI 102-10)

Shares of Purchasing



Breakdown of Suppliers by Geography



🏉 China South America Europe and Other

We continue to succeed in supporting sustainability by the standards we apply and the projects we develop for efficient use of resources at Yünsa.

Kaizen of the Year 2018 Elimination of Speed Reduction of Machines 21st Quality Circles and Kaizen Awards KALDER Quality Association





AWARDS AND ACHIEVEMENTS



16 Yünsa Sustainability Report 2018

STRATEGY AND GOVERNANCE

AT YÜNSA, BASIS OF OUR SUSTAINABILITY STRATEGY IS TO COMPLY WITH LAWS AND OUR ETHICAL VALUES. WHILE DETERMINING THE SCOPE OUR STRATEGY, WE TOOK THE VIEWS OF OUR EMPLOYEES INTO CONSIDERATION, IN ADDITION TO THOSE OF EXECUTIVES FROM ALL OUR DEPARTMENTS. THUS, WE CREATED OUR MATERIALITY MAP WITH A HOLISTIC APPROACH.



CORPORATE GOVERNANCE

INTERNAL STAKEHOLDER VIEW

60% of our employees who responded to the sustainability assessment survey think that...

At Yünsa, we perform all operations in conformity with the Corporate Governance Principles published by the Capital Markets Board which are transparency, fairness, responsibility and accountability.

Our Board of Directors consists of six members in total where two of them are independent members. Only the Chairman of the Board and the Deputy Chairman hold executive functions. Audit, Early Risk Identification and Corporate Governance Committees function under the Board of Directors.

Details on the committees, their aims and functions are given in our 2018 Annual Report.*

Committees Reporting to the Board	Responsibility on Economic Impacts	Responsibility on Social Impacts	Responsibility on Environmental Impacts
Audit Committee	All economic topics	-	-
Corporate Governance Committee	-	All social topics	-
Early Risk Identification Committee	All economic topics	All social topics	All environmental topics

Yünsa manages all its business processes in line with corporate governance principles, being transparent, fair, accountable and responsible.

Business Ethics

At Yünsa we naturalize Sabancı Business Ethics (SA-Ethics) principles that aim to create and sustain a fair work environment. Besides being a protector of employees, SA-Ethics is a guideline as well as a set of rules, regulations and procedures that are indicative to all our decisions and actions. SA-Ethics has four major topics including legal responsibilities, integrity, confidentiality and conflict of interest.

New hires of white-collar employees complete SA-Ethics briefing training via e-learning and blue collars complete it via orientation program within the first month of their entries. All employees undersign that they have read and understood ethic rules.

Any stakeholder willing to share and complain can reach Ethics Compliance Officer, etik@yunsa.com or phone number 0282-726 80 01.





Compliance Management

Legal responsibilities subtopic under SA-Ethics frames our compliance management principles. We execute all our domestic and international activities and procedures within the framework of local and international laws. Timely monitoring of current developments and changes in procedures is a hard process that needs accuracy and attention and is managed through *Sabancı Holding Corporate Risk and Compliance Portal.

Our aim is 100% compliance to all legislation we are liable to. By the end of 2018, we completed the transition and integration phase of Personal Privacy Act.

At Yünsa, we had no cases of noncompliance and/or administrative and monetary penalties regarding environmental act. Besides, no cases from non-compliance resolution mechanisms occurred. (GRI 102-17)

SUSTAINABILITY MANAGEMENT

INTERNAL STAKEHOLDER VIEW

55% of our employees who responded to the sustainability assessment survey think that...

At Yünsa, the basis of our sustainability approach is our objective of creating value for all our key stakeholders which is beyond just creating economic value for our shareholders and investors, by overseeing our social and environmental responsibilities.

We manage all material issues beyond relevant legal responsibilities and by taking into consideration the expectations of key stakeholders. Our corporate and ethical values are the main aspects to lead our employees in our journey of reaching our sustainability goals.

Governance Structure

At Yünsa. Board of Directors is the top responsible of all operations of the company. As CEO takes the execution role, Yünsa's board level oversight for sustainability issues belongs to Pre-Determination of Risk Committee (PDRC).

PDRC, consisting of the Board members reports to Board of Directors bimonthly based on the regular feedback from the CEO. The Board, the PDRC and the CEO together manage the economic performance of the company.

The final decisions regarding targets, actions and the necessary investments to manage sustainability topics are made by the CEO with the necessary consent of the Board of Directors.

Yünsa's communication platforms to find out about the ideas/ suggestions or expectations of key stakeholders (excl. employees) are adequate.

Strategy and

Committees and Duties

Environment, Health and Safety Committee (ESHC), Energy Committee (EC), and Chemicals Management Committee (CMC) who report to the Operations Director, meet once a month separately to evaluate the performance results of their responsibilities. Risks and opportunities are analyzed regularly by these committees and necessary actions are taken for high risk and high opportunity areas. Meeting results are reported to the Operations Director who report to the CEO.

EHSC prepares environmental risk assessment regarding waste management including emissions, and water consumption within the scope of ISO 14001 Environmental Management System. EC runs

energy audits and conducts energy efficiency projects in line with the requirements of ISO 50001 Energy Management System. CMC is responsible with managing the risks regarding chemicals within the production processes in compliance with Zero Discharge of Hazardous Chemicals (ZDHC), Oeko-Tex Standard 100 and Ready to Manufacture (RTM) requirements.

Sustainability Governance

CREATION OF FABRICS

Energy Committee (EC)

Energy

Operations Director chairs all these committees except the Sustainability Platform (SP). SP directly reports to the CEO. SP provides the implementation of sustainable principles into all activities. SP monitors the current performance, tracks and reports the progress against targets regarding all material topics, works in cooperation with Human

Resources and Organization & System Development Departments regarding social topics, prepares sustainability reports and other external reports concerning sustainability assessments. SP also ensures the traceability of sustainably sourced materials.

(GRI 102-18)



OUR VALUES AND SUSTAINABILITY PRIORITIES

Our corporate values support our vision to grow through making a positive change. The priority topics that shape our sustainability strategy match perfectly with our corporate values.

MISSION] Being a leading organization, which creates value, and which is preferred for its pioneer and competitive approach in different areas of textile VISION] Growing by making a difference in textile products and services and being a global power.



COMMUNICATION WITH OUR STAKEHOLDERS

We describe our stakeholders as people and organizations that are influenced by our activities, and at the same time, who possibly have impacts on our company in achieving our business targets. Since the day our company was established, we meet with all our stakeholders in various platforms in parallel with our interaction frequency targets and inform them regarding our activities and business results.

Within the framework of our sustainability reporting works, we reviewed all our stakeholders and grouped them with regards to our material topics through a strategy work we organized with the participation of our top management who represent all our departments at Yünsa. As a result, we made a list of the key stakeholders to engage with regarding sustainability management.

In 2018, we planned to organize stakeholder engagement activities starting with our first two key stakeholders, priory with our employees and customers in the coming years.

(GRI 102-42)



(GRI 102-15, GRI 102-16)

Sustainability Communication with Our Employees

We conducted a sustainability assessment survey to raise awareness of our employees on sustainability and our company's impacts. 175 people representing 84% of office employees participated the materiality and performance evaluation survey. In the second survey which we opened with the aim of measuring the sustainability perception of our employees, 411 people participated including blue-collar employees.

We share our employees' priorities and their views on Yünsa's sustainability performance in the relevant sections of our report.

The communication platforms with our employees and the rest of our key stakeholders, together with their content and communication frequency, are presented in the Communication Platforms with Our Stakeholders table.

(GRI 102-43, GRI 102-44)



Employee Survey Participation





Sustainability Communication with Our Key Customers

In 2018, we ran a survey among our clients who represent international textile brands with sustainability targets. The survey results showed us that our key customers pay more importance to the use of sustainably sourced materials, chemical management, reduction of waste, and the effective use of energy and water sources than our other priorities. We are addressing these issues under Materials Management topic in the **Economic Performance section** and under Energy Management, Water Management and Waste Management topics in the Environmental Performance section of our report.

Another key customer that we interviewed, expressed the importance they pay in particular to the auditing of chemical material suppliers in order to take control of the product health and safety risks. We explain the actions we take on this issue within the framework of Yünsa Chemicals Management System under Customer Health and Safety topic of our report.

CUSTOMER FEEDBACK

Our Repo

Yünsa became one of our manufacturers for our Join Life collection by meeting Inditex sustainability standards. In addition to all this, with their respectability from the past to present, and their strong collections with high visual qualities, Yünsa is among the suppliers our purchasing team favors.

Strategy and

INDITEX Product Safety and Health Department





Communication Platforms with Our Stakeholders

Stakeholder	Platform	Communication Content	Communication Frequency
	Sustainability Assessment Survey	Prioritization and performance assessment	Once a year
Employees	Yunsada.com (internal social platform)	News, announcements, greetings, special days, social posts	Daily
	CEO meetings	Company financial status, targets and practices	Bimonthly
1. 1. 1. 1.	Employee activities	Dinners and events	Bimonthly
	Social clubs	Sailing, cycling, football, table tennis, traveling	Weekly
	YES parties	Birthday celebrations	Monthly
Employees and Holding	Sabancı Holding Newsletter	Successful results, new and activities of Yünsa	Weekly
1	Sustainability Feedback Survey	Prioritization and performance feedback	Once a year
1 1 1 1 1 1	Meetings, audits	Sustainability performance	A few times a year
Customers	Customer Satisfaction Survey	Satisfaction level	Once a year
	E-bulletin	Company news	Monthly
	Overseas exhibitions	Sales and one-to-one interviews	15-20 times a year
Suppliers	Supplier scorecards, visits	Supplier performance evaluation	Once a year
Change had also a filmer at the	Annual Reports	Company financial status, targets and practices	Once a year
Shareholders/ Investors	KAP (Public Disclosure Platform) disclosures	Company financial status, important changes	Four times a year
Public, Regulatory Bodies and Local Administrations	Visits, one-to-one meetings	Social and environmental regulations, legal permissions, private partnerships, incentives	When necessary
	Social media accounts (Instagram, YouTube, Facebook, Twitter, LinkedIn)	Products, services, news and activities	2-3 times a week
All Stakeholders	Media press and internet news	Products, services, news and activities	10-15 times a year

(GRI 102-43, GRI 102-44)

idex

<

MATERIAL SUSTAINABILITY TOPICS

Materiality Works

In the preparation process of our first sustainability report, we have selected our sustainability priorities through a sustainability strategy survey conducted with the participation of our directors, department managers and the sustainability team of Yünsa. Subsequently, with a review meeting with our general manager, the sustainability strategy leader of our company, we have clarified our key stakeholders and material topics. Taking into consideration the employee engagement survey results, we have prepared our materiality matrix, grouping all the sustainability topics we analyzed into three.

