

ISKOTM

**SUSTAINABILITY
IMPACT REPORT
2020**



**BEYOND
RESPONSIBLE
INNOVATIONTM:
USING LESS AND
DOING BETTER**

ABOUT THIS REPORT



Welcome to ISKO™'s first sustainability report, which covers social and environmental activities and performance up to December 2019.

The data covers manufacturing sites in Bursa, Turkey. The content focuses on the topics and values most pertinent to ISKO and its products, sites, people and operations. The report is broadly aligned to the OECD Due Diligence Guidance and the Global Reporting Initiative (GRI) methodology, a GRI index is available in Appendix 4. We have linked our activities to the UN Sustainable Development Goals which are referenced throughout and explained fully in Appendix 1. External assurance on all data in this report has been provided by Control Union.

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ISKO WAS BORN
WITH AN APPROACH
DRIVEN BY EFFICIENCY
AND SUSTAINABILITY.



ABOUT ISKO



SANKO Tekstil was founded in 1904 and has since become a leader in textiles, with over a century of expertise. This expertise has laid the foundations for the creation of premium denim ingredient brand ISKO, the world's leading denim manufacturer. ISKO's 300,000m² manufacturing plant in Bursa, Turkey makes it the world's largest denim manufacturer under one roof.

With 2,000 high-tech automated looms, 2,700 employees globally and a production capacity of 300 million metres of fabric per year, the company's portfolio includes more than 25,000 products.

We are expanding rapidly, with a strong presence in 35 countries, 60 international locations and a network of textile technologists, design experts and retail specialists. We are constantly driven to bring innovative textile concepts to the market, creating exciting possibilities at the cutting edge of fashion for customers worldwide.

From spinning to finishing, every stage of production is state of the art. We work hard to deliver flawless quality, unbeatable value and competitive difference for our customers in every niche of the denim market.

ISKO was born with an approach driven by efficiency and sustainability. This is a continuous process, with ISKO employees constantly working together to make small, incremental changes to improve our production techniques, and we aligned this approach with Kaizen principles in 2009. By using lower impact

materials and production techniques we are reducing the footprint of our textiles. Being able to meet even the most stringent criteria, in 2016, ISKO was the first denim company to receive the Nordic Swan and the EU Ecolabel certifications.

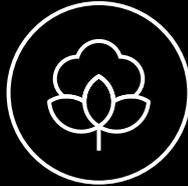
**KAIZEN IS A CONTINUOUS
IMPROVEMENT PROCESS
WHICH BRINGS EMPLOYEES
TOGETHER TO ACHIEVE
REGULAR, INCREMENTAL
IMPROVEMENTS TO THE
PRODUCTION PROCESS.**

ABOUT SANKO

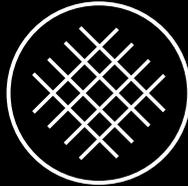
ISKO is part of SANKO TEKSTIL, the textiles division of SANKO Group. SANKO Group is active in a wide range of sectors, from construction and energy to packaging, financial services, health care and education. Privately owned by the Konukoğlu family, SANKO Group is one of Turkey's largest conglomerates. SANKO Group is a major investor in renewable energy and environmental protection, including hydroelectric and wind power plants.

PREPARATION

Rope winding,
rope dyeing, rope
opening and sizing

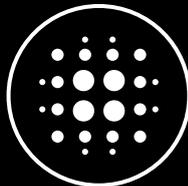


WEAVING



DYE-FINISHING

Depending on the fabric:
pre-finishing, flat dye,
finishing, mercerize and
sanfor processes



R & D

Developing innovative
new fabric collections
and patents

QUALITY CONTROL

Ensuring the high quality
of our products

PLANNING

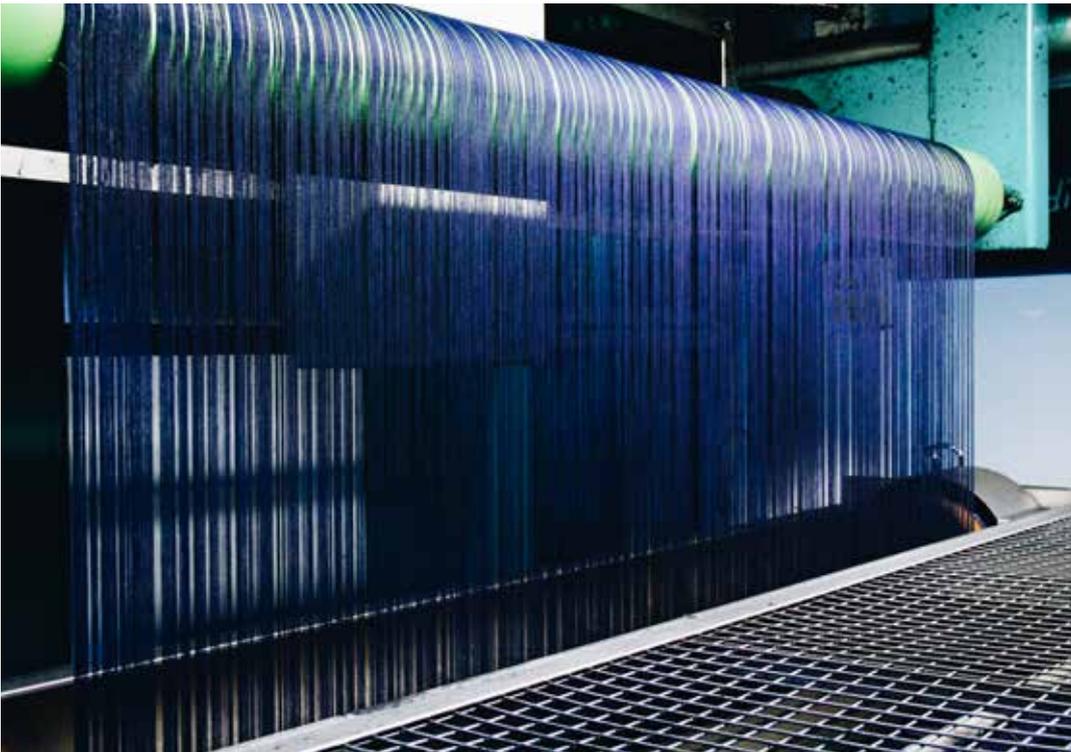
Ensuring the right
products reach our
customers on time

**PRODUCT
DEVELOPMENT**

Supplying products that
meet customers' needs in
line with the latest trends

PROCESS CONTROL

Preventing errors in the
Weaving-Preparation and
Dye-Finishing Processes



CEO STATEMENT



**Creativity and innovation drive ISKO™.
We are funnelling that drive into creating
fabrics that perform exceptionally, that
last longer and that use fewer resources.
We call this Responsible Innovation™.**

This is epitomized in our new R-TWO™ platform, ISKO's latest innovation. We refuse to source more raw material than is necessary and R-TWO plays a major role in this approach. R-TWO combines reused cotton with recycled polyester and has been used in our entire SS21 fabric collection. R-TWO reduces the raw materials we source and, in turn, our impact on the planet's natural resources, while making a high-quality, durable denim.

It's not just the materials in our product that we look at but our own production facilities. With OEKO-TEX STeP certified facilities, responsibility is built into all stages of production. We are reducing and restricting the energy, water and chemicals we use, and the waste we produce.

With Environmental Product Declarations for all our products, we understand the impact they have at all stages of their lifecycle, and have set the standard to support other denim manufacturers to measure their respective impact.

None of this would happen without our people. We are dedicated to looking after them, paying them fairly, treating them well and protecting their health, safety and wellbeing. With many people devoting a large part of their career to ISKO, we believe we are succeeding.

Details about our responsible approach to our products, processes and people are detailed in this, our first Sustainability Impact report, one of the first in our industry.

Fatih Konukoğlu

**WE WELCOME YOUR FEEDBACK
ON OUR APPROACH AND ACTIVITIES**

responsibleinnovation@isko.com.tr

HIGHLIGHTS

Beautiful and responsible: ISKO's Vulcano™ is a brand-new laser friendly finish that delivers denim effects fast and efficiently.



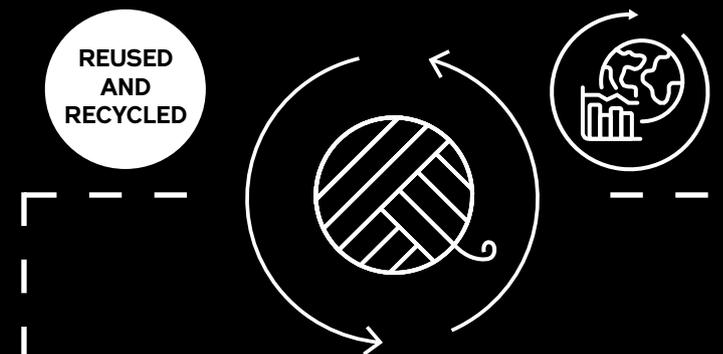
Supporting SDG 6



Circular Economy: R-TWO™ is an ISKO™ innovation that enables us to include reused cotton and post-consumer recycled polyester in all our fabrics while maintaining the durability and quality we are known for.



Supporting SDG 12

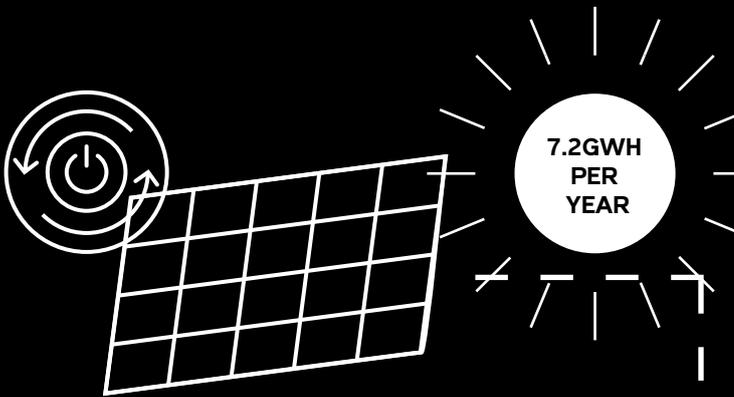


Lower carbon – at every stage: We are reducing carbon across the entire lifecycle of our products - using recycled materials with a lower carbon footprint, improving energy efficiency at our facilities and creating products that last longer.



Supporting SDG 13



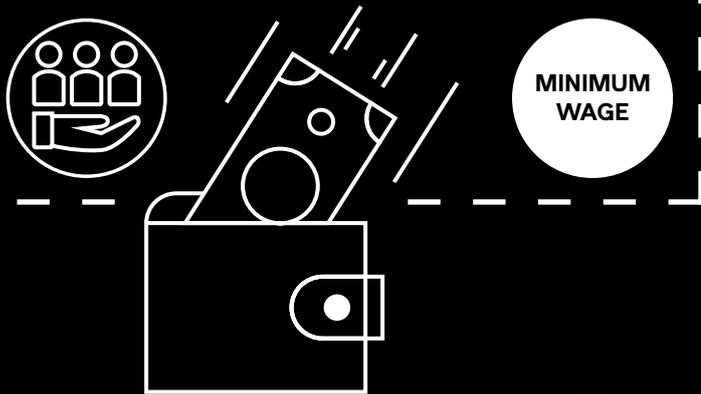


7.2GWH
PER
YEAR

Switching on renewable energy:
ISKO is installing a 5MW solar array on its facility roof, with the capacity to generate 7.2GWh per year.



Supporting SDG 7



MINIMUM
WAGE

Looking after the ISKO family:
starting wages at our production facility are around three times higher than the legal minimum wage in Turkey.



Supporting SDG 8



SETTING
THE
STANDARD

Setting the standard and learning from others: from our STeP by OEKO-TEX® certified production facilities and EPDs for all our products to our membership of both the Sustainable Apparel Coalition and Textile Exchange, we are building, following, developing and sharing best practice.



Supporting SDG 17

RESPONSIBLE INNOVATION™



Sustainability is woven into every single fabric ISKO™ produces, literally. It is in how we design our products, in how we choose the materials, in how we produce them, in how we reduce their impact, and in how we treat our people and supply chain partners.



ISKO's Responsible Innovation mindset has a longstanding focus on competence, creativity and citizenship. This is an all-encompassing vision which tackles environmental and social responsibility and extends from the process and business model to the actual products. Every fabric we make, from traditional denim to our patented concepts, is the result of this approach.

RESPONSIBLE PRODUCTION

A leader in the textile industry, ISKO produces high-performance woven technologies that use fewer virgin materials, are more durable and which support customers' lifestyles. By pioneering new approaches, we aim to redefine the industry standards, working with partners and being open with how we measure, we can support improvements across the board and enable like-for-like comparisons of performance.

RESPONSIBLE PROCESS

With OEKO-TEX STeP certified facilities, social and environmental responsibility is built into all stages of production. ISKO employees have a deep understanding of our production processes. We create a workplace where it is possible for our employees to be empowered and make changes, where they understand the environmental impact and drive improvements. We're committed to zero waste across our processes – making high quality textiles with less waste materials, water and energy. This is an ever evolving process for us.

