




CROSS[®]
T E X T I L E S

2021 Annual report of
SUSTAINABILITY
VALUES September 22




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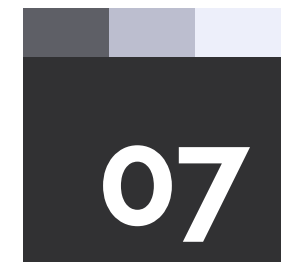
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01

About the Report

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CROSS TEXTILES
Sustainability Report

About the Report

Being the **third sustainability report** of "Cross Textiles", this report aims to build upon the proven success and approval of the previous sustainability reports of 2019 and 2020 by all of our stakeholders.

Cross Textiles conducts its operations in four different locations, with its headquarters located in Istanbul, as well as the production facilities in Tokat and Tekirdağ, Turkey, and Port Said, Egypt. In addition to its production facilities, R&D centres, and headquarters, Cross Textiles has retail sales centres in Poland, Germany, and the Czech Republic under the sub-brand of Cross Jeans.

At Cross Textiles, we also carry out operations in the technology, energy, and real estate sectors, along with our main fields of operation in denim garment and washing.

Our third sustainability report will include the active operations of our R&D and design teams, showcasing our state-of-the-art technology and high-end solutions.

The purpose of the report is to conduct a study on the impacts of the developments and operations of the company within the scope of sustainability throughout the year in question.



This report, covering the time period between 1 January 2021 – 31 December 2021, has been prepared in accordance with the core option of the Sustainability Report Standards of Global Reporting Initiative (GRI). Cross Textiles projects an annual reporting of the GRI.

You can contact us via sustainability.board@crostextiles.com for any input associated with the Annual Sustainability Report or with us at Cross Textiles in general.

You can also find more information about us at www.crostextiles.com



Letters from Cross Textile

Cross Textiles Chairman of the Board

The year was 1939. Europe was in a state of tension and war was just about to start. It was a difficult time full of uncertainty, but my father believed that during hardship people need joy in their lives. He started a tailoring service called "the sharpest scissors" and the importance of the contemporary cut quickly became evident. Ever since that day, our family has enjoyed the marvelous world of textile craftsmanship. It has shaped all of our lives in the Kolunsag family and made us who we are.

Last year was 2021 and I am proud to say that we're still a family company. We regard our employees as extended family, we always did, and this is partly why we are still here today. We don't need to worry about quarterly reports or short-term gains. Instead, we can invest in people and make long-term plans.

The first time I heard of stakeholder perspective I could instantly recognize the concept. I believe that it was always here with us. Our DNA is to build long-term relations with everyone around us, no matter if it's a Customer or in the supply chain. We have been protective of our IP, our know-how, and our strategies over the years and that proved to be right. Today, however, there is a new reality. Collaboration among stakeholders is the key to future success.

To me, a stakeholder perspective means caring. For resources and for people. I believe that if it's not measured, it's not addressed and if it's not transparent, it's not trustworthy.

When our actions benefit our employees, but also the employees in our supply chain and the employees in our Customers, we are on the right path. Our actions should benefit everyone from the cotton grower to the garment recycler in a circular cycle. At that time, our actions also benefit the planet.

In 1939 we started the business based on the dream of adding joy to people's lives. In 1975 we started to make denim based on the dream of making the most democratic garment accessible to more people. In 2021 we officially entered the path to circularity, based on the dream that adopting a stakeholder perspective can actually change the world.

Anyone can do something, together we can do anything. in sustainability and committed to embracing environmental, social, and ethical values in our path to becoming a sustainable denim supplier on a global scale. This year's sustainability report is exemplary in representing our corporate culture and approach to social and environmental responsibility, as we look forward to a sustainable future together as a Cross Textiles family.

Sincerely,



Ömer KOLUNSAĞ
Chairman of the Board

Cross Textiles Member of the Board & CEO

Ever since 1939 we've been passionate about the product. In the early 1970's we started to make jeans and ever since then we've been Denimaniacs. To put it short, we are in love with denim.

However, it is not without concern. Our global footprint as humans is clearly having a negative impact on the planet. The current societal norm where we consume things we don't need to impress people we don't know is anything but sustainable. In 2021 we got to see this in our own backyard with forest fires raging in Turkey.