In 2018, besides the sustainability performance survey we organized with the participation of our employees, we engaged with two of our key customers. Taking into consideration the feedback from our customers we updated our materiality matrix and added Customer Health and Safety among our material topics.

Explanations on Matrix

Our Repo

Drofilo

The upper right-hand part of the matrix displays the first group of topics that are of high importance for both our customers and Yünsa and influence our company's performance directly and significantly. These topics constitute the main headings of the relevant sections of our report, and the relevant data on our company's performance are extensively covered in the report.

The main objective of creating such a matrix was to clearly identify issues important for both our company and our key stakeholders, and to develop our plans and set our targets around these topics. In the coming reporting period, we aim to exchange ideas with a higher number of stakeholders to further develop the topics we will focus on and our relevant targets. **Group 1:** Yünsa's priority topics which are detailly disclosed in the report

Strategy and

Group 2: Yünsa's second tier topics which are not disclosed in the report

Group 3: Yünsa's third tier topics which are not disclosed in the report

Blue: Economic topics

Orange: Social topics

Green: Environmental topics

Influence on Stakeholders (Assessments and Decisions on Yünsa)

LOW





ex

< 2

27

Yünsa Materiality Matrix

(Reputation, Regulatory, Financial, Operational)



Strategy and

outsource and also recycled and environmentally friendly materials that we supply. We plan to manage our impacts for the rest of the topics regarding our supply chain including sub-contractors, in the coming years.

(GRI 102-46, GRI 103-1)

17 PARTINERSHIPS FOR THE GOALS dex

< 2

In the We Contribute to UN Sustainable Development Goals!

At Yünsa, as we determine our material sustainability topics, we also took into consideration the Sustainable Development Goals (SDGs) launched by UN in 2015. As we aligned our best practices and R&D projects with global goals, we saw that our material topics are directly related to 9 of the SDG's.

UN 2030 Sustainable Development Goals	Yünsa's Releva Material Topics	nt	Departments Working for The Corporate Goals
SDC 3: Good Health and Well-Being	Materials Occupational Health and Safety	Customer Health and Safety Employment Effluents and Waste	OHSE R&D
SDC 4: Quality Education	Training and De	velopment	Human Resources
SDG 5: Gender Equality	Diversity and Ec	qual Opportunity	Human Resources
SDC 6: Clean Water and Sanitation	Water		OHSE
SDG 8: Decent Work and Economic Growth	Economic Performance Materials Occupational Health and Safety	Employment Training and Development Energy Water Effluents and Waste	OHSE Human Resources R&D Finance and the rest of the departments
SDG 9: Industry, Innovation and Infrastructure	Materials Energy Emissions	4	R&D
SDG 12: Responsible Production and Consumption	Economic Performance Customer Health and Safety	Materials Energy Emissions Water Effluents and Waste	Purchasing OHSE R&D All departments participating TPM activities
SDG 13: Climate Action	Economic Performance Materials	Energy Emissions	OHSE R&D
SDG 17: Partnerships for The Goals	All environment	al topics	R&D

R&D AND INNOVATION

At Yünsa, R&D Department is a strategic unit since it is the foremost vital tool in developing sustainable solutions and fabrics. Our R&D investments and work we carry out within this scope directly impacts our company's sustainability.

Targets of Yünsa R&D and Technical Department are; to develop innovative products that are environmental and human friendly with long economic life; to obtain patents for these products and to increase number of project applications that have national/international support.

We cooperated with many institutions including universities in projects that started, continued and completed during the reporting period.

We included R&D projects that we completed or began to get results during the reporting period under the relevant topics of this report.

AR-GE MERKEZİ	
R&D CENTER	

Strategy and

Facts and Figures of R&D	2017	2018
Cooperations with Universities	 5 Publications, articles, memorandums 3 Undergraduate thesis 1 Postgraduate thesis 1 Project under EU Horizon 2020 Framework Programme 7 partnership protocols for University-Industry Partnership (KUSI) Project 	 14 Publications, articles, memorandums 3 Undergraduate thesis 1 Project under EU Horizon 2020 Framework Programme 1 Project under University-Industry Partnership (KUSI) Project
Number of R&D projects approved by Ministry of Industry and Technology	7	7
Number of Patent Applications	3	8

R&D Expenditures



Number of R&D Center Employees



Development of Nature and Human Health Friendly Natural Dyed Fabric

With this project we aim to eliminate the negative impacts of synthetic dyes on environment works on transition to using natural dyes. The reasons to initiate this project are client requests towards natural products and our willingness to meet these requests.

Under the project scope, we intend to dye our products by utilizing natural raw materials such as wastes from hazelnut factories and chestnut producers, various fruit skins and herbs such as mint and oregano that are abundant in Turkey. We developed color scales, recipes and application processes of natural pigments. We examined performance features such as fastness, resistance, abrasion, and touch of fabrics produced in industrial scale.

We achieved significant improvements in our work on obtaining the requested color by blending natural pigments extracted from various plants in specific amounts. We continue to work on developing the colors and identifying positive and negative effects of the fiber.

R&D **Project**

Targeted Results and Gains

Economic: We expect a positive impact on our market share when we serve natural dyed suit fabrics in the market. We intend to use plants that are resources of natural pigments in industry to create higher value than using them as fodder, fuel or fertilizer instead.

Social: We intend to use environment friendly, organic dyes instead of inorganic ones that have negative impacts on environment and human health.

By gaining new raw materials to industry, new business areas will be created.

Environmental: We aim to transform waste of fruit skin and various plants into natural dye.

Corporate: We will seize the opportunity to develop a new and interesting product in the market.





Manufacturing Fabric with Heat and Sound Insulation Properties out of Scraps

The idea of producing a material with sound insulation properties came out of the noise problem we had in the weaving hall of our factory. While an initial SWOT analysis helped us map the strengths and weaknesses of such a project and the opportunities and threats it would expose, we also took into calculation the average monthly amount of fiber, yarn and fabric wastes. So, we gave start to the project with the idea of reusing up to 20 tons of waste a month created within Yünsa, and our will to contribute to sustainability.

Our Objectives:

• Obtaining a high value product by turning wastes into felt.

• Enabling the use of felt made from waste wool as a high frequency sound absorber besides its natural role as a heat insulation material.

• Reflecting the smart natural properties of the wool such as flame retardancy, caption of dirt and smell, durability and bacteria resistance on to this new product.

What we did:

• We spotted the best production method for turning wastes into felt by studying the felt production process.

• Through tests we produced samples that could be used as a substitute for phenolic felt and melamine foam that are available in the market.

• We studied the existing patents and literature to determine the factors that affect the sound absorption in felts, which helped us specify the properties such as thickness, weight, density, mixture ratios of the felts to be produced.

• We liaised with the leading representatives of the white appliances and automotive sectors, and we collaborated with Temsa in meeting the necessary specifications and testing the suitability of the product for the targeted production area.

In 2018, with this Project we applied for one national (Yün Atıklarından Mamül Bir Dokusuz Yüzey Yapılanması) and one international (A Nonwoven Surface Manufactured from Wool Wastes) patent.

Results and Gains

Economic: We began the product development to enable the felt produced in this project to be used in the engine, the roof and side panels of buses. We are targeting to offer the product in the market following the completion of heat and sound insulation, and fire tests.

Social: We contributed to the improvement of the products and services that reach to the end users in a variety of sectors through the collaboration and synergy we built with our group company Temsa.

Environmental: Before this project, we were directly selling our wastes to the second-grade yarn manufacturers without applying any reprocessing. With this project we began to reuse our waste in our own factory and produce a higher-value product.

Corporate: We are also continuing to work on the reuse of fabric waste.

R&D Project

Environme Performai Perf Inc

TELEFLERDEN ISI VE SES YALITIMI SAĞLAYAN MALZEME ÜRETİMİ

DUYGU AYAKTA

K. NECA AK

8 DECENT WORK AND ECONOMIC GROWTH 9 IND







Acquiring Low Temperature Dyeing and Machine Wash Attributes to Woolen Fabrics by Utilizing Environment Friendly Ozone **Technology in Industrial Production Scale**

R&D Project

In the recent years, customers prefer their woolen clothes to be washed in washing machines and even tumble dried. We presumed that having ozone technology used in production of woolen fabrics would gain these attributes. We initiated a project of 10 team members in Dying-Finishing Department under our R&D Center leadership partnering with Namık Kemal University Çorlu Engineering Faculty Textile Engineering Department.

With support of TÜBİTAK TEYDEB (Technology and Innovation Support Programs Directorate), we aimed to produce low water consuming and easy washing fabrics by using ozone technology. Also, we targeted to reduce dyeing temperature without losing dyeing efficiency by means of fiber flake disintegration.

We will make a difference in textile products and services with the multicolor and weathered effect fabrics that we plan to produce using the ozone technology which is an environmental approach.

Targeted Results and Gains

Economic: We forecast around EUR 9.000-10.000 saving which accounts to 16% energy saving during dyeing process.

Social: We will accomplish to meet customer expectations by developing a more environmentally friendly product.

Environmental: We support saving in natural resources by reducing the water and energy used both in production and in usage of these products.

Corporate: We began to make plans at Yünsa to integrate ozone technology into work culture by means of this project. Our willingness and perseverance to work on this issue have increased considering the necessity to produce environmentally friendly products, which are highly demanded by our customers. This has opened the way to other projects utilizing ozone



We initiated a project to apply clean production approach in processes, develop practices to save resources, integrate energy monitoring system, identify facts that cause inefficiency, and therefore reduce production costs.

Under the project scope, all inputs-outputs for the last three years were analyzed and 243 clean 175 major topics were offered. Suggestions were scored by all units and the suggestions with highest scores were grouped feasibility analyses were prepared. Project deliveries were presented in a meeting to all relevant engineers and managers from each unit.

Targeted Results and Gains

Economic: By reducing natural resource and material usage, we will be able to make financial savings.

Social: The project is the first authentic work undertaken in woolen textile industry in this detail and scope. The clean production methodology of

R&D

Project

Increasing Technical, Environmental and **Economic Performance by Developing Clean Production Techniques and** Strategies in Woolen Textile Industry



decision making based on in clean production analysisassessment will be applied in woolen textile industry in actual scale for the first time.