OUR PEOPLE

While ISKO has a strong commitment to environmental excellence, our primary focus is always people. As a family-owned business, we treat our employees as an extension of that family; ensuring equal opportunities and enabling personal development for all. At ISKO, we work hard to create a work environment we can be proud of. We understand that many of our staff devote a large part of their lives to ISKO, so we put a lot of effort into making sure that they are valued. The cornerstone of what makes us who we are is how we do our best to make sure that our employees are paid fairly, and treated well, supported by strong union representation.

ISKO creates the textiles behind some of the world's biggest and more sustainably aware brands. From our position in the second tier of the fashion value chain, we are spearheading new techniques and production for our peers and the brands we supply, working to make the whole fashion value chain more responsible.

A premium denim mill across the board.



TO GUIDE AND PUSH
IMPROVEMENT WITHIN
ISKO™ WE HAVE SET
TARGETS COVERING
ALL AREAS OF OUR
OPERATIONS.



PILLAR	TOPIC	TARGET
RESPONSIBLE PRODUCTION	RAW MATERIALS	All products to follow waste hierarchy and include reused or recycled materials by 2020. Significantly increase recycled and reused content by 2025
	VALUE CHAIN	Encourage 80% of our suppliers (including all high-risk suppliers) to audit to reduce environmental impact, particularly water use, and ensure best-practice labour standards by 2030
RESPONSIBLE PROCESS	WATER	Maintain process water use at current levels No water or chemical discharge by 2025
	CHEMICALS	Zero discharge of hazardous chemicals by 2020, in our operations or our supply chain Meet ZDHC Manufacturing Restricted Substance List v2 by Q2 2020
	CARBON REDUCTION	30% carbon reduction by 2030 vs 2015 and net zero carbon emissions by 2050 Install 5MW solar array to begin generating renewable electricity in 2021 Identify climate change risks and adaptation required in operations and supply chain
PEOPLE	HUMAN RIGHTS	Maintain zero incidences of human rights violations in our operations
	TRAINING	Offer more development opportunities to employees that are certified, externally recognised or which result in a qualification
	SAFETY	Aspiration of zero (0.0%) safety incidents Increase safety near-miss reporting system to prevent safety incidents Reduce Accident Frequency Rate to 1.8 accidents per million working hours by 2030 Reduce Accident Severity Ratio to 10 missed working days per million work days by 2030
	BRIBERY AND CORRUPTION	Maintain zero bribery and corruption incidents through continuous training and awareness raising
	PARTNERSHIPS	Certify 100% of products to sustainability labels by 2022

OUR APPROACH TO SUSTAINABILITY

Sustainability is woven into every single fabric ISKO™ produces, literally. It is in how we design our products, in how we choose the materials, in how we produce them, in how we reduce their impact, and in how we treat our people and supply chain partners.

Sustainability is part of ISKO's heritage. For 30 years, it has been crafted into every part of our production and development.

With a holistic approach, ISKO looks for ways to make all the operations more responsible and efficient: creating a great place for our people to work, sourcing responsibly and using the fewest resources possible.

ISKO's approach to sustainability is built on our relationship with our stakeholders. We are inspired by the values of our parent company SANKO, while industry groups and initiatives, such as the Textile Exchange, guide our best practice. Our relationship with our customers and our understanding of our products drives us to create more sustainable processes and textiles. To deepen this understanding, all our products have EPDs (Environmental Product Declarations), to help us measure environmental impacts throughout the product life-cycle.

ISKO is committed to innovation, investing in technologies and patents that are state of the art both from a technical and environmental standpoint. As a result, there are many ISKO products which improve efficiency by decreasing water and chemicals usage. There are also well-being focused patents and innovations, which support the health of individuals wearing clothes made from our fabrics.

In line with SANKO's Code of Conduct, we are committed to upholding human rights, supporting workers and eradicating child and forced labour. We are committed to non-discrimination, supporting freedom of association, anti-corruption, providing a healthy, safe workplace and reducing our environmental impact. Our activities support achievement of the UN's Sustainable Development Goals and uphold ILO (International Labour Organization) standards.



●

WHAT WE FOCUS ON

WATER USE

WASTE REDUCTION AND MANAGEMENT

CHEMICAL USE

ENERGY AND CARBON

RESPONSIBLE MATERIALS

LABOUR RIGHTS

CHILD LABOUR

SUPPLY CHAIN MANAGEMENT

TRADE UNIONS

HEALTH AND SAFETY

RESEARCH AND INNOVATION

GOVERNANCE AND MANAGEMENT

ISKO™'s Sustainability and CSR division promotes sustainability activities across the company and reports directly to the CEO. The Environmental and Health and Safety team promote and embed improvement programmes on the ground and report into the Sustainability and CSR division.

Top management set annual environmental and social performance targets which are measured on a quarterly basis. To achieve performance targets, action plans and programmes are prepared and implemented by the divisional process manager.

Sustainability is embraced across the business: in research and development, through the efficiencies we make, and in the more than 16,000 suggestions made by our employees in 2019 through our staff suggestion system, to develop measurable benefits to projects.

MEMBERSHIP AND ASSOCIATIONS

Textile Exchange – Promoting preferred fibres and materials, integrity and standards and responsible supply networks.

Sustainable Apparel Coalition (SAC) – The SAC is the apparel, footwear, and textile industry's leading alliance for sustainable production. The Higg Index is a key tool from SAC, providing a standardised supply chain measurement suite of tools for all industry participants.

Zero Discharge Of Hazardous Chemicals (ZDHC) – Raising standards to tackle hazardous chemicals in the global textile and footwear value chain.

BLUESIGN – A holistic system that provides solutions in sustainable processing and manufacturing to industries and brands. The strict bluesign criteria ensures consistent transparency and traceability of all processing steps down to the raw materials.

SEDEX – Helping companies manage responsible sourcing in their supply chain.

Social And Labour Convergence Project (SLCP) – A multi-stakeholder-led, industry-wide assessment framework to improve working conditions in the global apparel and footwear supply chain.

Better Cotton Initiative (BCI) – A multi-stakeholder initiative with a goal to improve the environmental and social impacts of cotton production.

●

VISION

To make ISKO the preferred denim and woven ingredient brand that can be found anywhere in the world.

●

CSR MISSION

ISKO constantly innovates and makes responsible choices to decrease the environmental impacts of its denim and woven technologies whilst having a positive impact on its people.

●

VALUES

QUALITY

To provide the highest quality products to our customers, and best in class denim and woven manufacturing.

To use traceable, responsibly-sourced and recycled raw materials to create high-quality, durable fabrics.

INNOVATION

To be the pioneer of Responsible Innovation™ in our sector, in products, marketing, workplace environment and to create innovation in social responsibility.

COMMITMENT TO CUSTOMERS

Providing the best products and services to our customers by perceiving their needs and expectations correctly.

RESPECT AND COMPLIANCE

Respect people, employees, suppliers and the environment.

HONESTY AND TRUST

To carry out our activities and transactions in accordance with national and international law and regulations.

To be honest and trustworthy towards our customers and everyone who works with us.

HAPPINESS AND WELL-BEING

To create a healthy and safe working environment in which our employees, suppliers and customers are happy to work with us, providing professional and personal development to our skilled staff.

RESPONSIBLE PRODUCTION



All the fabric produced at ISKO™
has a sustainability story.



FROM RAW MATERIALS TO PATENTS AND TECHNOLOGIES

At every stage of production, every single metric on energy, water and waste is tracked and targeted with monthly reduction goals included in everyone's performance KPIs – for every single fabric ISKO™ produces. 24/7, 365 days a year, with a 360° focus.

ISKO textiles combine responsibly sourced raw materials and state-of-the-art production methods, supported by our patented techniques and processes. To promote a responsible mindset and support our customers' objectives, we produce fabrics made from reused, recycled, organic and other preferred materials which are certified by third parties.

ISKO is continuously innovating, transforming the denim and woven industry with a constant eye on our impact. Twice a year, we develop collections of over 100 new fabrics. In addition to our main collections we create periodic purpose-oriented

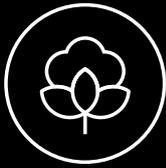
capsule collections, for different product categories like our Arquas™ athleisure performance fabrics and ISKO Vital™ pioneering woven compression technology.

The product development team is dedicated to producing fabrics that use more sustainable materials, fewer chemicals and with improved processes to create more durable products. The product developers work closely with sales and marketing and visit customers to better understand their needs. With this insight and the freedom to experiment, our product developers create industry changing fabrics.

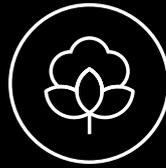
HAVING DEVELOPED OVER 25,000 FABRICS, ISKO PRODUCES HUNDREDS OF TYPES OF FABRIC FOR CUSTOMERS EACH YEAR.

RESEARCH NEVER STOPS AND ISKO CONTINUES TO CREATE INNOVATIVE FABRICS WITH A FOCUS ON RESPONSIBILITY, CONTINUOUSLY TESTING THOUSANDS OF NEW PRODUCTS.

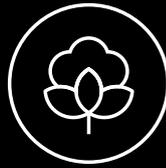
COTTON



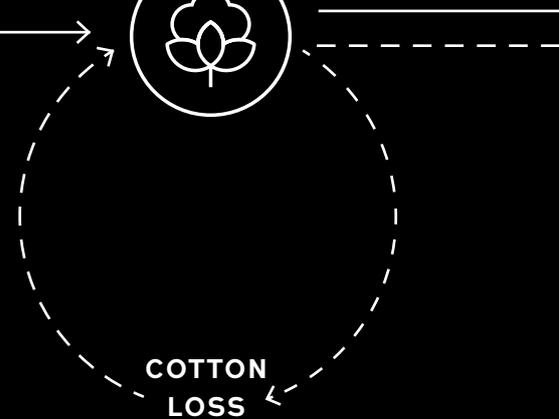
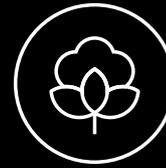
GINNING



FIBRE



SPINNING



**R-TWO -
RETHINKING THE CYCLE**

When processing raw cotton into yarn for every 100 kilos of cotton approximately 10% of cotton is discarded, marked as Loss material.

R-TWO™

R-TWO is ISKO™'s sustainability evolution. In keeping with ISKO's Responsible Innovation™ approach, this concept deals with the most critical matters that apparel supply chains are currently faced with: using more than is actually needed.

ISKO developed R-TWO guided by the waste hierarchy; recovering, reusing and recycling resources to create a durable fabric that stays in use for longer, both as a new garment and in the burgeoning resale market.

R-TWO is an ISKO innovation that enables us to include reused cotton and post-consumer recycled polyester in all our fabrics while maintaining the durability and quality we are known for.

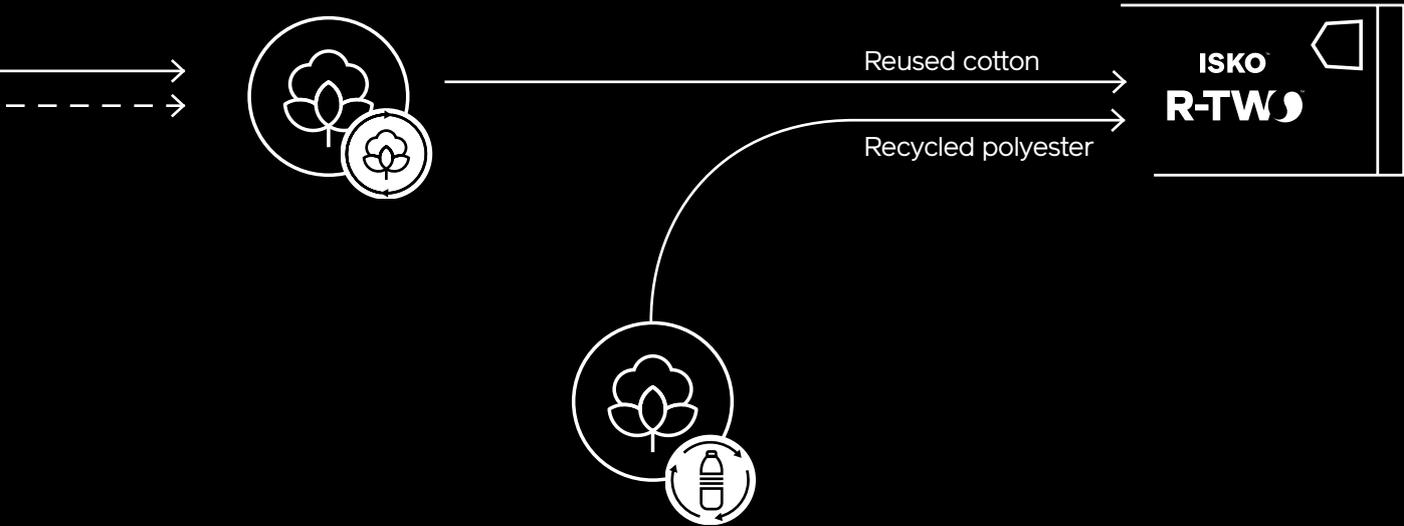
When raw cotton is processed into yarn, typically 10% is lost in the spinning process. At ISKO we add this cotton back into the process, closing the loop on this

material and saving the energy, water and resources needed to grow and transport virgin cotton. All our reused cotton is Content Claim Standard (CCS) certified.