We find ourselves in love with the very problem itself and to be honest, we are unwilling to stop. It's in our blood to take the unique beauty of indigo and form it as artisans into jeans. Indigo is what we live for and over the years it has given hundreds of millions of people joy and self-confidence as they wear the jeans we manufactured. We also create jobs for many thousands of people that are able to put food on the table and enjoy life together with their families. Obviously, it also creates revenue, and being a family business this means monetary value for our family.

Ever since my grandfather founded our family business some 82 years ago, we have invested in technology for a brighter future. A few years ago we started to question what is truly the purpose of our actions. Is it possible to do what we do in a way that creates value in more ways than purely monetary? How do we not only flourish for another three generations but create ways that make us sleep well at night? Our solution is not one, but many. When forced to put into in a single word, I always refer to circularity.

Claiming to be circular is easy. Taking meaningful steps to make a difference is something completely different. Trust me, I know. When making a million jeans or two every month, with ever-growing expectations in terms of flexibility due to the pandemic, and often also with increased challenges to meet the price expectations, it takes determination to go forward. As a family, we feel a need to contribute and more importantly, we want to contribute. The math is simple, if we don't act we will not only see huge losses both financially and morally in our own business, but we will also see human life as we know it today vanish for good.

As the CEO and Board Member of Cross Textiles, I acknowledge and embrace our responsibility as a manufacturer and as an exporter of jeans. Together with our stakeholders, together with you, we are already pushing the boundaries and this work will only intensify. We do it because we want to sleep well at night, and we do it because there is no other way. We all must adapt, so why not enjoy the process?


If anyone can turn indigo back to green, it surely must be Denimaniacs like us.

Sincerely,




İsmail KOLUNSAĞ
Chief Executive Officer

Cross Textiles at A Glance

 **20+**
million
denim production
per year across
3 continents.

Collaborate with over
800
suppliers

80+
years
experience in
6 sectors.

 Annual
revenue of **182**
million€

 **8000**
employees

 **100.000m²**
indoor area

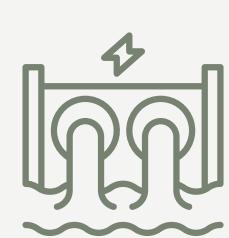
 In the retail sector via
1500+
sales centers and
wholesale trade
network


 **50 fastest-growing**
Crs Soft Yazılım Hizmetleri A.Ş ranked as one of the **50 fastest-growing** technology companies in 2017 *Deloitte Technology Fast 50-Turkey*

 **1000+**
Stakeholders
in the e-transformation of Turkey's
integration platform with Crs
Soft. Tech-company located
in Teknopark, Yıldız Technical
University.


 **Aiming to become an important contributor of textile industry exports in Turkey.**
1st in the Denim sector
in the ISO-500 list, which includes Turkey's largest 500 industrial establishments in 2021.

3  integrated denim garment
and washing factories in
Çorlu, Tokat and Egypt.

 **45 million MWh**
electricity production capacity per year.
Share ownership of an Hydroelectric power plant in Ankara.
The plant is registrants of I-REC (*International Renewable Energy Certificate*)
and YEK-G (*Renewable Energy Resource Guarantee System*).

 **Meeting**
80%
of the energy requirement of Çorlu
with investments in cogeneration.

Saving
500.000+ m³ of natural gas
& Preventing
the release of
1000 tons
of carbon into the
atmosphere.

 Cross Textiles uses I-REC
for all the electricity
taken from the network.
The I-REC certifies that the electricity
taken is generated through renewables
by ensuring the traceability of the
energy source and its preliminary
character

02

About Cross Textiles

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CROSS TEXTILES
Sustainability Report



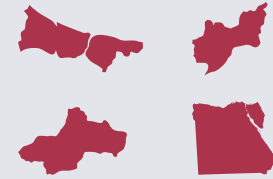
About Us

Our group commenced its operations in the textile industry in Adapazarı in 1939 under the name "Şık Makas Giyim Sanayi ve Ticaret A.Ş.". Our company first began its production activities with the manufacturing of suits designed for men and decided to continue its journey in İstanbul to build an effective network and better benefit from the opportunities in the industry.