Environmental: We identified potential savings as; 26-58% in water, 12-32% in electrical energy, 9-29% in steam energy, 22-46% in thermal energy, 25-40% in

pigment, 25-35% in auxiliary chemical consumption. Also, we projected that waste water amount will decrease by 25-60%, emission amount will decrease by 22-46% and solid waste amount will decrease by 20-60%.



TOTAL PRODUCTIVE MAINTENANCE

Total Productive Maintenance (TPM) is a system that aims to improve our business results. With our TPM works since 2012, we improve and develop our processes within the framework of our excellence targets for; Zero Occupational Accident, Zero Quality Defect, Zero Failure, Zero Stops and Zero Pollution.

TPM, which involves a management approach that serves all our targets under sustainability management, is the starting point of all our efficiency works overseen during the reporting period. We present some of these projects in the relevant sections of our report. We annually reward the projects with positive contributions on Yünsa's economic, social and environmental performance. (

Targeted Gains of TPM Projects Economic

Strategy and

• To prevent labor and machine loss

• To reduce costs based on increase in machine efficiency

Social

• To improve our employees' knowledge, skills and competencies in monitoring, analyzing and taking timely action about their responsibilities

• To assure the engagement of all employees and to focus on resolving problems with a proactive approach

• To trigger cultural change by creating a continuous improvement environment

• To increase efficiency and productivity

• To create positive working environment with zero- accident and zero quality defect targets

Environmental

• To increase awareness of employees on energy efficiency, waste management and environmental protection.



rmance cators

novoc

<

<

37

ECONOMIC PERFORMANCE

AT YÜNSA, WHERE WE MEET 5% OF THE WORLD'S WOOL FABRIC MARKET DEMAND, WE CONTINUE OUR PRODUCTION AND SALES ACTIVITIES FOR 45 YEARS WITH OUR RESPONSIBILITY APPROACH TOWARDS PEOPLE AND ENVIRONMENT. OUR EXPORT VALUE SUMS UP TO TWO THIRDS OF OUR ANNUAL TURNOVER AND WE PROVIDE PRODUCTS TO MORE THAN 400 CUSTOMERS IN 50 COUNTRIES. WE BELIEVE THAT SUSTAINABLE GROWTH CAN BE ACHIEVED BY SHARING THE ECONOMIC VALUE WE CREATE FOR OUR SHAREHOLDERS AS WELL AS WITH OUR KEY STAKEHOLDERS; OUR EMPLOYEES, CUSTOMERS AND SUPPLIERS.



FINANCIAL PERFORMANCE

INTERNAL STAKEHOLDER VIEW

58% of our employees who responded to the sustainability assessment survey think that...

By the end of 2018, we increased our turnover which we make 68% of through exports, from EUR 52.3 million to EUR 64.8 million with a 24% performance rise. And we increased our net period profit to EUR 4.95 million, doubling it in comparison to the profits of the last year.

Management Approach

Policy:	Our Vision
Responsible Managers and Departments:	Board of Directors, General Manager, Finance
Measuring and Monitoring Mechanisms:	Evaluations at the meetings held at the Holding monthly and with the Board quarterly.
Target:	EBITDA 2017: 15.96% and EUR 8.30 million 2018: 14.51% and EUR 9.87 million

We continued to provide value to our stakeholders in 2018 with the economy we created and investments we made here at Yünsa, one of two most valuable brands in the textile sector in Turkey, and the largest integrated woolen fabric manufacturer in Europe according to the international brand valuation experts Brand Finance.

As Yünsa, we exported EUR 166 million worth of products in the international markets in the last 5 years. We continued to contribute to our country's economic growth and industrial accumulation this year too. We increased our export income by 25% from the last year to EUR 43.88 million in 2018.

The deep exchange rate fluctuations experienced through the tough year of 2018 affected our sector along with the entire country's economy. We used EUR 1.76 millions of government subsidies through incentive programs in 2018. In the upcoming period we will focus on our financial targets and efficiency-based operational excellence and continue our production and sales activities.

(GRI 201-4)

Performance Results [EBITDA]



Yünsa creates significant economic value for its key stakeholders.

MATERIALS MANAGEMENT

INTERNAL STAKEHOLDER VIEW

78% of our employees who responded to the sustainability assessment survey think that...

Providing all supply processes within the framework of Yünsa's sustainability approach, primarily including occupational health and safety and environmental protection, is among the basic responsibilities of our supply chain team.

lanagement Approach		
Policy:	Supply Chain Policy	
Manager:	Supply Chain Director	
Our Team:	12 people	
Management System:	ISO 27001 Data Security Management System	
Measuring and Monitoring Mechanisms:	Internal and external audits Annual performance evaluation Supplier performance evaluation	
Target:	Maximum 14% scrap material loss (including fiber, yarn, fabric)	
Base Year / Target Year	2016 - 2020	

Purchasing Shares of Materials Performance Results [Loss of Materials] 2016 17.14% Fiber 2017 14.68% Other 67% Dyes and Chemicals 2018 14.57% Yarn



Yünsa's practices to use recycled raw materials and efforts to recover process waste in the production are adequate.

Together with fiber and yarn, dyes and chemicals are the main inputs of production. For sustainable and clean production, we run the selection and use phases of these materials efficiently and carefully. We disclose our efforts towards our chemical management performance under Customer Health and Safety topic.

Our goals in production are; producing same quality products with less input by efficient use of raw and other materials, reusing materials and using them in ways to minimize their environmental impacts.

Our goal in purchasing is to provide materials in requested quality, time, quantity and the most competitive price conditions. These criteria directly influence production efficiency and fabric quality. The most difficult part of purchasing is to supply wool, which is the major input to our production, in long lead times.

Fiber and Yarn

Our raw material cost that consists of fiber and varn makes up 73% of all material purchasing. In 2018, we started the transition phase to shift from conventional polyester to recycled polyester. In the following years, we intend to have similar raw materials to cover larger shares in production. We contribute to circular economy by increasing and diversifying recycled raw material ingredient.

At Yünsa we priory purchase raw materials which are produced by guaranteed animal welfare. We worked with suppliers at Uruguay and Argentina during 2018 period and imported 266,576 kilograms of "non-mulesed" wool annually. Along with non-mulesed wool, we started to supply our materials based on RWS Responsible Wool Standard requirements which also cover animal welfare and good management of animal farms. We aim to gradually increase the amount in the coming years depending on the supply availability.



🗄 Responsible Wool Standard (RWS) 🗄

We completed our RWS Responsible Wool Standard certification process with the works led by our Sustainability Platform in 2018. RWS is a collection of certificates and practices that oversees the animal welfare, certifies wool production made in farms that respect animal rights, and takes the supply chain under control thereof.

What triggered us to take this certificate was our desire to support advanced farming practices that respects animal rights, restricts the use of pesticides and artificial fertilizers in the grazing fields, and protects the soil health, biodiversity and endemic species. In the light of recent customer demands due to increasing awareness in this field, we decided to begin the process.

Despite the fact that the RWS fiber is a higher cost material, we started to give priority to the supply of raw materials produced while animal welfare is maintained. We created a dedicated product number for RWS fiber and added "Made by using RWS fiber." on the identification cards for easier tracking. We keep a record of and verify the content of the RWS we use through transaction certificates. The main obstacle before us which limits the increase in our use of RWS products is the limited number of RWS certified suppliers that are compatible with our production standards.



🖑 Global Recycled Standard (GRS) and Recycled Claim Standard (RCS) 🖢

Global Recycled Standard (GRS) and Recycled Claim Standard (RCS) that we received the certifications of in 2017 for the first time are product standards created to trace and confirm the recycled ingredients in the product throughout supply chain.

Recycled materials in products with GRS certification should be at least 20%. This ratio for RCS is 5%. We use recycled polyester and process driven wool and wool blended waste that we recycle in our factory. In 2018, we utilized 22,551 kilograms of waste wool and 1,728 kilograms of recycled polyester as raw materials.



Index

Economic: We received a substantial amount of RWS orders from our key clients. We started a new product line.

Social: We started a practice that supports animal rights.

Environmental: We participated in a venture that will protect the soil health by restricting the use of pesticides and artificial fertilizers.

Corporate: We will be the preferred supplier of our customers by increasing the amount of sustainably sourced materials.

The Responsible Wool Standard is an independent and voluntary global standard that addresses the welfare of sheep and of the land they graze on. On farms, the certification ensures that sheep are treated with respect to their Five Freedoms and also ensures best practices in the management and protection of the land. Through the processing stages, certification ensures that wool from certified farms is properly identified and tracked.

Five Freedoms

- Freedom from hunger and thirst
- Freedom from discomfort
- Freedom from pain, injury and disease
- Freedom to express normal behavior
- Freedom from fear and distress



Industrialization of Bio-Based Textile Fabrics for Clothing Applications

The project initiated with the idea to develop a new alternative raw material to polyester. In exchange for polyester, we aimed at developing 100% biodegradable fabric with t<u>he same features as</u> the existing fabrics by using the biodegradable polylactic acid (PLA) **Economic:** We expect that the fiber and blending it with wool during production while keeping the existing quality of our fabrics.

48 of our employees actively participated in this project we developed under the leadership of our R&D and Technical Department and with our partners from Spain, Belgium and Czechia.

What is PLA?

Herbal resources are more often used in the production of PLA. the abbreviation for polylactic acid. It is developed by polymerization of lactic acid, which is acquired by fermenting glucose in corn starch and sugar cane.

What did we do?

The durability of PLA fiber that we use in yarn and fabric forms is lower with respect to polyester. We tried to resolve issues during fabric Collar Innovation and Corporate production such as breakages, tearing, etc. We conducted life

cycle assessment for PES / woolen fabric production. We also planned to conduct life cycle assessment for PLA / woolen fabric production by collecting data.

Results and Gains

new product will attract a lot of attention and increase market share both in domestic and international markets since it will be the first time that 100% biodegradable PLA / woolen core-spun yarns and fabrics to be used instead of polyester will be developed.

Social: The new products support our sustainability policies since they are produced by utilizing renewable natural resources.

Environmental: The fabrics that include polylactic acid decompose in nature quickly and leave no waste in nature whereas ones that include polyester take years to dissolve in nature.

Corporate: Our project won Sabancı Holding 2017 Gold Entrepreneurship Award.





R&D





8 DECENT WORK AND ECONOMIC GROWTH M

Design, Development and Production of High Value-Added Woolen Fabrics Using **Recycled Fibers (r-PET)**

We blend woolen fiber, which is our main raw material at Yünsa, with other fibers to eliminate disadvantages such as felting, low abrasion resilience and high cost. Polyester fiber (PES) is the most preferred fiber as it is used to preserve elasticity attributing most important value to wool and to resolve low resilience issues.