To create R-TWO, we blend reused and virgin cotton with certified recycled polyester, made from PET bottles and other certified material. Producing recycled polyester uses less energy than virgin polyester and lessens dependence on petroleum as a raw material. Both the reused cotton and recycled polyester reduce the carbon footprint of our products compared to virgin materials (see page 35 for a comparative chart).

Depending on the percentage of recycled polyester, our R-TWO fabrics can be either Global Recycled Standard (GRS) or Recycled Claim Standard (RCS) certified. These Textile Exchange recognised standards reassure buyers and demonstrate the environmental credentials of R-TWO fabrics.

REUSED COTTON YARN



ARQUAS™

Arquas is a collection of fabrics for sports and activewear apparel. These textile concepts are all woven, even if many have the look and hand feel of knitted fabrics, ensuring superior durability and great recovery. They provide a broad range of performance properties to excel under all conditions. Arquas 6.0, was launched in 2019 and features 35 brand-new fabrics – most of which are made with certified recycled materials.

ISKO VITAL™

ISKO Vital is the world's first woven compression technology product platform. The cross-functional fabrics can easily be used across several sectors, from sportswear and athleisure to wellness and travel. The compression technology improves the blood flow by applying pressure to the body, which offers a wide range of benefits such as superior sport performance and prevention of economy class syndrome.

ISKO EARTH FIT™

ISKO Earth Fit is the pinnacle of our conscious approach, relying on lower impact materials such as organic cotton, recycled cotton, and recycled polyester. Most of the collection has been certified to the stringent Nordic Swan and EU Ecolabel certifications.



TRADEMARKS

More than 100 trademarks mark ISKO™'s commitment to push the denim market towards the latest and furthest frontiers of creativity. We are committed through every step of development, from the study of the everyday fashion trends to the production of fabrics. These are just a few of the most renowned trademarks of the company.

JEGGINGS™

The cult item that revolutionized women's style with an elegant sculpting and slimline effect.

ISKO REFORM™

The outstanding technology that enhances the silhouette with superior recovery and exclusive holding power.

ISKO BLUEJYM™

Hints at activewear but with a more refined feel and undeniable denim appearance.

ISKO JOOL™

Combining denim and wool to create a unique fabric with all the advantages of wool: heat and moisture management, naturally breathable. Fully natural, and certified, fibers of cotton and wool blended for ultimate comfort and durability.

ISKO COSY™

Cosy is an evolution of isko future face™ that combines the durability of denim with a super soft feel on the back side, with breathability and heat regulation properties. A great alternative to fleece, with much lower micro-fiber shedding and impact.

**ISKO GUARANTEE'S
PRODUCT INTEGRITY FOR ITS
PARTNERS THANKS TO THE
100+ TRADEMARKS AND 20+
PATENTS IT OWNS GLOBALLY**

Fabric highlights (from left to right):
ISKO Recall, ISKO Pop, ISKO Future Face

PATENTED QUALITY

ISKO™ has over 20 patents, proving that innovation is not for the company alone: it adds important value to the market and industry. The addition of global patents is a big step forward for the textile industry, where counterfeiting is hard to defeat.

ISKO POP™

Denim with unparalleled softness and lustrous satin-like finish.

ISKO FUTURE FACE™

The first woven fabric technology with a sporty look, a natural feel and cotton touch.

ISKO RECALL™

Technology that assures better recovery power than any other stretch fabric on the market.

ISKO SCUBA™

Maximum holding power and perfect adherence to the body: denim for best fit and enhancement of fabric thickness and volume features.

ISKO BLUE SKIN™

The revolutionary four-way stretch technology with holding power performance for all-around freedom of movement.



DURABILITY

The best way to reduce a product's environmental impact is to make it last. By doubling the lifetime of a denim garment the total environmental footprint is reduced by more than 50%¹.

Extending product lifetime therefore is a significant solution in the challenge of reducing the environmental impact of products, a solution that ISKO™ fully embraces in its emphasis on fabric durability. We want the denim we make now to create the vintage products of the future. Fabrics to be worn and re-worn, loved, repaired, and altered over years; powering the circular economy.

Through research and development, ISKO is creating fabrics that last significantly longer, that need washing less and wash better. With recycled polyester at the core of the cotton, R-TWO™ is incredibly durable even when it has been washed hundreds of times, going way beyond industry benchmarks.

MATERIAL FIBRES

Using the right raw materials is integral to creating sustainable products. ISKO™ favours responsible fabrics, led by the Textile Exchange's list of preferred fibres.

Natural fibres: Durability is paramount for ISKO fabrics. Through R-TWO™ we are including some reused cotton throughout our entire collection, with (premium) virgin cotton also required to create the quality and long-lasting denims we want.





We use Better Cotton Initiative (BCI) and both GOTS and OCS-TR certified organic cotton to ensure quality standards in our supply chain.

Manmade cellulosic fibres: We only buy manmade cellulosic fibres, such as Viscose and Lyocell, which have been Forest Stewardship Council (FSC) and CanopyStyle Audit certified.

Synthetic fibres: R-TWO uses certified post-consumer recycled polyester.

OTHER INNOVATIONS

ISKO Wild™ is the world's first denim fur that can be produced on a commercial level. The fabric is very versatile and can be washed, dyed and finished like any other denim. ISKO Wild offers an alternative to fur which does not harm animals and, unlike other synthetic furs, is a viable option for moving towards minimising micro plastics.

Revotec™ technology delivers a revolutionary denim fabric that is long lasting, keeps its colour and does not contain cotton. Using FSC Viscose and Certified Recycled Polyester, Revotec fabrics use fewer chemicals in dyeing, are soft to the touch, wrinkle free, easy to care for and fast drying.

¹ See **Mistra Future Fashion's report:** 'Environmental assessment of Swedish clothing consumption - six garments, sustainable futures'

ISKO EFD™ or 'Eco For Dye' delivers a sustainable approach to white fabric production by shortening the process steps. We skip the pre-bleaching process that is normally used for RFD fabrics, reducing the use of machinery, energy, chemicals and water. As pre-bleaching / pre-washing is already done in the laundries before garment dyeing, EFD avoids extra processing. This provides an ecru coloured base that delivers an on-trend natural look, and one that can be dyed to any colour, including those with a bright, fresh vibe.

Turbotech™ technology offers the possibility of creating a personalised denim garment. This technology means that denim can be adapted to the wearer's preferred styling. Turbotech can deliver vintage-look jeans, and creases, wrinkles and lines can all be created to brands' specifications, giving them full control and flexibility in customising the finished product with less processing and washing.

| TARGETS



All products to follow waste hierarchy and include reused or recycled materials by 2020.

Significantly increase recycled and reused content by 2022.



SDG 12

ISKO™ VALUE CHAIN

ISKO acts in the second tier of the garment value chain, taking yarn produced by tier 3 suppliers to create textiles for tier 1 garment manufacturers and brands. ISKO both sells fabric directly to brands, who specify our fabrics to their garment suppliers, and indirectly through the garment manufacturers themselves.

To create a responsible supply chain, every tier has a role to play. ISKO is committed to improving sustainability within our operations and using our influence within the value chain.

ISKO carefully manages what they buy and who they buy from, with regards to all input materials and facility processes. ISKO's membership of Textile Exchange provides essential guidance on preferred fibres, best practice, and responsible supply networks including farming, materials, processing, traceability and product end-of-life. We use this to set our standards with a particular focus on ensuring the integrity of fibres and materials. With the chemicals we use, we meet and follow ZDHC (Zero Discharge of Hazardous Chemicals) rules and guidelines, have implemented the updated MRSL 2.0, and all our chemical and solutions suppliers are also trusted ZDHC signatories. We have taken our responsible approach to the next level this year by becoming a bluesign system partner, to further strengthen all the above efforts. This enables us to offer our partners even more assurances to our holistic responsible production approach

and bluesign approved products.

To extend our commitment to responsibility down the value chain, all our suppliers and partners are required to sign our Supplier Social Compliance Policy. This is a commitment, in line with strict government legislation, to high labour standards, paying at least basic minimum wage, no forced labour, non-discrimination, compliance with laws and other obligations, environmental protection, maintaining health and safety, and communicating this commitment to their suppliers.

To ensure these requirements are met we conduct audits of garment manufacturers (tier 1) and raw material and chemicals suppliers (tier 3). Through our membership of SEDEX, ISKO customers can see how we meet our social and ethical responsibilities and we also use the tool to manage our supply chain. Using Sedex Members Ethical Trade Audit (SMETA) methodology, ISKO conducts high quality audits that encompass Sedex's four pillars of responsible business practice: Labour, Health and Safety, Environment and Business Ethics.

ISKO recognises the value third-party certifications and partnerships bring to the business and also the strength gained by developing long-term partnerships with suppliers. Reflecting this, we encourage our value chain to participate in the same organisations by highlighting the benefits we see through harmonised standards and performance assessment; creating 360° relationships that bring industry partners together and amplify our collective efforts.

all our sources and ensure that we have the correct certifications. Through collaboration with our main yarn supplier SANKO, we can trace and monitor all our products from farm to field. As ISKO we make sure we do not use cotton from any countries or regions with improper working conditions that do not meet our due diligence standards. We can share and guarantee which countries we don't source our cotton from; for example, we do not source from Xinjiang (China), Uzbekistan or Turkmenistan. Post-delivery, we can share the country of origin of the cotton provided.

TRACEABILITY

Providing responsible fabric is essential to creating a responsible product.

ISKO is a global business, buying cotton globally to meet the quantity and, most importantly, quality needed. We control

Partnerships and certifications help reassure us and our customers that materials are responsibly sourced including cotton certified by BCI (Better Cotton Initiative) or with GOTS organic certification.

| TARGETS



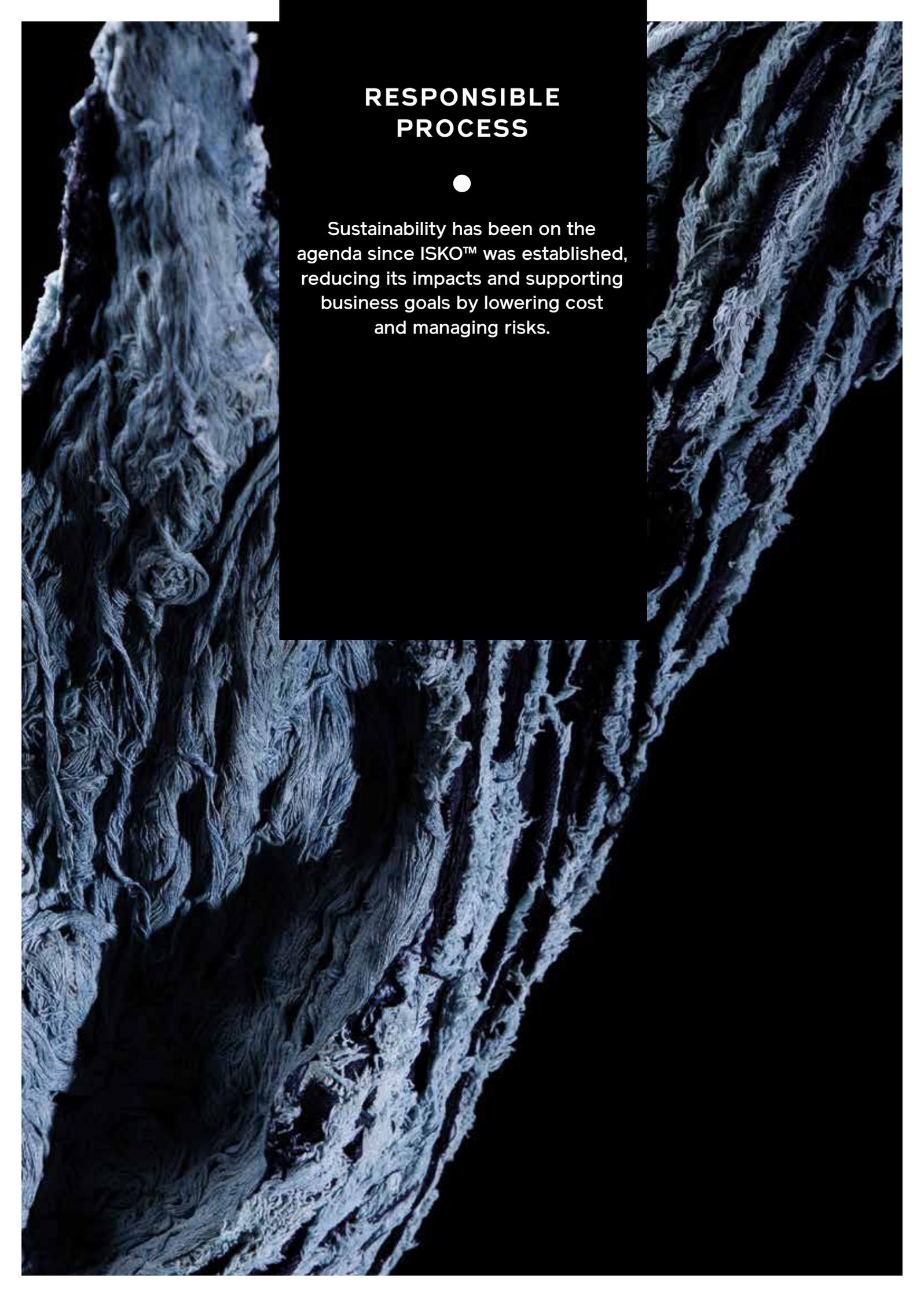
SDG 8&12



All products to follow waste hierarchy and include reused or recycled materials by 2020.