In 1970, we expanded our business to the denim garment industry, and since then we have been one of the industry-leading companies in denim manufacturing and washing in Turkey.

In 1997, we assembled our subsidiaries in different locations and with different names under the brand name "Cross Textiles".

The subsidiaries of our company constituting the capital structure are registered under the name "Şık Makas Giyim Sanayi ve Ticaret A.Ş".



Our company has 4 locations with its headquarters in **İstanbul**, and production facilities in **Çorlu, Tokat, Egypt-Port Said**.

Serving many customers in the European market across various categories, our company also has retail sales centres in **Poland and Germany**, under the sub-brand of Cross Jeans, with a customer portfolio of prestigious brands in the international level. Cross Textiles, with **8000+ employees** and **100.000+ m²** indoor area, exports over **20 million denim products** to leading denim brands worldwide per year.

8000+
Employees

100.000+ m²
Indoor area

20.000.000
Denim Products



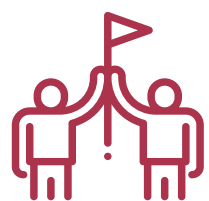
Denimaniacs on the path to Circularity

Behind our industry-leading success are factors such as forming long-term commercial relations with our customers and suppliers, and producing denim with high-added value in line with customer expectations. In the process of creating value, the mottos we take into consideration are "**sustainable development**", "**developing new technology**" and "**low carbon-cleaner production techniques**".

We believe in the long-term positive impact of a sustainable approach in the business world to every stakeholder involved. Our company always continues to prioritize its established practices in terms of environmental, social, and governance criteria, supporting our industry-leading position in the denim industry. Thus, we believe that our stakeholders will benefit from our emphasis on environmental, social, and governance criteria in every step we take throughout our operations.

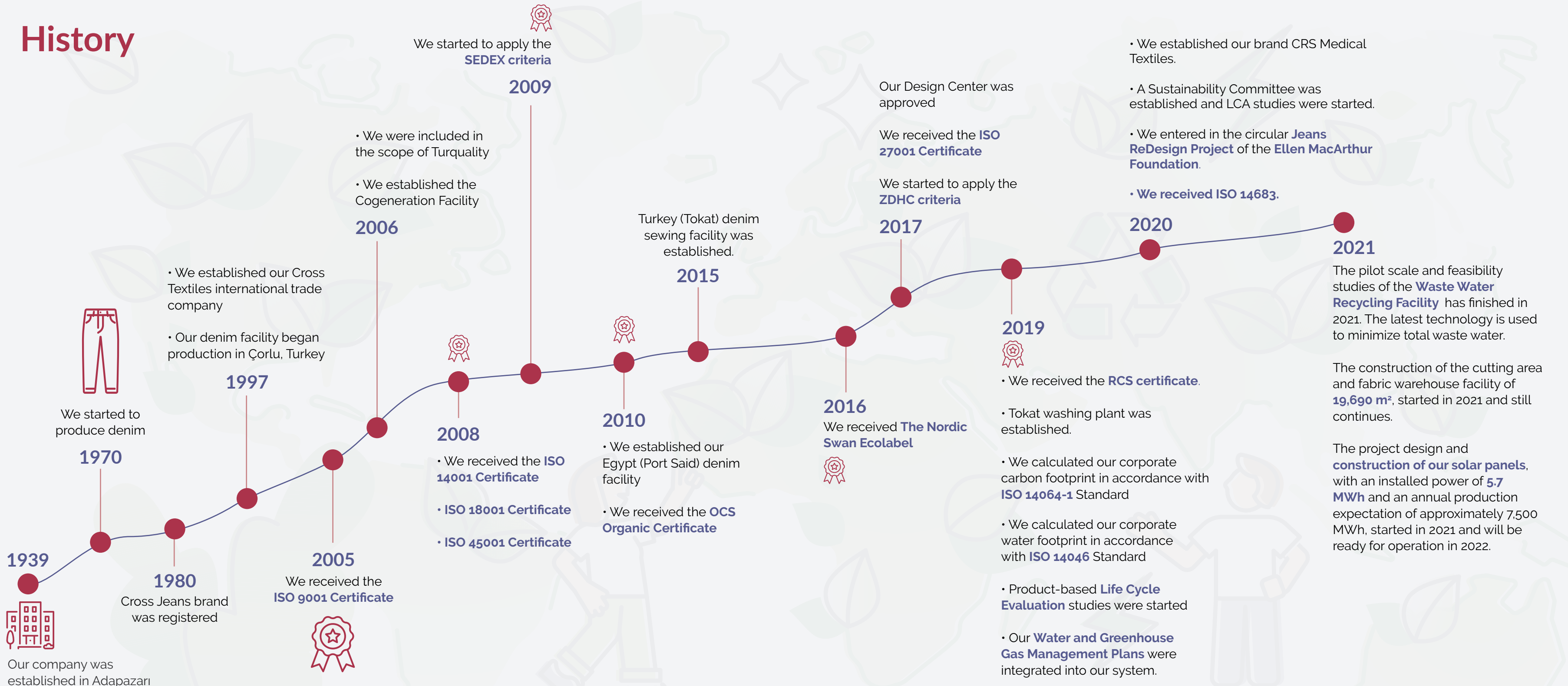
The circular economy model is fundamentally based on reusing, reducing, and recycling products. Among the numerous benefits of circularity are **protecting the environment, boosting economic growth, improving product quality, and supporting sustainable development**.