Under this project scope, we investigated the possibility of using r-PET (recycled from PET bottle), which is a more environment friendly fiber than polyester, a synthetic petroleumderived fiber used in the wool industry. We aimed the design, development and production of high value-added woolen fabrics We made the preparations and defined the project requirements in cooperation with our yarn production facility and R&D Center.

With the following R&D work, we found a use for an environmentally problematic raw material in a different area and, developed low cost and high value-added products for Yünsa. With this project, as we increase our competitive strength on a global scale, we will also contribute to the national economy.

Targeted Results and Gains

Economic: We expect an increase in the sales of fabrics made using r-PET fibers in line with our customers' sustainability targets.

Social: With this project, the use area for r-PET fibers will be expanded by Yünsa. In that regard, there may appear a new market for r-PET fiber producers, and the employment will rise in r-PET production.

Yünsa will be able to reflect its awareness in developing environment friendly products on all product groups.

Environmental:

With the use of r-PET, which requires much less energy to be produced than the standard PES, we offer our customers a new environmentally friendly woolen fabric.

The PET bottles. which cause an important environmental pollution for their longdegradation periods in the nature are recycled and used as a raw material.

Corporate: Fabrics made with r-PET fibers will bring prestige and increase the profile of both Yünsa and our country in the global woolen fabric sector. If this project succeeds, Yünsa will reinforce its environmentally friendly manufacturer profile.

R&D

Project

(GRI 301-2)





CUSTOMER HEALTH AND SAFETY

INTERNAL STAKEHOLDER VIEW

100% of our customers who responded to our sustainability engagement platforms think that...

The selection and use of the chemicals, which are among the main components of fabric production and have high impacts on the wellbeing of both our employees and our customers, is managed in utmost detail by the Chemicals Management Committee in our factory.

Yünsa shall use sustainable chemicals in production to assure customer health and safety.

Economic

Management Approach

Policy:	Chemicals Management Policy
Manager:	Operations Director
Our Team:	11 people
Management System:	Chemical Management System ZDHC Waste Water Guideline Customer Manuals Oeko-Tex 100 Standard OHSAS 18001 and ISO 14001
Measuring and Monitoring Mechanisms:	Internal and external audits Annual performance evaluation Supplier performance evaluation
Target:	100% Compliance to ZDHC
Base Year / Target Year:	2018
Performance Results:	2018: 88%



Dyes and Chemicals

Dyes and chemicals are among the inputs we production. Our expenditure for these materials takes up 7.6% of our total material purchases. While the efficient and correct use of dyes and chemicals in particular is important for their impact on cost, the selection of correct materials for environment and human health is the most important aspect for Yünsa. We cooperate closely with our suppliers and have the chemicals we use in our production processes checked before we purchase them. and we make sure that the manufactured restricted chemicals are only used in compliance with the allowed limit values.

Our Chemicals Management Policy

Yünsa aims to create a safe and healthy working environment in the light of its strategic priorities in the chemicals management through a Chemicals Management System that is based on constant improvement in human health and environmental protection.

Our Principles;

- Complying with the legal and other obligations required in chemicals management,
- Complying with the clients' regulations related to chemicals,
- Analyzing health and safety risks that may arise during working with chemicals.
- Building health and safety and environmental awareness in employees while working with chemicals, and arranging educational activities to develop it.

• Achieving an effective management throughout the entire process from the purchasing of chemicals to the elimination of them.

In the light of these principles we promise to;

- Turn chemicals management to be our corporate culture,
- Use non-hazardous compounds to human and environment in production and in new product design,
- Comply with the legal and other obligations and customer regulations in chemicals procurement,
- Minimize the health and safety risks that may arise during the use, transportation and storage of chemicals,
- Be an exemplary company in the textile sector in terms of chemicals management by executing our Chemicals Management System in harmony with our "Zero Work Accident and Zero Pollution" targets.

Yünsa Chemical Management System

Detox My Fashion campaign initiated by Greenpeace brought up the discussion of reduction of some chemical groups in textile industry that could be harmful to human health.

In order to reduce and terminate by 2020 the use of restricted hazardous chemicals, which have harmful impacts on human health during production and usage stages of fabrics, and which can be indicated in wastewater. international brands including some of our customers collectively signed a program.

Under the scope of The Zero Discharge of Hazardous Chemicals Programme (ZDHC), which directly covers Yünsa's operations as a fabric manufacturer, we conduct wastewater compliance controls, tests and trainings for chemicals included in the Manufactured Restricted Substance List (MRSL) and choose our chemicals from the approved lists.

We take samples at least once a year from our waste water for ZDHC Gateway Wastewater Module and register the chemicals we use. We publish our wastewater reports at ZDHC and IPE platforms.

Similarly, as per The List and Clear to Wear program by our customer Inditex, we use Class A chemicals, which are tracked by a special sticker from the moment they enter in our factory.

We report our monthly chemical consumption and inventory through BVe3 application and subsequently monitor and evaluate the conformity of our chemicals to ZDHC and Substance of Very High Concern (SVHC).

Within the coverage of Join Life Program, through two Ready-to-Manufacture (RTM) and one Green-to-Wear (GTW) audits annually by independent parties and receive conformity that our production process is human and environmentally friendly.

Our chemical management team ensures that the chemicals are tracked on a lot basis in line with our traceability and transparency principles. We track and update Safety Data Sheet (SDS) and the other documentation listed in the regulation when required. We also carry out necessary activities to fulfill the requirements of Best Chemical Management Practices (BCMP) system, ensuring the proper usage and storage of chemicals and implementing good practices.

The Challenges

Meeting the restricted chemicals' product performance with substitute chemicals, discrepancies between lists released by different bodies, and the lack of a standard that complies with all the related regulations.

Results and Gains

Economic: We increase our competitiveness by meeting customer expectations with the rise of awareness in the use of chemicals across textile industry, and compliance to the regulations.

Social: We prevent possible damages to the employees and the consumers by the elimination of the use of chemicals that are hazardous for human and environmental health.

Environmental: We reduce the possible damages caused to the environment by the reduction of hazardous chemical content in the waste water.

Future Plans: We aim to improve our current chemicals inventory, increase good chemical management practices, terminate the consumption of restricted chemicals, and improve the traceability and manageability of the chemicals within the ERP system by 2020.

8 DECENT WORK AND ECONOMIC GROWTH 17 PARTNERSHIPS FOR THE GOALS

The Zero Discharge of Hazardous Chemicals (ZDHC) Programme

ZDHC is a collaboration of brands. value chain affiliates and associates committed to eliminating hazardous chemicals from the textile and footwear value chain. These organizations are committed to advancing towards zero discharge of hazardous chemicals in the value chain to improve the environment and people's well-being, understanding that achieving zero will require time, technology, and innovation.

The first step towards the prevention of wastewater contamination is for facilities to avoid the use of restricted chemical substances by using chemical formulations that conform to the ZDHC MRSL (Manufactured Restricted Substance List). Facilities should then ensure wastewater is treated prior to discharge in a way that either removes the chemical physically or by chemical reaction or biological degradation.

(GRI 102-12)



Ø ZDHC

Index



🖑 Oeko-Tex® 100 Standard 🆑

Oeko-Tex ® 100 is a worldwide standard test and certification system that covers raw materials, semi and finished goods during all process stages of textile products.

At Yünsa where we aim to provide healthy products to our customers, we renew Oeko-Tex® 100 certificate every year as the standard dictates since 2006.

(GRI 102-12)



SOCIAL PERFORMANCE

Yünsa Sustainability Report 2018

AT YÜNSA OUR SOCIAL SUSTAINABILITY IMPACTS COVER PRIMARILY HEALTH AND SAFETY OF ALL OUR EMPLOYEES AND THEIR PROFESSIONAL DEVELOPMENT. WE RUN OUR OPERATIONS WITH THE GOAL OF ZERO ACCIDENTS. WE SEE DIVERSITY IN HUMAN RESOURCES AS PART OF OUR CORPORATE CULTURE AND PROVIDE EQUAL DEVELOPMENT AND CAREER OPPORTUNITIES FOR ALL.



OCCUPATIONAL HEALTH AND SAFETY

INTERNAL STAKEHOLDER VIEW

73% of our employees who responded to the sustainability assessment survey think that...

Here at Yünsa, we made it our purpose to apply, develop and turn into a life style the preventive work health and safety systems in everything we do. We ensure everyone's participation in risk reduction efforts, taking measures one step ahead of the legal requirements.

Management Approach

Policy:	Occupational Health and Safety
Manager:	Human Resources Manager
Our Team:	8 people
Management System:	OHSAS 18001
Measuring and Monitoring Mechanisms:	Internal audits SHE Pillar Committee of TPM System External audits: quarterly
Resources:	EUR 531,000 / Year
Target:	Zero Accident / Zero Occupational Disease

Performance Results [Number of Recordable Cases]



OHS Trainings [Hours]



Yünsa takes necessary measures sufficient to oversee and secure health and safety of its employees.



nce

Pert In

At Yünsa, health and safety of our employees comes first among our company's strategic sustainability priorities. The core goal of all the people and departments in charge of occupational safety is to attain zero occupational accident and disease.

Responsibilities

Basic responsibilities of our OHS team is to specify the potential hazards from within and from outside our facilities, analyze and rate the risks of these hazards and take the necessary precautions.

Performance Improvements

In 2018, we decreased our accident frequency rate by 38%, accident severity rate by 75% and absentee rate by 9%.

Trainings

In order to raise awareness of our employees and to deploy consciousness to protect themselves,

Spindle Base Equipment



he yarn winding that accumulates in the spindle and of the ring machines have to be cleaned up by he operator using a knife six times a day. This knife ould cause cuts in hands and fingers of the operators esulting with work accidents.



Due to nine work accidents in the past five years resulting from spindle end knife, we designed a much safer equipment to clean yarn windings. We selected an appropriate material that can both help clean windings and not corrode spindles. We produced and installed the equipment on the machine.

Results and Gains



Economic: The duration of cleaning process of spindle end decreased. We plan to make EUR 29,080 savings annually by installing the cleaning equipment on 56 ring machines.

Social: Accidents related to this machine is zeroed and employee motivation is increased.



ndex

<

colleagues and visitors, every year we provide trainings that range from basic first aid to principles on working with chemicals. In 2018, we provided 7,918 hours of training to our employees on 8 main topics.

Risky Jobs

15% of our employees work in departments and units that involve high accident or disease risks such as chemical finishing, dyeing, and strayghan.

Employee Representation

We have Environment, Health and Safety, SHE Pillar and Chemical Management Committees in our factory and 100% of our workforce is represented in these committees. 15% of the collective bargaining agreement we signed with the labor union covers OHS topics.