Significantly increase recycled and reused content by 2022.



RESPONSIBLE PROCESS



Sustainability has been on the agenda since ISKO™ was established, reducing its impacts and supporting business goals by lowering cost and managing risks.

We are reducing waste, water, energy use and managing the chemicals we use in our products across the business, investing in research to develop innovative fabrics and processes that have a lower environmental impact.

ISKO has always held to strict compliance with the environmental permits and licenses required by Turkish Environmental laws and regulations. Going beyond this we have an ISO 14001 certified Environmental Management System, with similar ISO certified systems including ISO 50001 to manage energy, ISO 9001 to manage quality and OHSAS 180001 to manage health and safety.

ISKO's production facilities are certified to STeP by OEKO-TEX® - the first manufacturer in Turkey and among a handful globally to achieve this. OEKO-TEX STeP is a modular certification system for production facilities in the textile and leather industry. The goal of STeP is to implement socially and environmentally responsible production processes with modules focusing on chemicals management, environmental performance, environmental management, social responsibility, quality management and health and safety. To focus our improvement efforts, we have begun adopting EPDs for each step of the process, to better understand the life-cycle impacts of production.

ISKO'S PRODUCTION FACILITIES ARE CERTIFIED TO STEP BY OEKO-TEX® - THE FIRST MANUFACTURER IN TURKEY AND AMONG A HANDFUL GLOBALLY TO ACHIEVE THIS.

WATER USE AND WATER MANAGEMENT

Improving the water efficiency of fabric production is a priority for ISKO™ and our customers. We are reducing and reusing water in all our processes with a focus on water intensive operations such as denim preparation and dyeing. We use advanced fabric dyeing technologies to minimise water usage, with the ultimate goal of eliminating water in indigo yarn dyeing processes altogether.

WATER EFFICIENCY

ISKO is committed to continuous improvement, with employees constantly reviewing and improving each stage of production. These changes can significantly reduce the water consumption for some processes. In 2015, we changed the feeding tank system for washing. By flooding water from one tank to another, rather than feeding each tank individually, we reduced the freshwater consumption in the process by 60%. In manufacturing processes, we are using automation to reduce water consumption and have reduced water pressure to decrease the water used to clean machines.

WATER REUSE

As well as working to eliminate the need for water, we reuse water wherever possible. Our filtration and treatment plant cleans the water used in manufacturing, so it can be reused in a variety of processes. We also collect condensate for reuse which can reduce the water consumption of a process by over 30%.

In total we have reduced water use in all of our processes by 21% since 2016. Further significant reductions are targeted in 2020 and beyond.

WASTEWATER QUALITY

Ensuring the quality of the wastewater we produce is as important as reducing the water we use. Internally we monitor wastewater quality every day applying Zero Discharge of Hazardous Chemicals (ZDHC) limits, with external third-party wastewater testing taking place twice a year. We require that suppliers also comply with ZDHC wastewater limits. We will be working more closely with our supply chain to implement and monitor these requirements in 2020.

Facility wastewater is discharged to the locally organised industrial district wastewater treatment plant, so we believe it is important for us to invest in the local infrastructure and thus ISKO helped to finance a water purification plant in the local industrial district. This means cleaner water is being discharged to the environment, protecting local ecosystems and human health.

SUPPORTING TIER 1 SUPPLIERS WITH WATER MANAGEMENT

One of ISKO's responsibilities is encouraging brands and their consumers to use less water and chemicals in laundry services, finishing, and consumer washing. A few of such innovative solutions include finishes such as Turbotech™, which speeds up the wearing process to give a vintage denim look with less processing, and Vulcano™, which improves the effectiveness of laser effects, thereby reducing the use of water in the laundry (see page 25). ISKO Recall™ is a durable fabric with built-in shape memory that does not change shape during wear. With no baggy knees, garments require fewer washes reducing their impact over time.

FOOTPRINT REDUCING FEATURES OF ALL FABRICS

All of ISKO's fabrics benefit from the smart and efficient water usage, both in our own production facilities when weaving and

dyeing the fabrics as well as further down the supply chain at the finishing stages of the garment. Through the intricately designed constructions, weaving and finishing techniques, all ISKO fabrics are optimised to enable the best possible laser finishes, which are identical in touch and feel to traditional denim finishing methods.

We also have fabric finishing innovations with an increased emphasis on these traits to maximise the footprint reduction potential. One of these solutions is Vulcano.

INNOVATION HIGHLIGHT: VULCANO FINISH

Vulcano is a brand-new laser-friendly finish that delivers natural, denim-like, 3D effects that sing on bleached and stretch fabrics and in dark colours.

The process is also fast and energy efficient, making Vulcano both beautiful and more environmentally responsible.

| TARGETS



SDG 6



Maintain process water use at current levels

No water or chemical discharge by 2025



CHEMICAL USE AND MANAGEMENT

To protect the environment and our employees' health, ISKO™ is committed to removing hazardous chemicals from the production of its fabrics.



Reflecting best practice, we comply with EU REACH regulation and our products have been tested for harmful substances. ISKO's entire production chain is certified STeP BY OEKO-TEX®, which has a strong focus on chemicals management.

ISKO is a signatory member of ZDHC and is following the most stringent guidelines towards zero discharge. To ensure hazardous chemicals are not used in our business we continuously monitor the procurement, production, storage and discharge of chemicals. We maintain lists of substances restricted in the manufacture and production of our products (MRSL) which align with ZDHC.

Supply chain chemical use is also important. We ask our supply chain to comply with

the SANKO Restricted Substances List and ZDHC. ISKO's main chemical suppliers are members of the Sustainable Apparel Coalition and ZDHC, which means we share a common approach and values.

To further this commitment to best practice, ISKO became a bluesign® SYSTEM partner in early 2020. bluesign® SYSTEM partners are committed to applying the bluesign® SYSTEM which unites the entire textile supply chain to jointly reduce its impact on people and the environment. The system applies importance in regard to consumer protection, workplace safety, waste-water management and emissions.

The bluesign® SYSTEM is widely recognised as the world's highest industry standard in this area.

| TARGETS

SDG 6



Achieve bluesign® APPROVED accreditation by 2020, meeting the strict safety and environmental requirements of the bluesign® criteria at product level.

Zero discharge of hazardous chemicals in our operations by 2020, and our supply chain partners by 2022.

Meet ZDHC Manufacturing Restricted Substance List v2 by Q2 2020.



GHG EMISSIONS AND ENERGY

ISKO™ understands that climate change is a global emergency. We want to lead our industry by reducing the impact of our textiles in production and at other stages of their life cycle.

Coal powers most of our operations, running fuel boilers, generators, and pumps, supported by limited use of natural gas and diesel. Electricity provides lighting and powers some processes and offices.

Our main focus is to improve energy efficiency at our manufacturing site. We have implemented changes with the goal of reducing carbon emissions, such as state-of-the-art chimney filters to reduce CO2 emissions from fabric finishing. We also recognise that our carbon footprint extends beyond our manufacturing operation and aim to begin to collect information on our broader footprint, including indirect emissions.

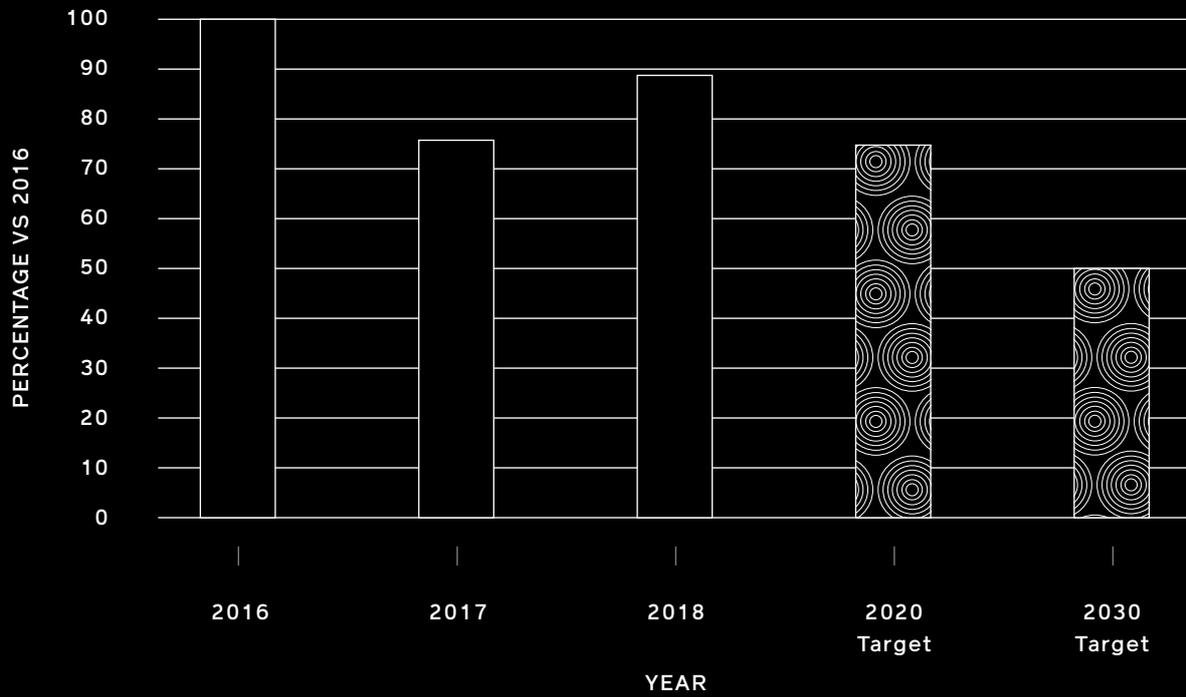
LIFE-CYCLE CARBON

Improving production efficiency is an important way of reducing our carbon footprint. However, the raw materials and product type also have a critical part to play. R-TWO™ (see page 20) has a significantly lower carbon footprint over its life-cycle impact compared to the same product made of standard raw materials. As we gradually increase the recycled content of our products this difference will also increase, resulting in further impact reductions.

² 2019 data unavailable at time of publication, this will be updated once the data is released in June 2020.

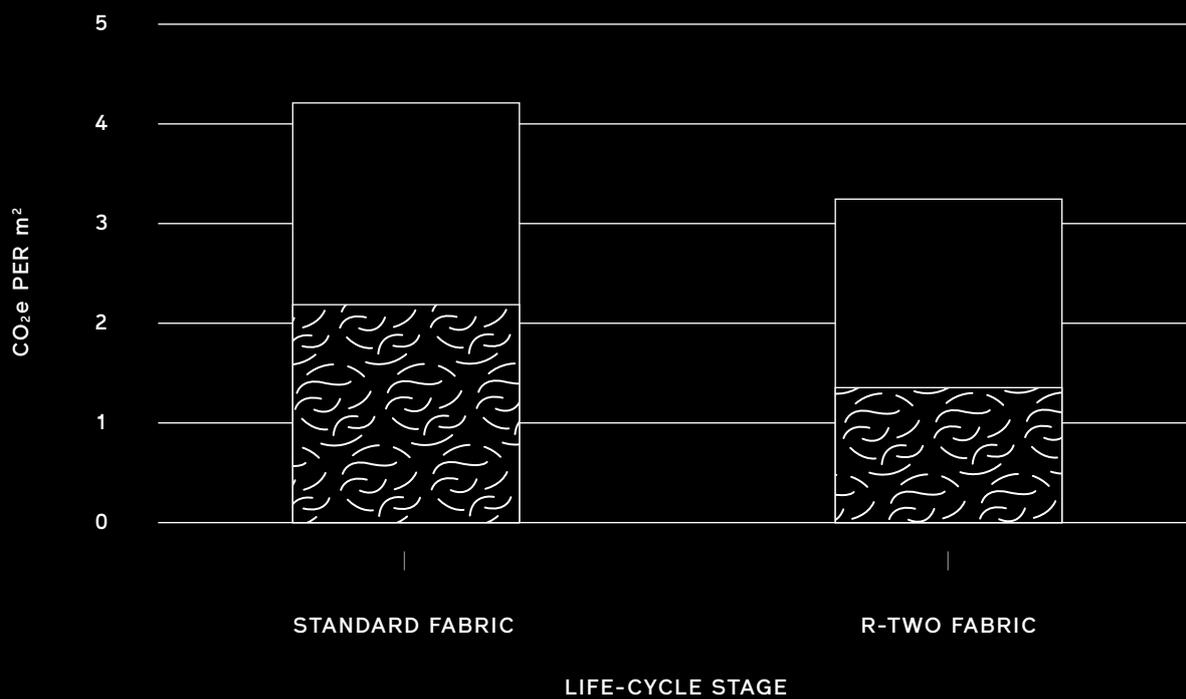
³ These are two versions of the same fabric currently sold by ISKO

**SCOPE 1 CO₂ EMISSIONS
(% VS 2016 BASELINE)²**



**FABRIC LIFE-CYCLE CARBON FOOTPRINT
(STANDARD VS R-TWO)³**

 RAW MATERIALS
 ISKO MANUFACTURE



ENERGY MANAGEMENT

ISKO™ is reducing energy use across the manufacturing site: optimising operations and processes, switching machines off when they are not in use, increasing automation, replacing lighting with more efficient LEDs, and changing behaviour. This helps us use less energy and therefore release less carbon into the environment.