At Cross Textiles, we developed projects contributing to circularity, such as our **LCA studies** and project on recycling fabric, keeping up with global standards as the business world is shifting toward a **circular economy**. We aim to extend the life cycle of our products and reduce waste with an environmentally friendly approach to production.



We are the leading company in Turkey within the denim garment industry with our annual revenue of **182 million euros in 2021**. Our company always aims to set a higher standard with the innovation and research & development studies.

History



03

Approach to Sustainability

20-37

CROSS TEXTILES
Sustainability Report



Approach to Sustainability

Sustainability at Cross at a Glance

Our world is currently undergoing a significant social and environmental transformation. Our company delivers its services and products with a customer-oriented and environmentally friendly approach. Thus, we are proud to announce that sustainability is among the core values of our corporate governance. Our company maintains its focus on sustainability with the support of our customers and stakeholders. Our top priority is to form long-term relationships with all our stakeholders as part of our business principles. We are aware that together with all our stakeholders, we can make significant progress on environmental, social and economic issues.

At Cross Textiles, we collaborated with **over 800 suppliers** in 2021. We comprehend the significance of the contribution of all stakeholders with a sustainable approach from production to consumption within a circular economy. We are proud to be a participant of the circular **Jeans Redesign Project by the Ellen MacArthur Foundation**. Our active involvement in the circular economy offers us opportunities to acquire extensive know-how and build an efficient and long-term network. As part of our **Fabric Recycling Project**, we deliver the leftover fabric to our middle-tier recycling companies to be re-manufactured. Our company cooperates with its suppliers bearing the aforementioned approach in mind, aiming to raise its sustainability standards. Thus, we believe that our contribution to sustainability is on a larger scope.

Our Sustainable Vision

As Cross Textiles, we show our commitment to **“Providing the Promotion of Sustainability”** with the sustainability principles and targets we have developed and accepted.

Cross Textiles defines the purpose of these principles and goals as **“to meet the needs of the present without compromising the ability of future generations to meet their own needs”**.

Sustainability Management

Since the establishment of our company, it has always been our top priority to carry out activities creating a positive impact for all our stakeholders. We believe that a company's organizational and management culture, as much as it is open to innovation, should be aligned with its own values and principles.

At Cross Textiles, we are proud to be a part of the advancement of the business world towards a sustainable future. We strive to embrace sustainability as a core value and convey it to our sub-producers. We move forward with an approach built upon circularity, together with all of our partners, suppliers, and stakeholders, interiorizing a mutual approach of partnership.

We request that our managers consider the interest of all shareholders in every decision-making process and keep the responsibility at the forefront of the consequences resulting from the actions taken by the company. We are successfully adapting to the transition to a responsible management approach, as our governance culture is in accordance with the global sustainability practices many companies are implementing in today's world.

The *“Transformation Process”* is a never-ending process for our company in terms of governance. We are aware that it is always possible to improve the sustainable management approach, and we will thus continue to carry out our operations bearing the responsibility.