(GRI 403-1)



EMPLOYMENT

INTERNAL STAKEHOLDER VIEW

63% of our employees who responded to the sustainability assessment survey think that...

Our authentic internal communication brand "Not Without You" and the approach behind it summarizes Yünsa's team spirit, represents the strength of all departments from executive level to production, sales to occupational safety acting together with mutual faith, unity and solidarity, in order to fulfil our responsibilities and business targets. At Yünsa, the communication channels for employees to share their ideas and opinions with the management are adequate.

Regular Performance and Career Development Assessments	2018
White-Collar Employees	223
CEO and Directors	5
Managers	12
Middle Managers	24
Leaders	32
Specialists and Engineers	73
Assistant Specialists	8
Staff /Technicians /Assistants	69



Management Approach

Policy:	Yünsa Sustainable Work Life Principles	2 .
Manager:	Human Resources Manager	2
Our Team:	42 people	
Measuring and Monitoring Mechanisms:	Employee Satisfaction and Engagement Survey (biennially) Department and industry based comparison works	
	Ethics Committee works	1
-	Suggestion System	
Target:	Keep turnover rate under 7%	

(GRI 401-1)

Performance Results [Turnover Rate]



Average Length of Tenure [Years]



cators	

<



Yünsa Sustainable Work Life Principles

- We sustain our **ethical** values.
- We ensure mutual **trust**.
- We embrace our **responsibilities**.
- We appreciate success.
- We **respect** diversity and variety.
- We consider ideas and **expectations**.
- We favour work life **balance**.
- We conduct **policies and practices** exceeding legal necessities.

At Yünsa our priorities are to protect our employees' health and safety, to enhance their personal and occupational development and to provide them with an equitable work environment where all their rights are fully assured.



Employee Satisfaction Survey

79% of our employees attended the employee satisfaction and engagement survey in 2017 which we organize biennially with a professional third-party company.

Following are the actions we took according to the survey results;

 Target oriented working system disseminated more within the company.

- The number of managers who give vis-à-vis positive/negative feedback increased.
- The employees turned to be more forward in taking initiative.
- The variety and use of recognition and appreciation tools increased.

- Our technical knowledge and skills improved.
- Participation in social activities increased.
- The support our employees gave to social responsibility projects increased.

• Employees increased the frequency to express their views in written and verbal forms.

Union Rights

Our constitution includes bluecollar union rights and we do not have any facilities or suppliers where this risk is present in their countries. 100% (857 people) of our blue-collar employees are under the scope of collective bargaining agreement. (GRI 102-41)

Side Benefits

At Yünsa, we provide health services to all employees and health, life and accident insurances as well as retirement plans for our white-collar employees.

Regarding side benefits, the only difference between part-time and full-time employees are the private insurances.

(GRI 401-2)

Maternity Leave

During 2017-2018 period, 32 female and 91 male employees

used their maternity leave rights. 91% of female and 98% of male employees returned to work and 23 female and 81 male employees continued providing services for at least another 12 months.

(GRI 401-3)

Local Employment We employ 40% of our executive level managers at Çerkezköy factory from local community.

Performance Evaluation

At Yünsa, all our white-collar employees who are comprised of 21% of all, are subject to

regular performance and career development evaluations. Managers hold face to face feedback meetings with their teams in setting targets, reviews and year-end evaluations. Conducting annual organization and human resources planning works, we set up the organizational structure and positions critical for long term success and continuity of the company. We also review our employees' potentials and performances and prepare the necessary substitution and development plans. (GRI 404-3)



We Reward Contributions of Our Employees

At Yünsa, we reward the owners of ideas and projects with economic, social and or environmental results and gains every year at an internal award ceremony called Radiants.



At Yünsa, we reward our employees for their successful projects, practices and suggestions on a regular basis.

The employees type in the issues they spot along with their suggestions on how to fix them in electronic format, which are then evaluated by related committees, and rewarded if found to be applicable.

Employees win points for contributing to the organizational development with their suggestions. These points are collected within the system and loaded onto their personal reward cards in electronic format every month. 90% of our employees participate in this suggestion scheme, which is organized by the Organization and System Development Department.

In 2018, we started implementing 215 suggestions of our employees among 398. 47% of the suggestions collected directly serve our sustainability priorities while the other half serves indirectly to our economic targets as their content include efficiency and operational improvements.

Suggestions by Topic



Economic

Occupational Health and Safety

Energy

Other Environmental

Employment, Training and Development

targets are listed in the below table. Our Priority Topics **Occupational Health and Sa**

Waste Water Energy

Economic Performance

Diversity and Equal Opport

Materials

Training and Development

Emissions

Employment



	n	
to		

The award categories related with our material topics and that are effective in reaching our sustainability

	Our Related Internal Awards in 2018
fety	The Best OHS and Ergonomy B-A Kaizen The Best Ergonomy Project
	The Most Environmentally-Firendly Project The Best Sight Management and Zero Dirtiness B-A Kaizen
	The Most Environmentally-Firendly Project
	The Best Use of Resources Project
	The Highest Contribution Project The Highest Value Creation Project Among Departments The Best Zero Failure B-A Kaizen
inity	Star Employee
	The Best Use of Resources Project The Best R&D Project
	The Training Project Creating The Best Employee Development
	OHS and Environment Star
	Seniority Awards The Best Team Work
	UPL OF A DAMA A CHI AND D OP IN DOMINI OF A CHI



Stra Gov nomic ormance e E

Perfo Indi

DIVERSITY AND EQUAL OPPORTUNITY

INTERNAL STAKEHOLDER VIEW

66% of our employees who responded to the sustainability assessment survey think that...

During the hiring, employment and career planning, we provide our female employees with a fair work environment as well as facilities such as kindergarten, and private health insurance that cover birth clause for white-collars.

At Yünsa, we practice an equal opportunities policy from employment to retirement provided to everyone within the constitutional and legal framework regardless of their language, race, colour, gender, political affiliation, beliefs, religion, creed, age, physical disabilities and such particulars. We support the Equality at Work Platform Principles that we joined in 2013.

By employing 30 disabled employees, we fulfilled our legal requirement by 100%.

Our employees on temporary hire have the same rights with our employees on payroll. We generally employ these people to fill in when our female employees take their maternal leave, until they return.

Management Ap	oroach
Policy:	
Manager:	
Our Team:	A.
1. 1. 1.	
Measuring and M Mechanisms:	onitoring
Target:	







dex

< >

	Ethical Practices Procedure and Equality
	at Work Platform Principles
	Human Resources Manager
	42 people
	Employee Satisfaction and Engagement
	Survey (Biennial)
ς.	Department and industry based
	comparison works
	Ethics Committee works
	Suggestion System
	Maintain a ratio above 30% in women
	employment
	2017: 32%

Yünsa promotes employee diversity and provides equal opportunities regardless of gender.



Employees by Gender

TRAINING AND DEVELOPMENT

INTERNAL STAKEHOLDER VIEW

65% of our employees who responded to the sustainability assessment survey think that...

In the sections designated to the production priorities in our factory, we aimed to reduce errors by having the instructors reply to instant questions of employees on the job. This practice both contributed to our business results and also increased employee satisfaction.

Management Approach				
Policy:	Principles of Continuous Development			
Manager:	Organization and System Development Manager			
Our Team:	11 People			
Measuring and Monitoring Mechanisms:	Training Management System, Measurement and Evaluation Modul Different tools to assess the contributions of trainings to knowledge, skills, attitude and business results.			
Resources:	EUR 56,400 / Year			
Target:	35 hours/person Training deployment ratio: 75%			

(GRI 404-1)

Performance Results



Yünsa's personal development and training programs provided for its employees are adequate.

Yünsa Organization and
Development Departm
variety of trainings each
a particular requirement
to support our strategic
Corporate Developmen
our employees develop
support them to execut
the most effective way.

The total of our trainings in 2018 increased by 17% and reached 38,249 hours. Our training investments reached EUR 56,400 with a 19% increase since last year. In 2018, 34 employees participated Project Leader Development School and 32 employees participated Internal Trainer School.

Leadership Development: Programs aimed at top and middle management in line with the corporate strategies and targets.

Skill Development: Programs executed toward the development of employees

under skill and career management practices scope.

Occupational Development: Programs executed toward the development of employees from all tiers in occupational topics according to the training necessity analysis.

Personal Development: Programs executed toward the development of employees from all tiers in various areas according to the training necessity analysis, independent from their current roles within the company.

(GRI 404-2)

Systems ent offers a tailored to in order priority of and help skills that will te their jobs in





Career Development

On the Job / Orientation

- Occupational Health and Safety
- Single Spot
- TPM, Processes and Systems
- IT, HR, Personal Development
- Environment and Energy

Our Training and Organizational Development Practices



First Step into Future Internship Program

We made benchmark studies with various companies' internship programs and prepared our own First Step Internship Program. We provide trainings on project execution to the candidates who are selected after promotion, application and selection processes at universities. Project leaders offer coaching to the students throughout the project execution process.

Students graduate from the program after presenting their projects at the completion of the process. We employed one of the 9 students who participated in the program in 2018.

In-house Instructor School

We founded an In-house Instructorship School under the leadership of our Organization and Systems Development Department with the aim of producing in-house instructors who will facilitate the knowledge and skills transfer within our company, and have their instructorship skills developed in. We have achieved many personal and corporate gains out of this program which was devised with learning tools such as in-class training, role playing, case studies, online training, video filming, games, and mobile and social learning platforms.

Individual gains:

• Our employees found opportunities to develop and enrich the work they do.

• They boosted their self-confidence in expressing themselves before a crowd.

• They improved their presentation and communication skills.

Corporate gains:

 Reduced outside dependency in training practices.

 Maintained daily information supply regarding corporate requirements.

• Fast solutions provided to training requirements.

• Maintained the efficiency and prevalence of in-house instructorship system.

 Improved employee development and motivation.





ENVIRONMENTAL PERFORMANCE

AT YÜNSA, WE BELIEVE THAT PROTECTION OF THE ENVIRONMENT WE OPERATE IN AND THE NATURAL RESOURCES IS OUR CORPORATE RESPONSIBILITY. BY UTILIZING ENERGY AND WATER RESOURCES EFFICIENTLY, WE ALSO IMPROVE OUR ECONOMIC PERFORMANCE.



onomic

Environmen

Perfc Indi

ENVIRONMENTAL MANAGEMENT

We invest in clean technologies that will constantly increase energy and water efficiency and reduce our emissions and other wastes in their source gradually; and also in in practices to recycle our wastes. We have not received any penalties for any violation of laws and regulations during this reporting period. Our environmental expenditures in 2018 totaled EUR 7,555.