Close monitoring is essential to making changes. By tracking electricity and natural gas consumption on a daily rather than monthly basis, we can pick up and deal with any unusual energy patterns immediately. **In total, we have reduced energy use by 480,000kw.**

To reduce the carbon intensity of its operations, ISKO will be installing a 5MW solar array on its facility roof.

The panels will have the capacity to generate 7.2GWh per year and are due to start operation in 2021.

TARGETS



30% carbon reduction by 2030 vs 2015 and net zero carbon emissions by 2050

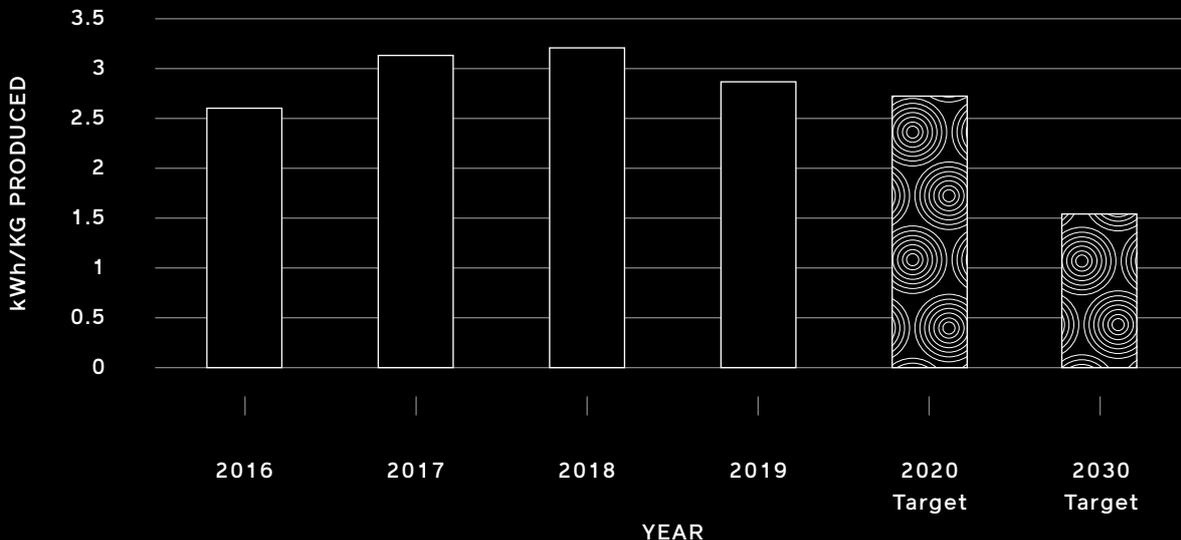
Install 5MW solar array to begin generating renewable electricity in 2021

Identify climate change risks and adaptation required in operations and supply chain



SDG
7&13

ELECTRICITY CONSUMPTION (kWh/KG FABRIC PRODUCED)



WASTE

ISKO wants to create innovative, high performance textiles without wasting any resources – energy, water or materials. This is embodied in R-TWO™, which takes reused fibres from SANKO and certified recycled materials to create durable fabrics that can be included in all our collections.

ISKO continuously monitors the waste produced through the Environmental Management System. This enables us to see trends quickly and put action in place to rectify them. For example, when we saw that contaminated waste was increasing beyond our targets, we investigated the causes. We discovered some containers were mistakenly being classed as contaminated waste. By removing these from the hazardous waste stream and recycling them instead we have reduced contaminated waste by 40%.

MATERIALS REUSE

Where possible, ISKO reuses materials within the company. If this isn't possible, we find other markets where these opportunities for (re)use exist. For example, ISKO generates significant quantities of ash from coal fired boilers. We identified a market for this material in civil engineering and construction projects. In this industry, ashes provide a cost-effective additive in concrete that boosts performance. ISKO has received the TS 450-1 certification for waste ash, which classes this as a semi-finished product.

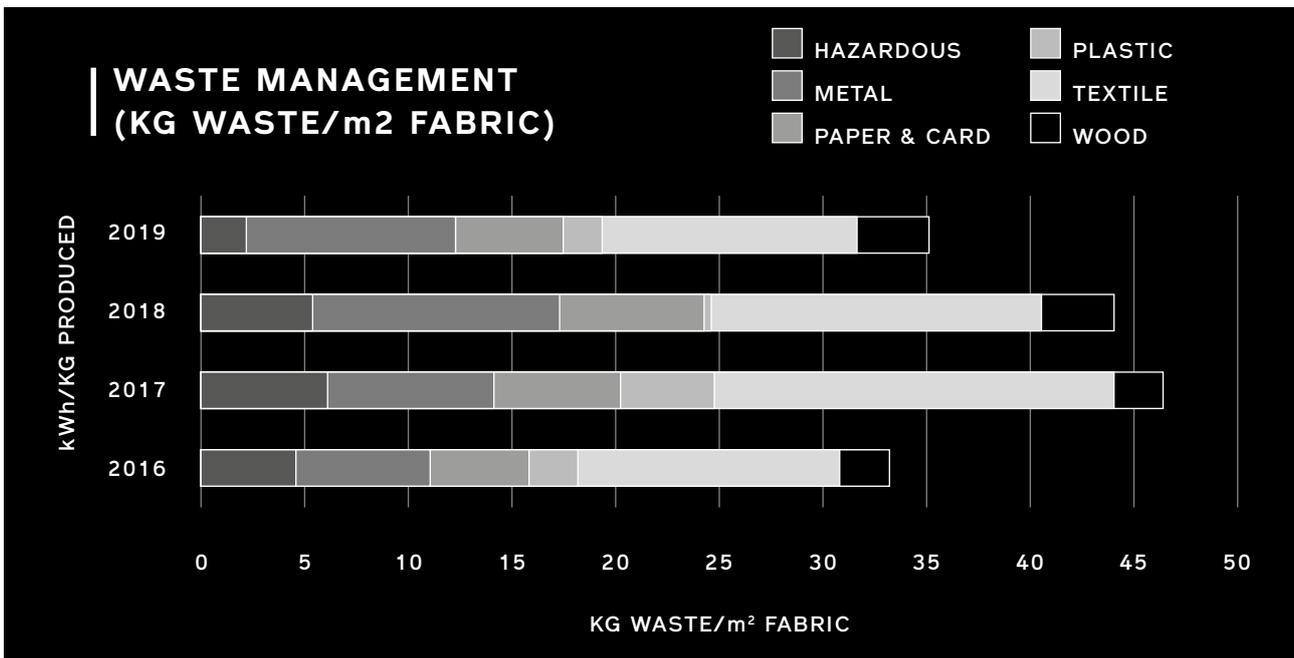
TARGETS



Zero production waste by 2025



SDG 12



EPD® (ENVIRONMENTAL PRODUCT DECLARATION) VERIFIED LCAs (LIFE-CYCLE ASSESSMENTS)

Making industry-wide improvements means working with industry partners and sharing best practice with peers. ISKO™ saw a lack of transparency in the industry and responded by creating the first EPDs for denim fabrics.

EPDs describe the life-cycle impacts of our products, giving us and our customers deeper understanding of the environmental footprint of our fabric.

The EPDs were created with input from external stakeholders to create validated Product Category Rules (PCR) for denim. These are publicly available for other producers to use to improve transparency on actual impact across the industry and allow for fair comparison between manufacturers. ISKO strongly encourages brands to request EPD LCAs from suppliers to enable a credible evaluation of actual fabric impacts.

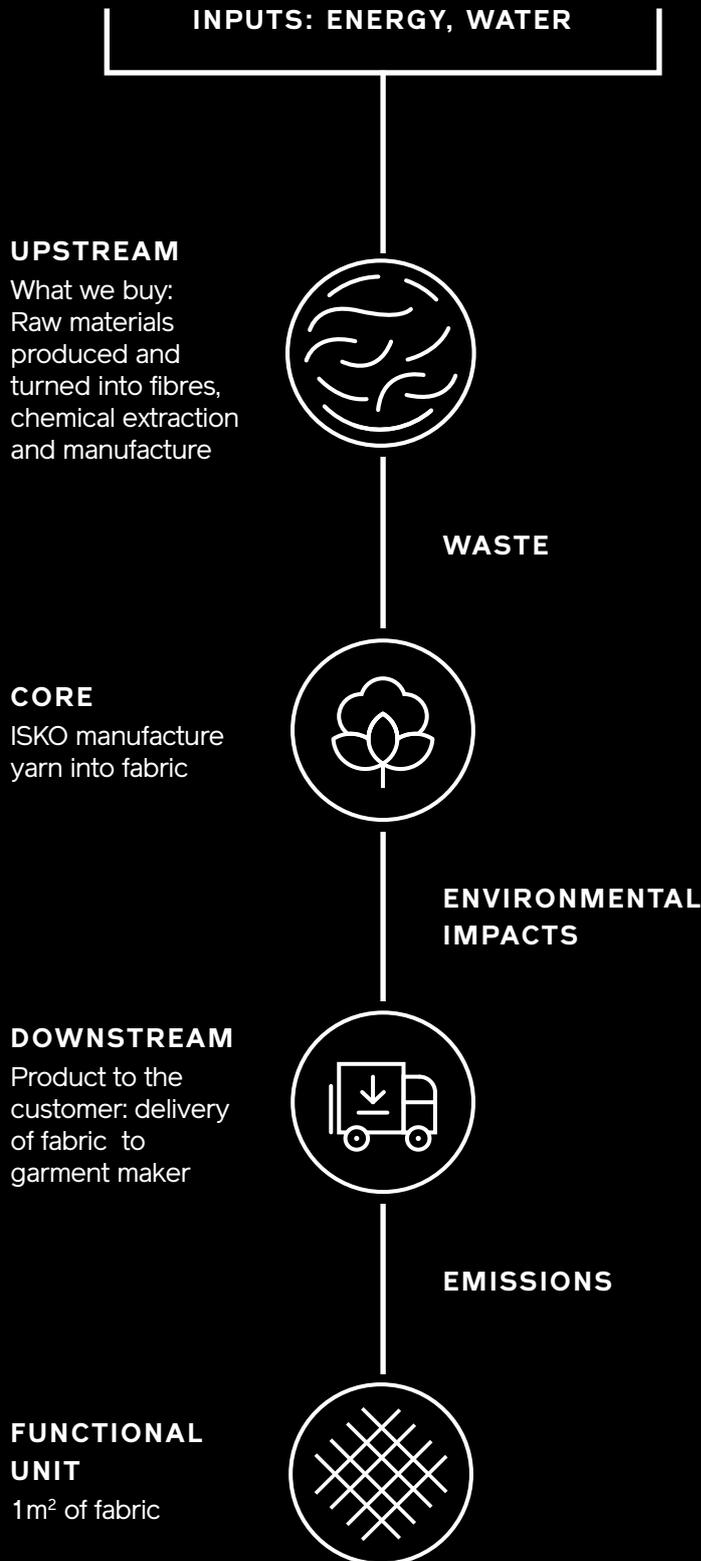
We now have EPDs covering all our fabrics. With this information we can develop fabrics that are more responsible and track improvements over time.

UNDERSTANDING AN EPD

ISKO's EPDs measure the environmental impacts of 1m² of fabric throughout its life, from growing the raw materials to delivery to the garment manufacturer, with the core fabric production under our direct control.

The EPD includes the energy and water used and the waste produced in growing and extracting the raw materials, in production and in delivery. These processes have wider environmental impacts, which are also measured – from carbon emissions and release of ozone depleting substances to wastewater quality and human health impacts.