We believe that the values, principles, standards, and norms behind the successful progress of our sustainability journey are exemplary to all our stakeholders.



-  **Talk and Engage:** Prepare a business case to ensure stakeholder and management buy-in
-  **Assess and Prioritize:** Prioritize critical areas based on our specific markets and value chain
-  **Commit and Collaborate:** Build the right partnership with key stakeholders
-  **Measure and Report:** Find the right metrics to evaluate development
-  **Educate and Communicate:** Be transparent and inform customers of the sustainability progress

Our sustainability approach became a company culture across all divisions of Cross Textiles, and our Sustainability Committee makes sure that it is embraced by all the parties involved in our value and supply chain.

14

Total committee members

10

Male committee members

4

Female committee members

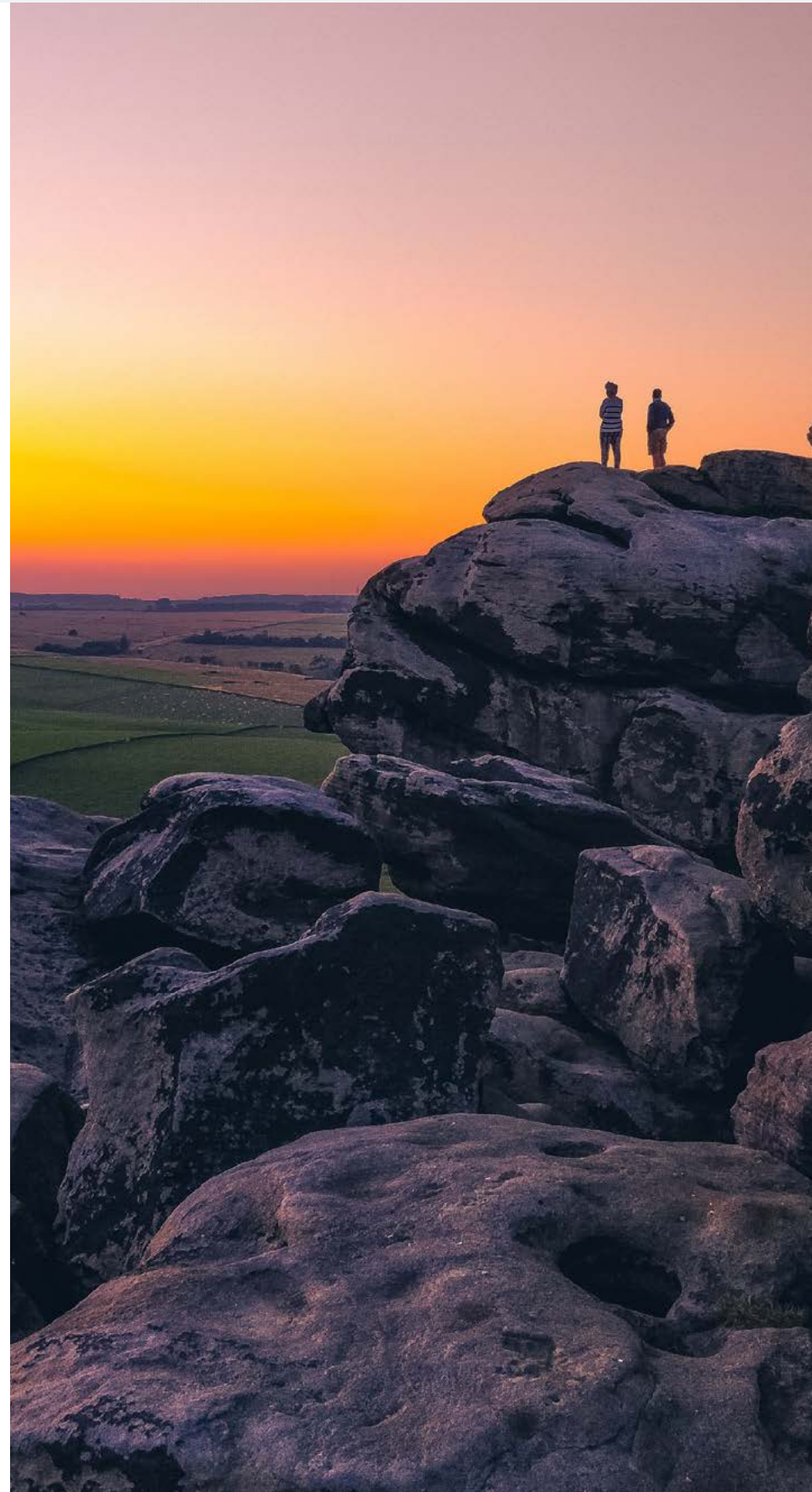
SBTi Commitment

Both practically and theoretically, **Science Based Targets initiative (SBTi)** made the way of diligent climate actions feasible and achievable by empowering various organizations to set scientifically driven emission reduction targets corresponding to the principles and global vision of Paris Agreement.

The Paris Agreement has proposed a comprehensive action plan and a suitable pathway to eliminate the fatal impacts of the global climate crisis by limiting global warming below **2 degrees** and seeking further achievements by limiting it to **1.5 degrees**.

It is evident that the clothing & textiles industry operating in line with the "fast fashion" conception, which is extensively based on fast production and easy consumption, is not a sustainable industry model for our planet. In this regard, we see **SBTi** as one of the most significant opportunities for sustainable transformation of the fashion industry.

In this regard, as Cross Textiles, we consider adopting the targets in line with SBTi as an essential step for our industry and the planet's future.



In 2021, with the approval of the senior management, we applied to SBTi to comply with the global framework in terms of sustainability in our specific sector.



Accordingly, we calculated the **GHG 1-2-3 scope emissions** in 2021 based on international standards by relevant and respected scientific authorities.

As Şık Makas, we are committed to halving our GHG emissions by **2030** and setting targets compatible with the 1.5-degree limit in the scope of our SBTi efforts. For 2022, **1571** companies and **103** companies from the textile sector have made SBTi commitments.

We are proud to be one of the few prominent textile companies involved in such a critical and crucial worldwide effort.

The relevant emission targets must be set within two years after the **SBTi Commitment Letter** is signed. From **January 2022** to **January 2024**, the efforts regarding our respective targets will be carried out, and our work to come will be determined accordingly.