Management Approach					
Policy:	Environmental Policy				
Department and Managers:	Environment, Health and Safety Department Occupational Safety and Environment Leader Maintenance and Energy Managers	2			
Our Team:	4 people				
Management System:	ISO 14001				
Measuring and Monitoring Mechanisms:	ISO 14001 internal and external audits TPM System SHE Pillar Committee Quarterly external audits Customer audits				

Environmental Expenditures



Waste Disposal
 Furnace Maintenance
 Spill Cleaning Equipment
 Recovery and Other

Facility Environment Management Module of Sustainable Apparel Coalition (SAC)

We are using the Higg Index Facility Environment Management (FEM) module developed by The Sustainable Apparel Coalition (SAC), which is a platform established for sustainable manufacturing through which the member brands, retailers and manufacturers in our sector share their best practices transparently.

This module is a control system through which the environmental sustainability performances of the companies are measured and reported, where the environmental, energy, water, waste water, emissions, waste and chemicals management data are entered at least once every year and then inspected for compliance on the field. The system, which also has a social impact module, offers important opportunities for meaningful improvements in our sector.

In 2018, we raised our score by 20.7 points compared to the previous year and realized a score of over 25.51 points compared to the average.

(GRI 102-11, GRI 102-12)



<





ENERGY MANAGEMENT

INTERNAL STAKEHOLDER VIEW

77% of our employees who responded to the sustainability assessment survey think that...

We targeted an annual energy savings of 5% by replacing the tank pump motor in the bobbin dyeing process with an energy efficient type. With this productivity increasing investment, we contributed to the protection of natural resources and our company. Yünsa's investments and projects to assure energy efficiency are adequate.

Management Approach			
Policy:	Energy Policy		9
Target:	10% decrease		
Base Year / Target Year:	2015 - 2020	A AND AND	18.18

(GRI 302-1)





Textile sector is among the most energy demanding sectors. Natural gas and electricity are the main energy sources that we use at Yünsa. We also use diesel in our forklifts and similar work machinery, as well as in employee commuting vehicles used by our employees.

Taking proactive measures after energy consumption measurements and evaluation, thereby using less energy per each meter of fabric produced is strategically important for Yünsa. We have managed to reduce our Innovoc

dex

<

71

total energy consumption by 11% compared to our base year 2015 and 3% in 2018 compared to the previous year. Thus, we achieved our target for 2020. Taking 2018 as base year, our new target is to reduce the energy we use to produce one meter of fabric by 5% until 2023.

The energy efficiency projects we implemented during 2018 reporting period, we saved 15,437 GJ of energy, which is worth EUR 228,870. (GRI 302-5)



Energy Efficiency Projects at Yünsa

Optimization of Driver Parameters in Factory Air Conditioning Plants for Better Energy Efficiency

In 12 air-conditioning plants that consume 12.57% of our factory's total electricity consumption, the exhauster and ventilator engines were operating at a maximum frequency of 50Hz through frequency inverters. Through our Electric-Electronic Maintenance Department, we targeted an energy saving of 5% by reducing and limiting the operating frequency of the drivers in a way that would not affect the comfort in the production lines.

What we did:

After analyzing two years' energy consumption data, we reduced the maximum operation frequency of all the drivers in the AC Plant No.2 from 50Hz to 45Hz. Then we applied the same procedure to all exhauster and ventilator engines in the other 9 air handling units across the factory and standardized this value. The air handling units in the weaving section required further experimentation due to increased snaps, where 47Hz. was proven to be working best for an uninterrupted operation.

Outcome and Gains:

Environmental: We reduced our annual electricity consumption on air handling units by 7.6% and saved 288,691kWh.

Economical: We saved in the region of EUR 18,153 in a year.

Airo 24 Machine Energy Saving Project

The rise of energy costs in the Finishing Department led us to map the existing energy use in order to figure out a way to reduce the energy consumption on Airo 24 machine. We calculated the losses by measuring the heat leakages using thermal cameras. We had difficulty in calculating the heat losses precisely because of the variable use of the machine, so we finalized the calculations with average values. We worked to a price point in selecting the most ideal insulation material to eliminate these losses and renewed our calculations.

Outcome and Gains:

Economical: We started to save EUR 510 a year due to the reduction in energy consumption.

Social: The importance of heat insulation is better understood in the factory.

Environmental: The previous 3,069 kWh energy loss on the main pipe dropped down to 940 kWh. Carbon emissions have also dropped in line with the reduction in energy consumption.



By converting the existing conventional lighting that illuminate the machinery in the Tweezer section to LED lighting, we aimed to save energy and extend their maintenance periods. We first analyzed the machinery we use in this section during this conversion that had a cost around EUR 2,125. We calculated the operation hours of the lighting used on 10 of finished tweezer and 7 of raw tweezer machines and had 248 fluorescent fixtures in total fitted with LED retrofits.

Outcome and Gains:

Economical: We started to save EUR 950 a year due to the reduction in energy consumption.
Social: The use of LED lighting instead of the old fluorescent tubes increased the ambient luminosity. The visibility of the operational areas improved for the operators in this section, which helped them spot quality errors much easier on the fabric than before.
Environmental: Our energy consumption and the

Environmental: Our energy consumption and the emissions related to it were reduced.



Tweezer Machinery LED Conversion

Upgrading Dust Filters on Ventilation Lines with Driver Controllers for Energy Efficiency

We planned an energy efficiency improvement project with our Electric-Electronic Maintenance Department in order to save up to 50% electricity on two 11 kW each fan motors in the air handling unit No.1 which were direct driven from the mains on 50Hz.

Our research suggested that it would still be adequate if we reduced the air flow rate by 10%. So, we began with 10% reduction and noticed that there was no apparent negative effect on the filters' performance. But the saving made was below the target, so we tested 20% reduction, and we still didn't notice any negative effect on filter performance. In routine controls, we observed that the filters remained clean thanks to the synchronized operation of aspirator and ventilator fans.

Targeted Results and Gains

Economical: Our saving through this system is EUR 2,225 a year. Since this project took EUR 2,000 investment, it breaks even in less than a year.

Environmental: We saved 5.3 kWh energy a year. We decreased our Scope 2 GHG emissions.

Future Plans: Once this practice is spread over the other 6 air handling units, the total saving will be EUR 15,577 a year.

EMISSIONS MANAGEMENT

INTERNAL STAKEHOLDER VIEW

72% of our employees who responded to the sustainability assessment survey think that...

We had the stenter machine fitted with electrostatic filter in the Weaving department in order to reduce the amount and impact of hazardous pollutants released into the atmosphere. Thus, we began to regain the heat accumulating in the chimney. We will spread this practice to all the other stenter machines in use.

Management Approach						
Target:		Reduce GHG intensity by 10%		14		
Base Year / Target Year		2016 - 2020				

Performance Results [Green House Gas Emission Intensity*]



* In order to monitor the real improvement of intensity reduction, this data is provided excluding contract manufacturing.

Yünsa's projects and preventive measures to reduce emissions are adequate.

It is our priority to make sure that the CO, NOx, SOx, dust and VOC parameters do not exceed the limit values set for human health and comply to the standards set by Industry Sourced Air Pollution Control Directive.

In 2018, we managed to reduce our emission intensity per metre of fabric produced by 2%. Our total emission increased by 6% to 23,412 tons of CO2e due to increase in production.

our report.

CDP Carbon Disclosure Project

We participated in Carbon Disclosure Project CDP in 2010, after raising our emission management works from compliance efforts up to internationally recognized measurement and monitoring standards. We have achieved points at B level in both of our reports on 2017 CDP Climate Change and CDP Water Programs, where we shared our greenhouse gas and water management projects and their outcomes in 2016. Consequently in 2018, we took our place among the pioneers of our sector.

(GRI 102-12)



In our facilities, we have 37 emission sources such as process chimneys, ventilation and combustion flues.

The energy efficiency projects that help reducing our emissions are explained in their respective sections in





Green House Gas Emissions

WATER MANAGEMENT

INTERNAL STAKEHOLDER VIEW

71% of our employees who responded to the sustainability assessment survey think that...

With the water efficiency practice we implemented in the fiber dyeing process, we reduced the 27,000 tons of annual water consumption by 50% and began to save EUR 3,350 a year. Our investment returned to our company in 6 months.

Yünsa's practices to manage and efficiently use water resources are adequate.

Management Approach			
Target:	0.06 m ³ /meter	2	
Base Year / Target Year	2016 - 2020		-24

Performance Results [Water Usage]



Water Withdrawal [Water from Well]



(GRI 303-1)

water has a critical importance in the continuity of business in our factory where the entire water is supplied from underground water sources (wells). On the other hand, having Ergene river basin where our factory is located, as a risky region in terms of water quality and supply, increases our responsibility for water management. We are working on increasing the water efficiency in our factory and offices and recycling the water for the industrial use.

The portion of the reused water among the entire water consumption in Çerkezköy factory reached 52% in 2018. Our priority target is to define the processes that lead to industrial and domestic wastewater and keep the water consumption and the industry related wastewater amounts at minimum. Compared to the previous year in 2018 we managed to reduce our total water withdrawal by 16%, and water consumption per meter of fabric produced by 21%. (GRI 303-3)

Since our factory is in an Organized Industrial Zone (OIZ), it is located outside the conservation areas and the living environments of endemic species. Since we send the entire wastewater to the OIZ's own treatment facility, there are no water resources or natural habitats affected by the wastewater discharge.

The quality and accessibility of

Fixing Tanks Waste Water Recovery Project

Our electronic maintenance division executed a wastewater recovery project in the bobbin section of our Çerkezköy factory. The target was to save 27,000 m^3 water every year with the factory working 24/7 in three shifts.

Results and Gains

Economic: We started to save EUR 4,900 annually. Social: The awareness and motivation of the employees in the division increased after witnessing a more effective use of water. **Environmental**: The amount of recovered water reached to 14,752 m³ in just 11 months.

Future Plans: We are aiming to save 6,750 m³ of water annually by reusing water in boilers.







Reduction of Water Consumption Per Meter in Lavanova Washing Machinery

We run a water consumption reduction project in Yünsa Finishing Facility in line with our company's profitability increase strategy through the effective use of natural resources and reduction of input costs.

We focused on the machine that consumed the highest volume of water in the finishing process and implemented a series of technical arrangements and updates that provided a switch from manual operation to automatic. We carried out many analyses throughout the project to see the effects of water reduction on the quality of fabric and created awareness across the facilities by providing trainings on the subject.