ENVIRONMENTAL IMPACTS GUIDE



↓ LOWER IS BETTER ↑ HIGHER IS BETTER

- ↓ **GLOBAL WARMING POTENTIAL**
Carbon emissions
- ↓ **OZONE LAYER DEPLETION**
Chlorofluorocarbons (CFCs) released
- ↓ **ABIOTIC DEPLETION**
Use of non-living resources such as minerals, clay. Fossil fuels listed separately
- ↓ **PHOTOCHEMICAL OXIDATION**
Secondary air pollution, also known as summer smog
- ↓ **ACIDIFICATION**
Air pollution as acid rain potential
- ↓ **EUTROPHICATION**
Nutrient pollution in water bodies
- ↓ **LAND USE**
Land requirements for growth/extraction/production
- ↓ **HUMAN TOXICITY**
Potential risk of cancerous and non-cancerous effects
- ↓ **FRESHWATER ECOTOXICITY**
Impact of chemical based water pollution
- ↓ **WATER SCARCITY**
Depletion of freshwater resources
- ↑ **CARBON UPTAKE**
Long-term storage of carbon dioxide resources

EPD SECTIONS

TECHNICAL SPECIFICATION

Describes the fabric



CONTENT DECLARATION

Lists the raw materials used



SYSTEM DIAGRAM

Shows the EPD scope and processes



LIFE-CYCLE ASSESSMENT

Details the methodology used



ENVIRONMENTAL PERFORMANCE

Details the materials used, waste produced and related environmental impacts



The list of EPDs can be found on [Environdec.com](https://www.environdec.com) (search for 'ISKO')

COMPARING EPD@S

The impact of our fabrics varies depending on the material mix and processes we use. Efficiencies and improvements in both our processes and the raw materials drive down the impact of the textiles we create. The below EPD summary⁴ shows a comparison of the same fabric produced using R-TWO™ and standard materials, which demonstrates the significantly lower impact of R-TWO denim across all environmental parameters

⁴ These are two versions of the same fabric currently sold by ISKO

 IMPACT	 UNIT (per m ² fabric)	R-TWO DENIM		STANDARD DENIM	
		 RAW MATERIALS/ FIBRES (upstream)	 ISKO MANUFACTURING FACILITIES (core)	 RAW MATERIALS/ FIBRES (upstream)	 ISKO MANUFACTURING FACILITIES (core)
Carbon footprint (Global Warming Potential)	kg CO ₂ eq	1.41	1.91	2.20	2.04
Water use (Net use of fresh water)	m ³	0.363	0.016	0.718	0.018
Nutrient pollution in water bodies. (Eutrophication)	kg PO ₄ 3- eq	0.005	0.002	0.007	0.002
Air pollution as acid rain potential (Acidification)	kg SO ₂ eq	0.009	0.006	0.015	0.007
Potential risk of cancerous and non-cancerous effects (Human Toxicity)	case	8.05E-08	5.03E-08	1.21E-07	5.35E-08



SUSTAINABLE APPAREL COALITION (SAC) AND THE HIGG INDEX

ISKO™ was the first and is still the only member of the Sustainable Apparel Coalition from Turkey. ISKO was also one of the first manufacturers in the world to have a verified performance scored on the Higg Index Facility Environment Module (Higg FEM).

ISKO fully believes in industry wide collaboration and the harmonisation of performance assessment tools, to enable trustworthy insights and comparisons throughout the value chain. The SAC is currently the leading global multi-stakeholder initiative in the fashion and textile sector with the aim of harmonising the way sustainability is measured across the board. By being an active member of the Coalition, ISKO supports these goals and efforts and is absolutely an advocate of equal partnership among all stakeholders.



HIGG INDEX

The Higg Index is a suite of assessment tools developed by the SAC and its members and stakeholders that enables manufacturers, brands and retailers to accurately measure and score a company or product's sustainability (environment and social/labour) performance.

ISKO uses the Higg FEM – the most used and comprehensive environmental assessment in any industry – to measure and assess the performance on all environmental impacts and aspects at its facilities, including EMS, energy, GHG, chemicals, water, waste and wastewater data and information. By performing targeted research and analytics and by implementing improvement programmes throughout our facilities and in products, we continue to reduce our environmental impact significantly across all our operations and drive best-practices.

ISKO started using the Higg FEM in 2015 and received external, third-party verification of its Higg FEM self-assessment since the inception of

verification in 2017. Year-on-year ISKO has improved its FEM score, being among the best-in-class facilities globally for 2018 and 2019. Achievements that we are proud of as they underline the measures we go to in performing our environmental due diligence. These type of detailed performance scores and insights motivate us to keep on raising the bar incrementally in pursuit of circular perfection.

We share our Higg Index scores with our value chain partners through the secured online Higg-platform. ISKO will continue to use the harmonised and comprehensive verified Higg assessments in the years ahead to benchmark and share our detailed performance – including the recently launched Higg Facility Social and Labour Module (Higg FSLM), while we encourage all our value chain partners to adopt the same standards and assessments tools in order to create a universal, transparent means of measuring, gathering and, in particular, understanding sustainability.



ISKO FULLY BELIEVES IN INDUSTRY WIDE COLLABORATION AND THE HARMONISATION OF PERFORMANCE ASSESSMENT TOOLS, TO ENABLE TRUSTWORTHY INSIGHTS AND COMPARISONS THROUGHOUT THE VALUE CHAIN.

PEOPLE



ISKO™ is a family owned company, and our people are an extension of that family.



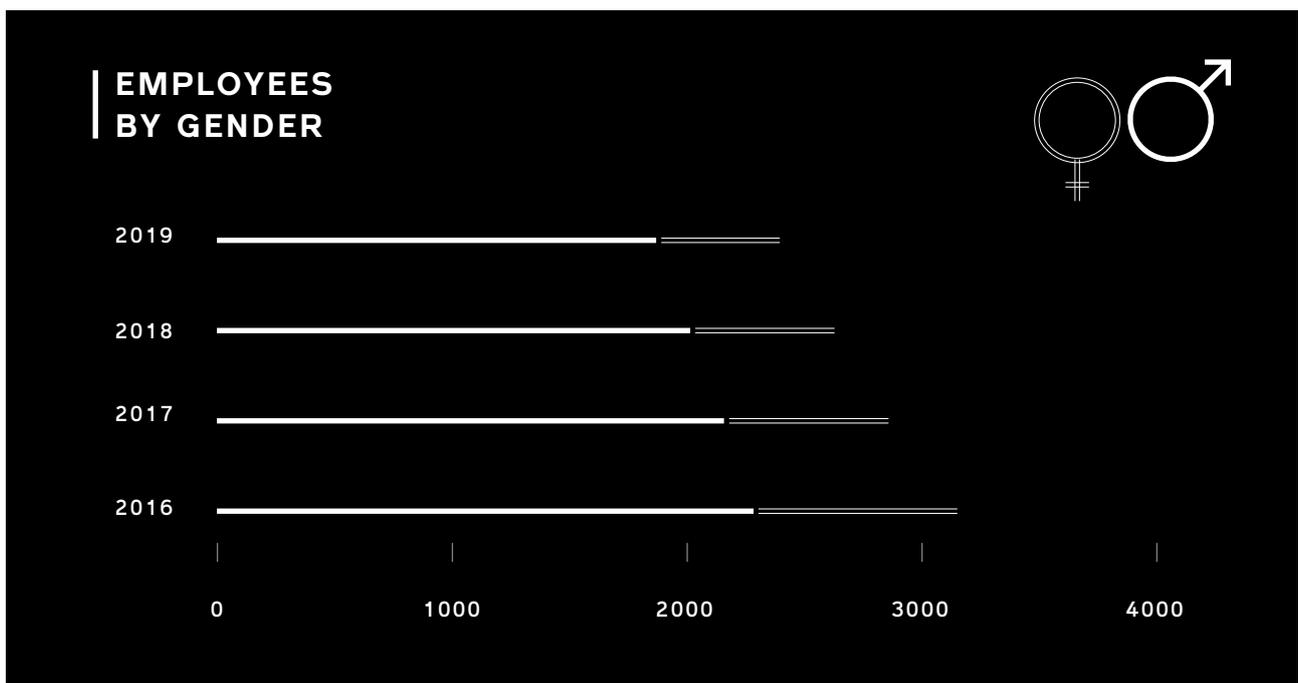
Our employees are our most valuable asset; we value them and the contribution they make to our business and seek to treat them with the respect they deserve. This respect is a core value, we extend it to our people and beyond to our supply chain and local communities.

It is underlined by our compliance with ILO standards, providing opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and dignity. ISKO has a well-respected reputation in the region, and country, as a premium employer, a reputation that has been built over decades of best-practices.

**3% OF OUR EMPLOYEES
DECLARE A DISABILITY**

**THE AVERAGE AGE OF
OUR EMPLOYEES IS 37**

**ALL BLUE-COLLAR
EMPLOYEES ARE
COVERED BY COLLECTIVE
BARGAINING AGREEMENTS**



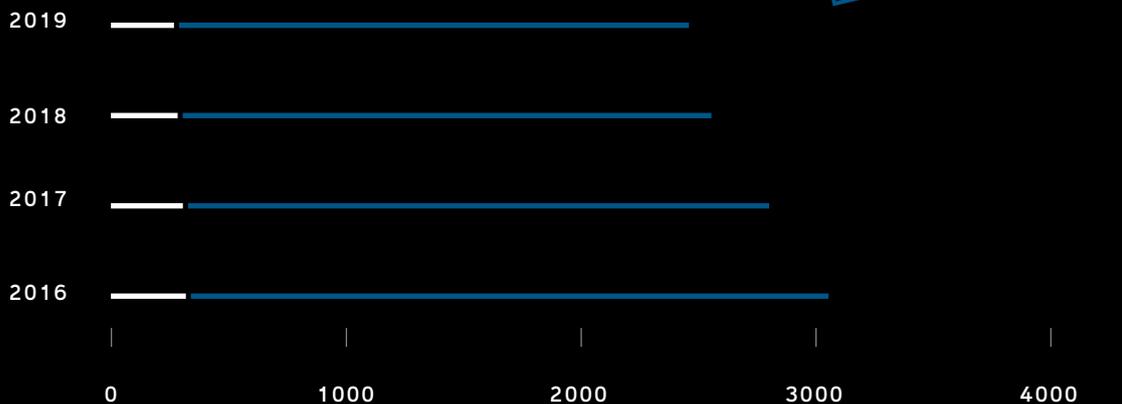
OUR WORKPLACES

TEKSIF, the employee trade union at ISKO™, amplifies the voice of ISKO staff. We respect ISKO employees' right to join a union and TEKSIF has an office and employee representatives onsite.

We are proud to pay all ISKO employees a living wage. ISKO has always aimed to ensure that wages provide an income that adequately supports workers and their families. For example, working with the union, we have increased the starting wages paid to around three times higher than the legal minimum wage in Turkey. This is a rare feat in the industry; an assurance of the lengths we go to in our due diligence practices and another key factor that grants ISKO the status of a premium fabric supplier.

As well as paying living wages, ISKO ensures all employees receive the appropriate rest days and provides pay for overtime and vacations. ISKO employees also receive additional benefits such as incremental increases to vacation days, bonuses, family and seniority premiums, compassionate and parental leave and child education support. To bring employees together, we hold social activities for them and their families including sports and team building activities.

EMPLOYEES BY ROLE TYPE





EMPLOYEE STANDARDS

All employees have written standards for employment and sign an employment contract which sets out working conditions. Our Code of Conduct, which is publicly available through our website, lays out the expectations of ISKO™ employees and is provided to all staff at orientation and during annual refreshes. Should our employees encounter any issues, we have written procedures for disciplinary actions and conflict resolution.

HUMAN RIGHTS

ISKO supports the UN Universal Declaration of Human Rights and recognises “the dignity of all members of the human family and the recognition of their equal and non-transferable rights is the basis of freedom, justice and world peace”. We operate a zero-tolerance policy against human trafficking and all other human rights violations, and no human right violations have ever been reported in our operations.

ISKO also takes a zero-tolerance approach to child labour in our operations. While risks exist in some parts of the industry, with our high standards and our area of work the risk at ISKO is very low. Only ISKO employees participate in textile production, and there are robust processes in place to prevent underage workers or any other form of malpractices. ISKO does not use any sub-contractors whatsoever in fabric

or any other production. Where third parties carry out work on our site, such as maintenance, catering and security, we thoroughly check these partners and their processes.

| TARGETS



Maintain zero incidences of human rights violations in our operations



SDG 8

PROVIDING EQUAL OPPORTUNITIES

ISKO believes that people deserve to be treated fairly and hired, rewarded and promoted on their merits.

All employees who perform the same tasks and are of equal job-level are rewarded equally and the same benefits are provided to all employees universally. We take a zero-tolerance approach to discrimination and harassment supported by clear grievance and disciplinary procedures.

TRAINING

Training and development support our people to achieve their professional and personal ambitions. We provide trainings throughout individuals' careers at ISKO. Induction and role-based training ensure employees have the essential skills and knowledge to carry out their roles including health and safety, human rights, our Code of Conduct and the skills people need to do their jobs. We also offer development opportunities and external courses to help our people progress. To support equal opportunities, we have standard procedures for training, career development and promotion.

| TARGETS

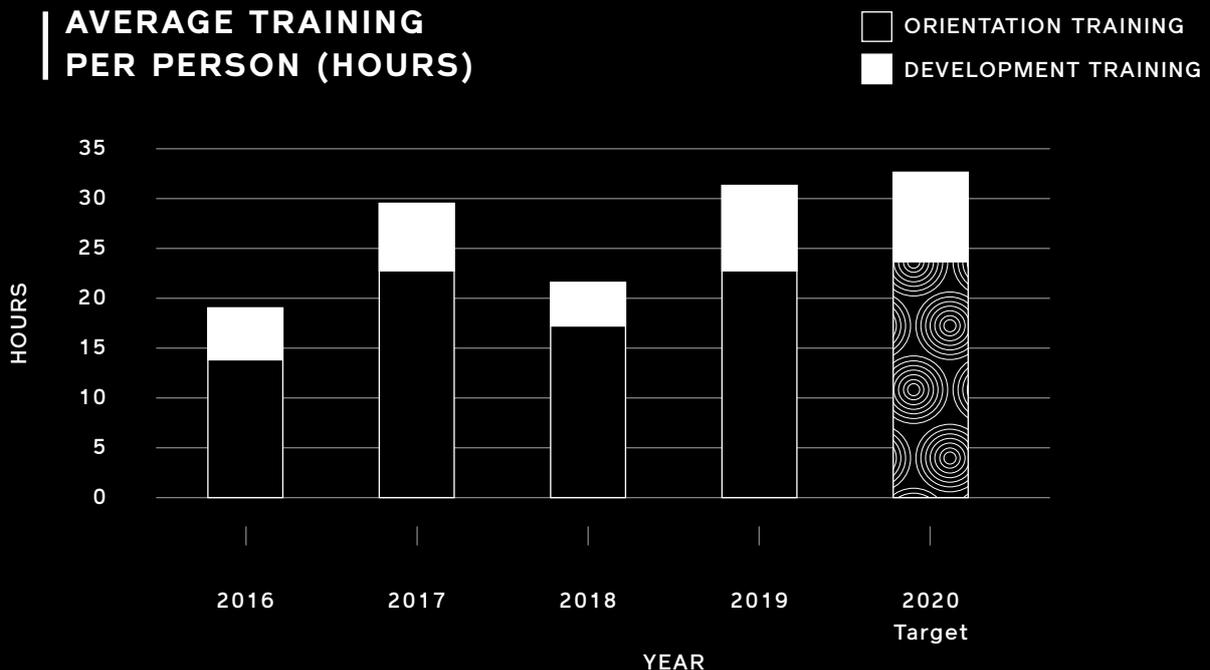


Offer more development opportunities to employees that are certified, externally recognised or which result in a qualification



SDG 8

AVERAGE TRAINING PER PERSON (HOURS)



HEALTH AND SAFETY

ISKO™ has a strong health and safety culture to manage and raise awareness of risks.