All of our work to be carried out within the scope of SBTi will continue to proceed yearly. These efforts to reduce emissions will be considered as strategic and widely influential for our other efforts. As Şık Makas, we believe that climate science tackling the climate crisis will have a decisive role in many fields, especially in the textile industry, in decades to come.

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

Sustainability Management

The other duties of our Sustainability Committee are;

- Monitoring all business operations and activities within Cross Textiles aligned with the sustainability priorities of all our stakeholders.
- Building infrastructure and determining assignments for strategic planning.
- Identifying the sustainability risks and opportunities, assessing their potential effects and outcomes on all operations and minimizing risks.
- Managing the Board of Directors' decision-making processes to ensure that opportunities reach the maximum effect.

Our Sustainability Committee assesses the compliance of all the decisions taken with our company's the Sustainability Policy and Sustainability Principles with regularly scheduled meetings and delivers its suggestions to the Board of Directors.



The process of the delegation of authority of the highest governing body on sustainability:

- Specific actions on social and environmental issues are determined in line with the expectations of customers and all stakeholders, considering the global risks, in the Sustainability Committee within Cross Textiles. The delegation of authority is executed by determining relevant individuals or groups in accordance with the definition and scope of the actions in question.

- Individuals in charge report to the relevant department directors and general managers. Reports and briefings are delivered to the highest governing body within this governance structure.

- The process of consultation between stakeholders and the highest governing body on sustainability:

- The actions taken as a result of the consultation meetings held by the Sustainability Committee are delegated to the sub-working groups based on the subject and scope in question. Following the progress and completion of the action processes, individuals in charge of the working groups present and report to the highest governing body.

- Performance assessment processes of the highest governing body on the management of sustainability issues:

- Decisions taken by the highest governing body on behalf of our company on environmental, social, and economic sustainability and the activities resulting from these decisions are monitored periodically, at least once in three months and at most once a year.

(Join Life, Care for Water projects, and Higg FEM Module processes are periodically conducted.)

- The monitoring and control processes are carried out with the evaluation and analysis of our company's environmental and social indicators and with the projects and work conducted together with our stakeholders.