Results and Gains

Economic: We started to save EUR 10,045 annually through water efficiency.

Social: We started a project that supports our social responsibility of using natural resources more effectively.

Environmental: We contributed to the effective use of natural resources by reducing the waste water per meter fabric by 3.27 liters.

Future Plans: We are aiming to spread the project on the other machinery.

Lavanova Waste Water Recycling Project

We started a project in the Finishing facilities on the reusing of the waste water that comes out of Lavanova machines in the mat cylinder log dampening and mesh screen cleaning processes.

We first assessed the waste water sources and their temperatures. We then measured the distances between the machinery and carried out material selection according to those measurements. We defined the tank volume where the waste water would be collected in.

Results and Gains:

Economic: With this project, we started to save EUR 10,900 a year.

Social: We increased awareness in the company regarding water management.

Environmental: We started to save 730 tons of water a year through recycling of waste water.



Use of Baldwin Spray

In this project that we started with goals to save water, chemicals and time, another goal that we had was to develop a new product. During the works, we performed weekly chemicals consumption measurements besides speed and set-up measurements. We dropped the average set-up time from 16 minutes to 9 minutes.

Results and Gains:

Economic: We will increase our sales revenues through this new product we will be developing.

Social: By preventing unnecessary use of water, chemicals and time, we created an awareness for different dimensions of the sustainability concept among our employees.

Environmental: We started to save 1 ton of water per day by preventing unnecessary use of water. In parallel with the reduction in our chemical waste, the environmental pollution also decreased.

Future plans: With the moderate use of chemicals thanks to the spray in practice, we are aiming to invent a fabric that is hydrophobia on one side and hydrophile on the other side in our new product development works.



Reducing Water Consumption in Bobbin Dyed Yarns

At the beginning of this project that we started at Yünsa for the sake of efficient use of natural resources, we have calculated the amount of water used in the process excluding the additional water consumption such as softener water and reverse osmosis water, and based our planning of the project on these data.

We met the standards in each step by forming QA and QM matrixes. We dug into the details of all problems through root cause analysis and took actions accordingly, such as removing unnecessary washing processes from programs.

Results and Gains

Economic: We targeted EUR 4,900 savings annually but saved approximately EUR 5,800.

Social: We used the water resources in our area less.

Environmental: Our bobbin dye water consumption was reduced from 150 kg to 130 kg.

Future Plans: We target to save a further EUR 19,740 annually through re-dyeing.

WASTE MANAGEMENT

INTERNAL STAKEHOLDER VIEW

73% of our employees who responded to the sustainability assessment survey think that...

We utilize the waste coming out of the yarn production as raw material after recycling processes, produce fabrics for suits and thereby contribute to the circular economy.

Yünsa's practices to reduce waste and wastewater to dispose them as to protect human and environmental health are adequate.

Management Approach				
Target:	 0.056 ton/meter	1.0.0	14	
Base Year / Target Year:	 2016 - 2020			-4

Wastes

Performance Results [Weight of Wastes]





Non-hazardousHazardous

Starting from its generation to its disposal, management of the waste without posing a threat to the environment and human health is our main goal in our factory.

We dispose 100% of our wastes generated at our plant, including wastewater, through recycling, recovery and/or other methods specified by national regulations. We segregate our waste in two groups according to hazardous and non-hazardous criteria. This waste is temporarily stored in a designated waste storage area in our factory, and then regularly collected by licensed companies.

In the reporting period, we did not have any cases of spills or leakages. In 2018, parallel to the increase in production by 8.8%, our waste increased by 8%. We also reduced our waste intensity per meter of fabric produced by 18% compared to the base year.

Wastes by Disposal Method (tons)	Non-hazardous	Hazardous
Energy Recovery	- 11.	85,160
Material Recovery	-	2,540
Recycling	374,300	32,142
Medical Waste Disposal	-	18
Total Waste Disposed	374,300	119,860

Environme Performa Perfo Indi nexes

dex

<

Solid Waste Management

The most difficult part of the waste management for us in our facilities is to minimize the waste occurrence at the source. We started a comprehensive project for the prevention of environmental pollution right at the source through implementation of 5S rule in the waste management across the whole factory.

We primarily defined the types and amounts of waste coming out of the departments in order to maintain the separation of waste according to type at the source and storage of waste in designated waste collection stations. Containers were marked to waste types and distributed to the departments according to their requirements. We built dedicated waste collection stations in each department. We started to manage our waste more effectively and created a healthier work environment for our employees. Consequently, our waste management team had the opportunity to work more effectively.





(GRI 306-2)

Recycling of Process Scraps as Raw Materials

We recycle our process scraps and turn them into inputs back to our production in order to increase raw material efficiency of production, and to meet customer demands for products made out of recycled materials. We aim to both reduce the scrap rate and maximize the regaining of the scraps produced.

We collect the scraps produced in our factory in three different collection points according to their colors and mixture. We press each separated group of scraps into bales and transfer them to the scrap processing and recycling section. Following the opening, carding and felting phases, we turn them into sheets of fiber form to be used in the tread making.

In this process we designated a dedicated product number for the recycled fiber. We added "Recycled fiber is used in the making of this product." mark on the identification cards for ease of tracking. We deliver our products made out of recycled fiber to our customers along with GRS certificates.

Results and Gains

Economic: We receive more orders of recycled material containing fabric at an increasing rate from more customers every day. Our raw material costs are going down thanks to the efficiency. We sell the unprocessable scraps to licensed recycling firms as non-hazardous waste, in compliance with the legislation.

Social: The awareness in reusing of waste as raw material is increasing within the company every day.

Environmental: We make use of the waste we use as raw materials after recycling in compliance with the waste management hierarchy and circular economy approach, thereby preventing the environmental impact that would have arisen from the use and transport of conventional wool production of same amount.

Corporate: We are planning to increase the rate of raw materials from sustainable resources continously.



Digital Transformation in Fabric Design and Customer Presentations

Since May 2018, we started using a graphic design software called Penelope which is produced especially for textile sector. We transferred approximately 9 thousand yarn types and colors of Yünsa to this digital platform. With this project, we aimed to provide faster services to our customers and also to reduce our costs. We also started to archive our current and future collections under this efficient data base and to record our intellectual capital.

Today, we design our fabrics which we used to design by traditional methods and present our customers after producing samples, on a digital platform. Consequently, we no longer consume the energy, water, chemicals and other raw materials we used to use to produce sample fabrics. We also eliminate wastes of sample fabrics. We Project about 40% cost efficiency annually within this process.

In the coming months, we plan to transfer our designs and collections within the ERP system to Penelope software with the help of a robotic software and aim to produce 100% of our spring-summer collection digitally.

PERFORMANCE INDICATORS

ECONOMIC PERFORMANCE INDICATORS

Financial Indicators (EUR)	2017	2018
Revenues	52,446,310	64,821,625
Gross Profit	12,700,131	17,142,406
Sales		
Textile	49,733,911	61,343,184
Apparel	2,712,399	3,478,440
· · · · ·		
Production Indicators		
Worsted Yarn (tons)	2,418	2,566
Fabric (km)	8,019	8,651

SOCIAL PERFORMANCE INDICATORS

Employment	2017	2018
Men	759	743
Women	351	340
TOTAL	1,110	1,083
By Type of Contract and Gender	2017	2018
Permanent Employees - Women	348	335
Permanent Employees - Men	754	740
Temporary Employees - Women	3	5
Temporary Employees - Men	5	3
TOTAL	1,110	1,083
By Type of Contract and Location	2017	2018
Permanent Employees - Çerkezköy	1,053	1,035
Permanent Employees - İstanbul	49	40
Temporary Employees - Çerkezköy	8	7
Temporary Employees - İstanbul	0	1
TOTAL	1,110	1,083
İstihdam Türüne ve Toplumsal Cinsiyete Göre	2017	2018
Full-time Employees - Women	351	337
Full-time Employees - Men	759	743
Part-time Employees - Women	0	3
Part-time Employees - Men	0	0
TOTAL	1,110	1,083
		(GRI 102-8)

< >

Our Repor

Corporate Drofile

EMPLOYMENT AND TURNOVER	2017	2018
TOTAL - Hires	185	81
TOTAL - Dismissals	144	152
By Location	2017	2018
	162	70
Çerkezkoy Factory - Hires	14.6%	6.5%
	120	121
Şerkezkoy Factory - Dismissais	10.8%	11%
	20	11
Istanbul - Hires	1.8%	1%
	24	12
Istanbul - Dismissals	2.2%	1.1%
By Gender	2017	2018
	121	48
Men - Hires	10.9%	4.4%
	91	78
Men - Dismissals	8.2%	7.2%
	61	33
Women - Hires	5.5%	3%
	53	55
Women - Dismissals	4.8%	5.1%

OCCUPATIONAL HEALTH AN Injury Frequency Rate Occupational Disease Rate Number of Fatalities Lost Day Rate (Accident Sev Absentee Rate (As a result o

First aid level accidents are not calculated within the accident frequency rate. Fatal accidents are calculated within the accident frequency rate. Lost days are calculated based on calendar days. Lost day count starts the day after the accident. Accident Frequency Rate: (Number of recordable case / Total working hours) x 200.000 Accident Severity Rate: (Number of lost days / Total working hours) x 200.000

(GRI 401-1)

rmance	
cators	

>

ND SAFETY	2017	2018
	1.93	1.19
· · · · · · · · · · · · · · · · · · ·	0	0.09
	0	0
verity Rate)	35.40	8.60
of illness etc.)	3.57%	3.25%

(GRI 403-2)

ENVIRONMENTAL PERFORMANCE INDICATORS

Our Rep

Direct Energy Purchased and Consumed from Non-Renewable Energy Sources	2017	2018
Natural Gas (GJ)	154,442	163,737
Fuel Oil (GJ)	2,910*	2,650*
Total Direct Enegy Consumption	157,352	166,387
YIndirect Energy Purchased and Consumed from Non-Renewable Energy Sources	2017	2018
Electricity (GJ) (1 kWh= 0.0036 GJ)	104,225	111,434
Electricity (GJ) (1 kWh= 0.0036 GJ) Total Indirect Enegy Consumption	104,225 104,225	111,434 111,434

* Forklifts, generators and business travels are included. Employee commuting is not included.