Health and safety is part of everyone's job. While health and safety representatives in each department help to embed a safety-focused culture, we expect every employee to be aware of their own and their colleagues' safety. This includes health and safety training, awareness campaigns and near-miss reporting.

We have reduced the accident severity ratio by 35.6% between 2016 and 2019 and broadly maintained the accident frequency rate. We have achieved this through a broad range of activities to ensure employee safety which includes: training to ensure everyone understands safety in the workplace, access to appropriate personal protective equipment, maintenance of machinery, fire safety, proper storage and use of hazardous materials, and compliance with all legal requirements.

	2016	2017	2018	2019
Accident Frequency Rate (Number of accidents in 1 million working hours)	22	22.3	20.1	22.2
Accident Severity Ratio (Missing working days in 1 million working days)	101	81.9	90	65

| TARGETS



Aspiration of zero (0.0%) safety incidents

Increase safety near-miss report system to prevent safety incidents

SDG 8



Reduce Accident Frequency Rate to 1.8 accidents per million working hours by 2030

Reduce Accident Severity Ratio to 10 missed working days per million work days by 2030



ANTI-BRIBERY AND CORRUPTION

ISKO does not tolerate corruption and is committed to acting in a fair, honest, legal, transparent and ethical manner and in line with the laws in the countries in which we operate.

Prevention is essential and we set out our expectations of employees in our Code of Conduct. Any employee who is confronted with this issue needs to inform the HR Department in writing, so the issue can be investigated, and sanctions applied if necessary. Periodic audits help us to prevent, identify and resolve any issues.

| TARGETS



Maintain zero bribery and corruption incidents through continuous training and awareness raising



SDG 16

PARTNERSHIPS AND INITIATIVES



ISKO™ works with selected organisations to verify the company's impacts and approaches.

By working with these best practice organisations, we can demonstrate our sustainability credentials, through verification and certification of our processes, materials and products. As leaders in the field in the textile sector we are working with industry action groups. By taking active part in these groups we are providing direction in best practice and improving the sustainability of our industry. We are also supporting events where best practice can be demonstrated and shared including Copenhagen Fashion Summit, The Drapers Sustainable Fashion Conference, NeoNyt, Fashion Revolution and IMPACT.

ZDHC ROADMAP TO ZERO

ISKO is fully committed and an active signatory member of the ZDHC Foundation's Roadmap to Zero programme. This programme takes a holistic approach to tackling the issue of hazardous chemicals in the global textile and footwear value chain. Together with

other ZDHC brands, we are engaging with diverse stakeholders to raise the awareness of industry standards and work collaboratively for change towards zero discharge of hazardous chemicals in the fashion industry. ISKO shares and manages its responsible chemicals and wastewater usage through the ZDHC platforms.

BLUESIGN® SYSTEMS PARTNER

The bluesign® is a global network whose international system focuses on resources, people and the environment. The aim of the bluesign® SYSTEM is to provide transparency for the whole fashion supply chain with regard to consumer protection, workplace safety, wastewater and emissions. The Input Stream Management ensures that bluesign® APPROVED chemical products and raw materials are used in all steps of the manufacturing process. Substances posing risks to people and the environment are eliminated from the very beginning.





SUSTAINABLE APPAREL COALITION (SAC)

The Sustainable Apparel Coalition is the apparel, footwear, and textile industry's leading alliance for sustainable production. The SAC develops the Higg Index, a standardised supply chain measurement suite of tools for all industry participants. ISKO is a member of SAC and uses the Higg Facility Tools to measure the social and environmental performance of our facilities. These modules measure impacts at our factories. We conduct the assessments every year, which are then verified by SAC-approved, on-site assessors and the results shared with our partners through the Higg platform



TEXTILE EXCHANGE

Textile Exchange is a global non-profit that works closely with its members to drive industry transformation in preferred fibres and materials, integrity and standards and responsible supply networks. They identify and share best practices regarding farming, materials, processing, traceability and product end-of-life in order to reduce the textile industry's impact on the world's water, soil and air, and the human population. We also use many of the standards managed by Textile Exchange including Content Claim Standard, Organic Content Standard, Recycled Claim Standard and Global Recycled Standard.



| TARGETS



Certify 100% of products against sustainability labels by 2022.

SDG 17

APPENDICES

APPENDIX 1 – ISKO™ AND THE SDGS

ISKO responds to the Sustainable Development Goals (SDGs) through how it does business and its commitments to sustainability. There are some goals where we can have the greatest impact and others where our impact is more indirect. We work hard to maximise our contribution to the global effort to achieve the goals, and will continue to monitor and align our progress and targets with the SDGs.



FOCUS GOALS

SDG	ISKO MAPPING	SDG TARGETS
SDG 6: Clean Water and Sanitation	Efficient water use, supporting local industrial district water treatment plant, ZDHC commitment	6.3: By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally 6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
SDG 7: Affordable and Clean Energy	Energy efficiency and carbon reduction initiatives	7.3: By 2030, double the global rate of improvement in energy efficiency
SDG 8: Decent work and economic growth	Workplace health and safety, providing decent jobs, protecting labour rights, modern slavery and child labour prevention, promoting resource efficiency and materials recycling, responsible supply chain management	8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value 8.7: Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms 8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

SDG	ISKO MAPPING	TARGET
SDG 12: Responsible Consumption and Production	Promoting resource efficiency and materials recycling, purchasing responsible raw materials, innovating to reduce waste and include reused and recycled fibres	12.2: By 2030, achieve the sustainable management and efficient use of natural resources 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
SDG 13: Climate Action	Reducing carbon footprint through efficiencies and material recycling	13.2: Integrate climate change measures into national policies, strategies and planning
SDG 17: Partnerships for the Goals	Work with industry partners and initiatives to build best practice, developing and sharing best practice	17.17: Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships

While these are the areas where ISKO can have the greatest impact we also contribute to the other goals directly or indirectly.

SDG	ISKO IMPACT	
Goal 1 No Poverty	Indirect	Provide work and supporting living wages in operations and supply chain
Goal 2 Zero Hunger	Indirect	Provide work and supporting living wages in operations and supply chain
Goal 3 Good Health and Well-being	Direct	Employee health and safety, pollution reduction
Goal 4 Quality Education	Direct	Employee training and development
Goal 5 Gender Equality	Direct	Commitment to diversity and inclusion and equal opportunities
Goal 9 Industry, Innovation and Infrastructure	Indirect	Community initiatives e.g. water treatment plant
Goal 10 Reduced Inequalities	Direct	Committed to diversity and inclusion and providing opportunities for all
Goal 11 Sustainable Cities and Communities	Indirect	Community initiatives e.g. water treatment plant
Goal 14 Life Below Water	Indirect	ZDHC commitment
Goal 15 Life on Land	Indirect	Responsible sourcing of raw materials, ZDHC commitment
Goal 16 Peace, Justice and Strong Institutions	Indirect	Fair employer, corporate tax payer, tackling human rights abuses, preventing waste crime and preventing bribery and corruption

APPENDIX 2 – CODE OF CONDUCT



CODE OF BUSINESS PRINCIPLES

About İSKO

SANKO Tekstil İşletmeleri Sanayi ve Ticaret A.Ş İSKO Şubesi ("İSKO"), established in 1943, is active in cotton and synthetic yarn production, home textiles, weaving and knitting. We establish our relationship with customers solely on the basis of trust, quality, competitiveness, professional competence criteria, respecting the rules of fair competition.

The main goals of our company are:

- To support the spearhead position of the textile industry within the Turkish economy;
- To be the symbol of quality, stability and trust in cotton textile production in Turkey;
- To support the Turkish economy by increasing production and employment;
- To support the textile exporters of Turkey by producing any yarn or fabric that they may need in international quality standards;
- To produce environmentally friendly yarn and fabric with eco and organic seals;

Introduction

At İSKO, integrity, authenticity and respect are core values that shape all aspects of our company's business. We are committed to honesty and fairness in all operations with the utmost concern for our group companies, customers and community. We treat our employees with dignity and respect and dedicated to working with companies who share our values and commitments.

The principals written hereunder are a non-exhaustive, minimum social compliance guideline for us with respect to wage and hour, child and forced labor, health and safety, and environmental protections. We are committed to ensure that all principles set forth herein are respected and enforced in addition to complying with Turkish laws and regulations in a strict manner. Our aim here is to achieve the best ethical practices in the industry.

Below principals illustrates the conditions that İSKO complies with:

HUMAN RIGHTS

We, as İSKO support the Universal Declaration of Human Rights "whereas recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world."

We have a zero tolerance policy for human trafficking in any form and condemn human rights abuses. Our employees has not/ will not engage in, directly or indirectly, any activity that exploits another individual or any minor for labor or sex. We have distributed this as part of company acknowledgement and awareness has been conveyed to all employees.

At this time, there has not been any report or issues regarding Human Rights within our company. If a problem occurs, steps would be taken immediately to address and correct these issues.

1

LABOR

Child Labor

Companies cannot employ persons younger than the legal minimum age required by the labor law currently in force in the Republic of Turkey and we have a strict company policy to comply with labor laws and regulations in our facilities. We ensure that proper enquiry is made into the employee's age and that this is controlled and recorded by human resources department of our company.

Apprenticeship/traineeship schemes have never been used to systematically avoid the payment of wages and benefits.

Forced Labor

It is a constitutional obligation for us not to use forced or involuntary labor. At İSKO, all employees are free to terminate their employment at will or with reasonable notice without being penalized. Moreover all our employees have the right to leave the workplace at the end of the working shift and to decline overtime work at their discretion.

Discrimination

All employees are treated with respect and dignity at İSKO as in compliance with values stated in the *Chapter IX – International Economic and Social Co-operation* - Article 55 of the Charter of the United Nations. Discrimination is strictly prohibited. We do not subject any person to discrimination in employment, including but not limited to discrimination on the basis of race, age, religion, political affiliation, sexual orientation or disability.

Our hiring policy is to ensure employees are hired based on skill rather than subjective or personal requirements and all employees are and will always have an equal opportunity for promotion, training, termination and retirement.

Additionally, all employees of same skill level and seniority are equally compensated for performing the same job functions.

Discipline, Harassment or Abuse

We have a clear and uniform disciplinary procedure and we do not use monetary penalties for disciplinary purpose at our company. All disciplinary actions taken are communicated with the employees.

We also have zero tolerance to physical, sexual, verbal, or psychological harassment or abuse. If a grievance regarding harassment or abuse is received, we immediately investigate the allegation discretely and confidentially with no retaliation against the allegor of the abuse or harassment.

Women's Rights

Female employees at İSKO receive equal remuneration, including benefits, equal treatment in the workplace, equal evaluation of the quality of their work, and equal opportunity to fill all positions open to male employees. Employees who take a maternity leave do not face dismissal or threat of dismissal, loss of seniority, deduction of wages, and are able to return to employment at the same rate of pay and benefits. Our employees are not forced or pressured to use contraception or terminate a pregnancy. We also do not force female employees to take pregnancy tests as a condition of employment.

2

Freedom of Association

Union membership status is not a condition of employment at İSKO and we respect employees to have the right to choose to form, belong to or not belong to a union or any type of employees' organization. We adhere to the legal terms of the agreement in the event that a collective bargaining agreement exists.

Employment Contract

Employment contracts are signed with all employees and they receive a copy of it. Terms and conditions in the employment contracts strictly comply with Turkish labor laws and regulations and indicate the employment conditions clearly, including wages.

We are attentive at all times that the wages are paid on time. The overtime wage at İSKO is calculated and paid at the premium rate as legally required. Legally required withholdings such as social security, pensions, healthcare etc. are paid by our company.