Within this framework, performance assessment processes are completed with the self-assessments within the company and with the supervision of third-party verification companies. (e.g., the periodical purchase of the **Higg FEM** and **FSLM facility module**). Performance assessments on behalf of our company are parallel with the evaluation of the governing body.

- Sustainability issues and critical concerns are reported to the governance structure through the Committee.

- Interactions between our managerial staff and our stakeholders enable the establishment of mutual expectations and strategies. Actions taken for the execution of expectations and strategies can also be completed with the stakeholders' participation and guidance.

- The board of directors being the highest governing body of the company, our Sustainability Committee is accountable for:

- Complying with the brand's and company's sustainability goals,

- Overseeing the sustainability-related risks and opportunities of our company,

- Assessing communication with stakeholders,

- Administering suppliers' environmental and social evaluations.

Our sustainability report is initially reviewed by sustainability specialists. Afterwards, every part of the report is presented to the review of the committee and the approval of the board of management.

Risks and Opportunities Analysis

The textile industry is a multicomponent sector with raw material requirements, chemical processes, and a vast supply chain. Identifying and addressing potential sustainability risks are the strengths of Cross Textiles. Thanks to our procedure for recognizing corporate risks, in accordance with the ISO 9001 Quality Management System, we determine the impacts of risks and take the necessary measures before the incidents occur.

Our Sustainability Committee is responsible for identifying and implementing our sustainability goals, each goal is categorized as a:

<10 years
(short-term goal)

10-20 years
(medium-term goal)

20> years
long-term goal)

And determined according to the Sustainability Risks and executed per Sustainability Applications.

The severity and probability of risks are categorized into 5 main groups:

- Unbearable Risk
- High Risk
- Medium Risk
- Low Risk
- Minor Risk



In addition, SWOT analysis was implemented to potential risks & opportunities to determine the strengths and weaknesses within our company and in order to analyze opportunities and threats.

We have a procedure which determines the risk and opportunity called Sustainability Risk and Opportunity Assessment Procedure.

The aim of the procedure is to identify all potential sustainability risks in our company in the short, medium, and long-term, to map out the annual risks and opportunities, to determine the parameters with which identified risk and opportunities could impact the company, and to illustrate how and which risks and opportunities are integrated into company's financial strategies.

Type of Risks and Definition

Our Sustainability Committee is accountable for the implementation of all activities related to the assessment procedure. The type of risk is identified, and the management approach is determined with the application of the risk assessment.



Current and Emerging Regulations

In addition to the current legislation and its legal obligations, which we comply with, upcoming legislation-based obligations are analyzed in advance, and precautions are taken. The EU Climate Law (the target of achieving climate neutrality in Europe by 2050 and reducing net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels* order tax, is expected to be implemented within the European Green Deal.



Technological Advancements

Embracing new technological advancements and the transition to a low-carbon economy are the potential risks identified by Cross Textiles. The new enforcement our company will be required to comply within the scope of the Emission Trading System or the Regulation on Greenhouse Gas Emissions Monitoring Regulation is other potential risks defined by Cross Textiles.



Market Requirements

As our customers become more aware of sustainable production, they request low carbon to zero carbon products. Our company takes the necessary precautions regarding this case as we identify it as potential market risk.



Legal Requirements

Potential "Carbon Tax" and "Emission Trading System" will pose financial risks for Cross Textiles. The difficulty of access to fossil-based energy will add up to the extra financial costs and investments for our company.



Brand Reputation

We analyze risks by prioritizing customer suggestions and feedback.