(GRI 302-1)

Total Energy Consumption (GJ)267,094Total Production Amount (metres)
(Except Contract Manufacturing)7,774,267Energy Intensity0.0344Total Energy Consumption (GJ) /Total Production (m)

Energy Intensity

Total Waste by Type [Tons]	2017	2018
Hazardous Waste	99,226	119,860
Non-hazardous Waste	360,980	374,300
Total Waste [Tons]	406,206	494,160
Waste Intensity [ton/m]	0.0592	0.0584

Hazardous Waste Contaminated packaging, organic solvents, lab chemical mixes, contaminated absorbents, filter equipment, organic waste that contain hazardous substances, waste fluorescent, waste cartridge, toner, other hydrolic oils, medical waste

Non-Hazardous Waste Wooden packaging, plastics

rmance
cators

< >

	2017		2018			
iJ)	267,094	-	277,821		-	
etres) ring)	7,774,267		8,458,678	*		
	0.0344		0.0326			
/Total Produ	iction (m)				(GR	I 302-5)

(GRI 306-2)

Wooden packaging, plastics, metals, plastic packaging, paper packaging, wooden pallet, textile fiber waste

Greenhouse Gas Emissions (t CO ₂ e)	2017	2018
Direct Greenhouse Gas (GHG) Emissions (Scope 1) Emissions from natural gas and diesel consumption	8,880	9,382
Indirect Greenhouse Gas (GHG) Emissions (Scope 2) Emissions from electricity consumption	12,687	13,565
Other Greenhouse Gas (GHG) Emissions (Scope 3)	443	466
Total CO ₂ e Emissions	22,010	23,412
GHG Intensity*	0.00283	0.00277

(GRI 305-1, GRI 305-2, GRI 305-3)

* Total GHG (t CO₂e) /Total Production (m)

Emissions from diesel consumption of forklifts, generators and vehicles for business travels were included in Scope 1 and emissions of the employee transfer vehiles were included in Scope 3.

Çerkezköy factory consumption is included, İstanbul head quarter consumption is not included.

Emissions Factor Basis:

IPCC 2006 Guidelines for National Greenhouse Gas Emissions Inventories

Calculation Basis:

IPCC 2006 Guidelines for National Greenhouse Gas Emissions Inventories IEA Electricity Grid-Factors, 2007 IEA National Heating Values, 2007



Our Repoi

Strategy Govern Economic erformance Environ Perforr Perfo Ind

GRI CONTENT INDEX

GRI Disclosures



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. The service was performed on the Turkish version of the report.

GRI 101: FOUNDATION	N 2016	
GRI 102: GENERAL DISCLOSU	RES 2016	Location of Disclosure
	Organizational Profile	
102-1	Name of the organization	Page 96
102-2	Activities, brands, products, and services	Page 12
102-3	Location of headquarters	Page 96
102-4	Location of operations	Page 96
102-5	Ownership and legal form	Page 9
102-6	Markets served	Page 12-13
102-7	Scale of the organization	Page 10
102-8	Information on employees and other workers	Page 85
102-9	Supply chain	Page 14
102-10	Significant changes to the organization and its supply chain	Page 14
102-11	Precautionary principle	Page 69
102-12	External initiatives	Pages 43, 48, 69, 75
102-13	Membership of associations	Page 9
	Strategy	
102-14	Statement from senior decision-maker	Page 6-7
102-15	Key impacts, risks, and opportunities	Page 22
	Ethics and Integrity	
102-16	Values, principles, standards, and norms of behavior	Page 22
102-17	Mechanisms for advice and concerns about ethics	Page 19

GRI 102:	
GENERAL DISCLOS	SURES 20
	Gover
102-18	Gover
	Stake
102-40	List of
102-41	Collec
102-42	Identi
102-43	Appro
102-44	Key to
	Repor
102-45	Entitie
102-46	Defini
102-47	List of
102-48	Restat
102-49	Chang
102-50	Repor
102-51	Date o
102-52	Repor
102-53	Conta
102-54	Claims
102-55	GRI Co
102-56	Exterr

(GRI 102- 55)

rmance	
cators	

Annexes

.

<

016	Location of Disclosure
mance	
nance structure	Page 20-21
holder Engagement	
f stakeholder groups	Page 24
ctive bargaining agreements	Page 56
fying and selecting stakeholders	Page 23
bach to stakeholder engagement	Page 23
opics and concerns raised	Page 23-24
rting Practice	
es included in the consolidated financial statements	Page 96
ing report content and topic boundaries	Page 28
f material topics	Page 27
tements of information	Main aspects of management approach disclosures for each material topic are restated.
ges in reporting	No changes
rting period	Page 5
of most recent report	2016-2017
rting cycle	Annual
act point for questions regarding the report	Page 97
s of reporting in accordance with the GRI Standards	Page 5
ontent index	Pages 92
nal verification	None

		Location of		
GRI 103 MANAGEMENT APPROACH 2016	GRI 200-300-400 TOPIC SPECIFIC STANDARDS 2016	Disclosure	IRE	
	GRI 200 ECONOMIC STANDARDS SERIES			Disclosure
GRI 103 MANAGEMENT APPROACH 2016	103-1 Explanation of the material topics and their boundaries	Page 28	GRI 400 SOCIAL STANDARDS SERIES	
	103-2 The management approach and its components	Page 40		
	103-3 Evaluation of the management approach	Page 40	103-1 Explanation of the material topics and their boundaries	Page 28
GRI 201 Economic Performance, 2016	201-4 Financial assistance received from government	Page 40	GRI 103 MANAGEMENT APPROACH 2016 103-2 The management approach and its components	Page 54
	GRI 300 ENVIRONMENTAL STANDARDS SERIES		103-3 Evaluation of the management approach	Page 54
	103-1 Explanation of the material topics and their boundaries	Page 28	401-1 New employee hires and employee turnover	Page 54, 86
GRI 103 MANAGEMENT APPROACH 2016	103-2 The management approach and its components	Page 41	GRI 401 Employment, 2016 401-2 Benefits provided to full-time employees that are not provided to part-time employees	Page 57
	103-3 Evaluation of the management approach	Page 41	401-3 Parental leave	Page 57
GRI 301 Materials, 2016	301-2 Recycled input materials used	Page 43-45	103-1 Explanation of the material topics and their boundaries	Page 28
GRI 103 MANAGEMENT APPROACH 2016	103-1 Explanation of the material topics and their boundaries	Page 28	GRI 103 MANAGEMENT APPROACH 2016 103-2 The management approach and its components	Page 52
	103-2 The management approach and its components	Page 70	103-3 Evaluation of the management approach	Page 52
	103-3 Evaluation of the management approach	Page 70	403-1 Workers representation in formal joint management-	l uge oz
GRI 302 Energy, 2016	302-1 Energy consumption within the organization	Page 70	worker health and safety committees	Page 53
	302-5 Reductions in energy requirements of products and services	Page 71, 89	GRI 403 Occupational Health and Safety, 2016 403-2 Types and rates of injury, occupational diseases, lost days, and absenteeism, fatalities	Page 87
	103-1 Explanation of the material topics and their boundaries	Page 28	103-1 Explanation of the material topics and their boundaries	Page 28
GRI 103 MANAGEMENT APPROACH 2016	103-2 The management approach and its components	Page 76	GRI 103 MANAGEMENT APPROACH 2016 103-2 The management approach and its components	Page 62
	103-3 Evaluation of the management approach	Page 76	103-3 Evaluation of the management approach	Page 62
CDI 303 Water 2016	303-1 Water withdrawal by source	Page 76	404-1 Average hours of training per year per employee	Page 62
GRI 505 Water, 2016	303-3 Water recycled and reused	Page 77	404-2 Programs for upgrading employee skills and transition	
	103-1 Explanation of the material topics and their boundaries	Page 28	GRI 404 Training and Education, 2016 assistance programs	Page 63
GRI 103 MANAGEMENT APPROACH 2016	103-2 The management approach and its components	Page 74	404-3 Percentage of employees receiving regular performance	
	103-3 Evaluation of the management approach	Page 74	and career development reviews	Page 57
GRI 305 Emissions, 2016	305-1 Direct (Scope 1) GHG emissions	Page 90	103-1 Explanation of the material topics and their boundaries	Page 28
	305-2 Energy indirect (Scope 2) GHG emissions	Page 90	GRI 103 MANAGEMENT APPROACH 2016 103-2 The management approach and its components	Page 61
	305-3 Other indirect (Scope 3) GHG emissions	Page 90	103-3 Evaluation of the management approach	Page 61
GRI 103 MANAGEMENT APPROACH 2016	103-1 Explanation of the material topics and their boundaries	Page 28	GRI 405 Diversity and Equal Opportunity, 2016 405-1 Diversity of governance bodies and employees	Page 61
	103-2 The management approach and its components	Page 80		
	103-3 Evaluation of the management approach	Page 80		
GRI 306 Effluents and Waste, 2016	306-2 Waste by type and disposal method	Page 81, 89		

mance	
cators	

Annexes Index < >

Contacts

Company Name: Trade Registration Office: Mersis Number: Capital: Tax Office and Registration Number: Headquarter Address:

Our Repo

Headquarter Phone: Factory Address:

Factory Phone: İstanbul Stock Exchange Transaction Code: Web Site:

Yünsa Yünlü Sanayi ve Ticaret A.Ş. 122890 0995-0030-6040-0017 TRY 29,160,000 Büyük Mükellefler 9950030604 Yünsa Yünlü Sanayi ve Ticaret A.Ş. Sabancı Center Kat 19 4. Levent 34330 İstanbul / Turkey + 90 212 385 87 00 Yünsa Yünlü Sanayi ve Ticaret A.Ş. Çerkezköy Organize Sanayi Bölgesi Gazi Osman Paşa M. 2.Cadde No:9 Çerkezköy 59500 Tekirdağ / Turkey + 90 282 726 80 01 YUNSA www.yunsa.com

Contacts for the Report

Ayşe Hande Tamer R&D and Technical Manager atamer@yunsa.com T. +90 282 726 80 01

Begüm Hacıyusufoğlu Sustainability Project Leader bhaciyusufoglu@yunsa.com T. +90 212 385 87 00 (GRI 102-53)

SERCOM Consulting

Elif Özkul Gökmen elif@sercomconsulting.com T: +90 533 648 07 40 www.sercomconsulting.com

(GRI 102-1, GRI 102-3, GRI 102-4, GRI 102-45)



Inde>

Yünsa Sustainability Team: sustainability@yunsa.com

Sustainability and Reporting Consultant

DISCLAIMER

The information and analyses contained in the YÜNSA sustainability report (hereinafter "report") have been compiled from resources and information deemed as accurate and reliable within the timeframe the report was prepared for informative purposes only, and not to be used as a basis for any investment decision.

The company, its managers, employees, and other persons and organizations who contributed to the drafting of this report cannot be held responsible for the damages that may arise from the use of the information contained herein. All rights of this report belong to YÜNSA.