Legally mandated paid time off, annual leave maternity leave, sick leave pay are provided to our employees in full. Statutory holiday work is accurately compensated. In the event of a leave, severance of an employee pay is paid correctly.

General Work Facility- Health & Safety

We provide all employees a safe and healthy working conditions, ensuring building and fire safety, machinery and equipment safety, access to potable water and suitable sanitary facilities, access to appropriate personal protective equipment and emergency care, and appropriate storage and handling of hazardous materials.

In order to ensure a safe and healthy workplace for our employees, we comply with all applicable laws and regulations which include but are not limited to business registrations, building operating permits, certificates of occupancy, hygiene permits for canteens, and permits for machinery and equipment.

We ensure that our sites are in overall clean and tidy condition with good maintenance, and are well ventilated. Sufficient potable drinking water is available at the sites, sanitary facilities for food preparation and storage are provided as well as there are sufficient number of restrooms at our sites which are clean and properly stocked with supplies.

At İSKO, employees are free to choose between company-provided housing and other accommodation alternatives.

ENVIRONMENT AND SUSTAINABILITY

We are aware of our responsibility to take care of our planet and preserve its beauty, resources and strength for future generations. In line with this, we have set high standards in the area of environmental responsibility. Our environmental policies are established based on the principle of minimizing the negative environmental impacts through pollution control, waste minimization and resource conservation.

Since its establishment, İSKO has always been in strict compliance with environmental permit/ license conditions required by the Turkish environmental laws and regulations. Our facilities have all necessary permits, licenses and / or registrations which are currently valid and being renewed as required by law. We also have Environmental Impact Assessments for our facilities conducted as per legal requirement.

3

Briefly, we subscribe to the following environmental principles:

- reduce dependency on substances and activities that are harmful to people and the environment
- reduce waste and appropriately dispose of hazardous materials;
- use natural resources as efficiently as possible;
- integrate environmental considerations into decision-making at all levels;
- strive for continuous improvement

We employ at least one environmental engineer who is aware of the legal requirements for the disposal and/or recycling of solid waste (and how's it's implemented at our sites), wastewater monitoring and treatment as well as air emissions monitoring and treatment.

At İSKO facilities we do not use or store any legally banned or restricted chemicals. We have specific procedures, relating to hazardous substances and waste. They are properly stored without mixing and causing potential adverse environmental impact.

It is worth noting that our Company has recently implemented energy saving measures and adopted a technology that is aiming to save energy in our sites.

ANTI-CORRUPTION

We are committed to be in compliance with all relevant laws, including Turkish criminal and anti-corruption laws. In carrying out negotiations and any other activity with the public administration, İSKO behaves correctly and transparently.

Our company has appropriately defined responsibilities and authorities for employees for business integrity compliance and has formed a comprehensive policy concerning bribery, corruption and unethical business practices.

We conduct periodic (internal and/or external) assessments / audits and take appropriate and preventative actions, in accordance with our stated policy, to act on individual issues and to stop integrity problem.

SIGNED AT İNEGÖL/TURKEY ON THE 2nd DAY OF JANUARY 2020

For & on behalf of:

SANKO Tekstil İşletmeleri Sanayi ve Ticaret A.Ş İSKO Şubesi

Mehmet F. AKGÜNLU
G.S. Director

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APPENDIX 3 – EPD

R-TWO™ FABRIC EPD

RESOURCE USE						
Parameter	Unit	Upstream	Core	Downstream	Total	
Primary Energy Resources Renewable	Use as energy carrier	MJ, net calorific value	17.847	0.927	0.002	18.77
	Use as raw materials	MJ, net calorific value	0	0	0	0
	TOTAL	MJ, net calorific value	17.847	0.927	0.002	18.77
Primary Energy Resources Nonrenewable	Use as energy carrier	MJ, net calorific value	24.0	25.5	0.174	49.7
	Use as raw materials	MJ, net calorific value	0	0	0	0
	TOTAL	MJ, net calorific value	23.96	23.96	0.174	49.7
Secondary Material	kg	0.045	0	0	0.045	
Renewable Secondary Fuels	MJ, net calorific value	0	0	0	0	
Nonrenewable Secondary Fuels	MJ, net calorific value	0	0	0	0	
Net use of Fresh Water	m ³	0.768	0.026	3.01E-05	0.794	

OUTPUT FLOWS					
Parameter	Unit	Upstream Raw Materials	Core Manufacturing	Downstream Distribution	Total
Components For Reuse	kg	-	0	-	0
Material For Recycling	kg	-	0.014	-	0.014
Materials For Energy Recovery	kg	-	0	-	0
Exported Energy Electricity	MJ	-	0	-	0
Exported Energy Thermal	MJ	-	0	-	0

Environmental Impacts						
Parameter	Unit	Upstream Raw Materials	Core Manufacturing	Downstream Distribution	Total	
Global Warming Potential (GWP100a)	Fossil	kg CO ₂ eq	1.815	1.74	0.011	3.57
	Biogenic	kg CO ₂ eq	0.289	0.040	0.000	0.329
	Land Use and Land Transformation	kg CO ₂ eq	8.06E-03	1.69E-03	3.41E-06	9.75E-03
	TOTAL	kg CO ₂ eq	2.112	1.78	0.011	3.91
Acidification Potential	kg SO ₂ eq	0.014	0.005	2.99E-05	0.020	
Eutrophication Potential	kg PO ₄ ³⁻ eq	0.007	0.002	5.84E-06	0.008	
Formation Potential of Tropospheric Ozone	kg NMVOC eq	0.007	0.003	2.50E-05	0.010	
Abiotic Depletion Potential-Elements	kg Sb eq	6.84E-06	3.48E-07	3.03E-08	7.22E-06	
Abiotic Depletion Fossil Fuels	MJ	20.41	22.88	0.161	43.3	
Water Scarcity Potential	m ³	0.534	0.019	1.50E-05	0.553	
Carbon Uptake	kg CO ₂ eq	1.667	0.033	4.76E-05	1.700	
Freshwater ecotoxicity	PAF.m ³ .day	1.04E-07	3.97E-08	3.03E-10	1.44E-07	
Human Toxicity, Cancer	cases	13578	4243	18.1	17839	
Human Toxicity, Non-Cancer	cases	4.99E-07	1.29E-07	1.50E-09	6.29E-07	
Land Use	m ² a crop eq	3.249	0.017	4.51E-04	3.267	
Ozone Layer Depletion	kg CFC ¹¹ eq	1.49E-07	1.73E-07	1.96E-09	3.24E-07	

Waste Production					
Parameter	Unit	Upstream	Core	Downstream	Total
Hazardous Waste	kg	-	3.87E-04	-	3.87E-04
Non-hazardous Waste	kg	-	2.89E-03	-	2.89E-03
Radioactive Waste	kg	-	0.00	-	0.00

EQUIVALENT STANDARD FABRIC EPD

RESOURCE USE						
Parameter	Unit	Upstream	Core	Downstream	Total	
Primary energy resources - Renewable	Use as energy carrier	MJ, net calorific value	18.4	0.423	0.002	18.9
	Used as raw materials	MJ, net calorific value	0	0	0	0
	TOTAL	MJ, net calorific value	18.4	0.423	0.002	18.9
Primary energy resources - Nonrenewable	Use as energy carrier	MJ, net calorific value	20.9	7.1	0.177	28.1
	Used as raw materials	MJ, net calorific value	0	0	0	0
	TOTAL	MJ, net calorific value	20.9	7.1	0.177	28.1
Secondary material	kg	0	0	0	0	
Renewable secondary fuels	MJ, net calorific value	0	0	0	0	
Non-renewable secondary fuels	MJ, net calorific value	0	0	0	0	
Net use of fresh water	m ³	0.833	0.021	3.16E-05	0.854	

OUTPUT FLOWS					
Parameter	Unit	Upstream	Core	Downstream	Total
Components for reuse	kg	-	0	-	0
Material for recycling	kg	-	0.012	-	0.012
Materials for energy recovery	kg	-	0	-	0
Exported energy, electricity	MJ	-	0	-	0
Exported energy, thermal	MJ	-	0	-	0

Environmental Impacts						
Parameter	Unit	Upstream	Core	Downstream	Total	
Global warming Potential (GWP100a)	Fossil	kg CO ₂ eq	1.57	0.522	0.011	2.11
	Biogenic	kg CO ₂ eq	0.313	0.003	7.10E-05	0.316
	Land use and land transformation	kg CO ₂ eq	0.008	0.001	4.45E-06	0.009
	TOTAL	kg CO ₂ eq	1.89	0.527	0.011	2.43
Ozone layer depletion (ODP)	kg CFC ¹¹ eq	1.42E-07	3.31E-08	1.99E-09	1.77E-07	
Abiotic depletion	kg Sb eq	7.05E-06	3.63E-07	4.00E-08	7.45E-06	
Abiotic depletion (fossil fuels)	MJ	18.1	6.33	0.164	24.6	
Photochemical oxidation	kg C ₂ H ₄ eq	6.11E-03	1.54E-03	2.48E-05	0.008	
Acidification	kg SO ₂ eq	0.012	0.002	2.72E-05	0.014	
Eutrophication	kg PO ₄ ³⁻ eq	0.006	0.002	5.99E-06	0.008	
Land use	m ² a crop eq	3.51	0.005	4.00E-04	3.51	
Human toxicity, cancer	cases	8.55E-08	3.93E-08	3.81E-10	1.25E-07	
Human toxicity, non-cancer	cases	4.10E-07	9.99E-08	1.57E-09	5.12E-07	
Freshwater ecotoxicity	PAF.m ³ .day	10108	3115	17.89	13240	
Water Scarcity	m ³	0.581	0.009	1.42E-05	0.590	
Carbon Uptake	kg CO ² eq	1.779	0.002	7.59E-05	1.781	

Waste Production					
Parameter	Unit	Upstream	Core	Downstream	Total
Hazardous waste	kg	-	3.14E-04	-	3.14E-04
Non-hazardous waste	kg	-	0.002	-	0.002
Radioactive waste	kg	-	0	-	0

APPENDIX 4 – GRI INDEX

The Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) are the first and most widely adopted global standards for sustainability reporting. They support companies to transparently provide information on sustainability topics that are material to them and of interest to their stakeholders. This report is broadly aligned to GRI, with the aspiration of meeting their standards in future reports.

CORE DISCLOSURES

GRI DISCLOSURE	REFERENCE AND COMMENTS
102-1 Name of the organization	About ISKO™
102-2 Activities, brands, products, and services	About ISKO
102-3 Location of headquarters	About ISKO
102-4 Location of operations	About ISKO
102-5 Ownership and legal form	About ISKO
102-6 Markets served	About ISKO
102-7 Scale of the organization	About ISKO
102-8 Information on employees and other workers	People
102-9 Supply chain	ISKO Value Chain
102-10 Significant changes to the organization and its supply chain	No significant changes
102-11 Precautionary Principle or approach	ISKO applies the precautionary principle in its approach to environmental management
102-12 External initiatives	Our approach to sustainability
102-13 Membership of associations	Our approach to sustainability
102-14 Statement from senior decision-maker	
102-16 Values, principles, standards, and norms of behaviour	Our approach to sustainability
102-18 Governance structure	Our approach to sustainability
102-40 List of stakeholder groups	Our approach to sustainability
102-41 Collective bargaining agreements	People
102-42 Identifying and selecting stakeholders	Our approach to sustainability
102-43 Approach to stakeholder engagement	Our approach to sustainability
102-44 Key topics and concerns raised	Our approach to sustainability
102-45 Entities included in the consolidated financial statements	About this report
102-46 Defining report content and topic Boundaries	About this report
102-47 List of material topics	Our approach to sustainability
102-48 Restatements of information	N/A – first report
102-49 Changes in reporting	N/A – first report
102-50 Reporting period	About this report
102-51 Date of most recent report	N/A – first report
102-52 Reporting cycle	About this report
102-53 Contact point for questions regarding the report	About this report
102-54 Claims of reporting in accordance with the GRI Standards	About this report
102-55 GRI content index	This index
102-56 External assurance	About this report

MATERIAL ISSUE DISCLOSURES

MATERIAL ISSUE	GRI DISCLOSURE	REFERENCE AND COMMENTS
Management approach	103-1 Explanation of the material topic and its Boundary	Our approach to the management of ISKO's material issues can be found in Governance and Management, and in the introduction for each of the sections
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
Materials	301-2 Recycled input materials used	From raw materials to patents and technologies
Energy	302-1 Energy consumption within the organization	GHG emissions and energy Water use and water management
Water	303-1 Water withdrawal by source	
Emissions	305-1 Direct (Scope 1) GHG emissions	GHG emissions and energy Chemical use and management
Effluents and Waste	306-1 Water discharge by quality and destination	
	306-2 Waste by type and disposal method	Waste
Supplier chain management	308-2 Negative environmental impacts in the supply chain and actions taken	ISKO Value Chain
	414-2 Negative social impacts in the supply chain and actions taken	
Employment	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	People All benefits are provided to all employees, we have no part-time or temporary employees.
Occupational Health and Safety	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Health and safety
Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	People
Child Labour	408-1 Operations and suppliers at significant risk for incidents of child labour	People

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**SUSTAINABILITY
IMPACT REPORT
2020**

**QUESTIONS
OR FEEDBACK?**

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ISKO™