Supply Chain

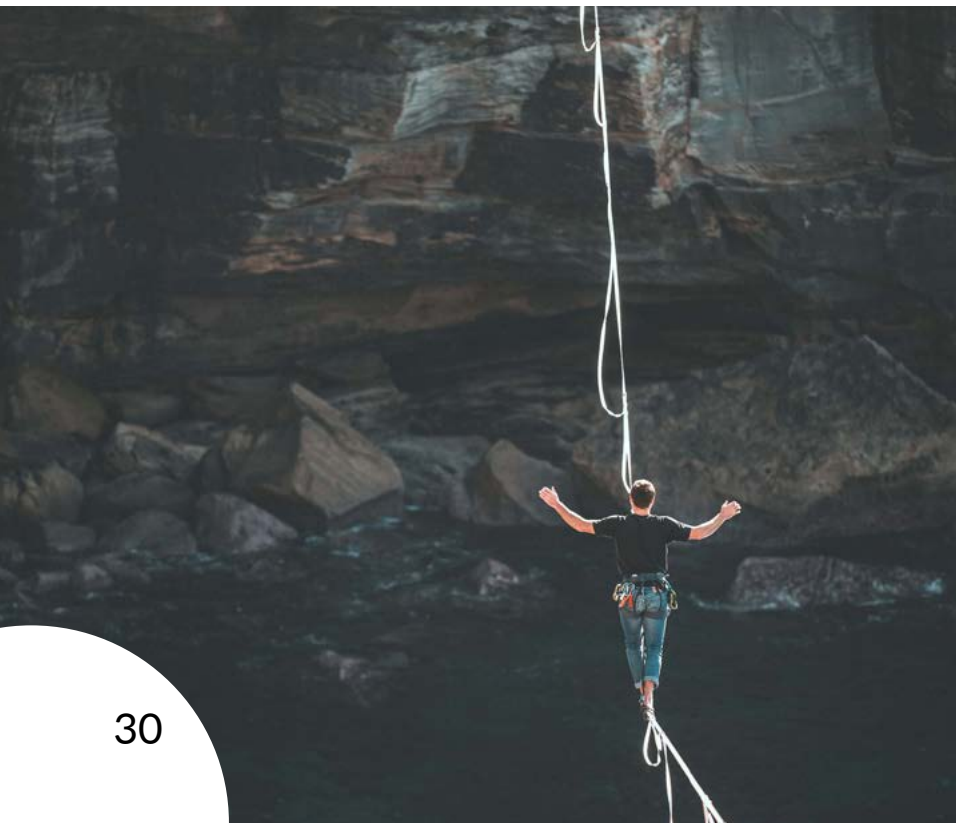
Following the Paris Agreement, customers started to demand the use of recycled material and organic fabrics in the textile industry. Our company is thus committed to sharing each step in our sustainability journey with our stakeholders in a transparent way.

Risks and Opportunities Analysis

Our Sustainability Committee and executives assess and manage the reports written by sub-working groups about the environmental, social, and related economic risks, opportunities and possible impacts.

Critical concerns and their potential effects are reported to the Sustainability Committee. Following the assessments by the Sustainability Committee and executives, required actions are determined to minimize risks and eliminate concerns.

Our company has risk analysis forms on Climate Change and Water Protection in order to carry out our risk analyses with a systematic and solution-oriented approach. Therefore, we conduct our activities in a much safer and more conscious manner in terms of minimizing potential risks and taking effective countermeasures.



The definition and quality of the actions taken by the highest governing body regarding the concerns reported:

1 | All of our operations begin in the process of design; therefore, our company is conducting integrated work and collaborations for the transition to the **sustainable design perspective**.

2 | Within this framework, we designed collections embracing the **circular production** and **economy approach** by meeting the requirements of the Ellen Mac Arthur foundation, to which we are also a signee. We included our **EMAF collections** and orders among our range of products.

3 | The deployment of wastewater recycling units began, and energy transformation projects are accelerated in order to produce **safe and clean energy**, considering water, energy, and climate change-related critical concerns.

4 | The solar power plants installed in our Tokat facility and our commitments to **Science-Based Targets** are exemplary of the energy transformation projects.

5 | Moreover, our company received the **I-REC certificate** for the electricity production of our facilities all year long.

• The work conducted to enhance the collective economic, environmental, and social knowledge of the highest governing body:

- We actively take part in the sub-working groups associated with corporate sustainability within **ITKİB** (Istanbul Textile and Apparel Exporter Associations), **İHKİB** (Istanbul Ready-to-Wear Clothing and Apparel Exporters' Association), and Land associated **Euratex institutions**.

- We closely monitor the flow of information and global trends with the contributions of our foreign sustainability consultant within the committee.

- Reports written by the sub-working groups as the product of the regular training on social, economic, and environmental issues are sent to the executives of our company. Integrated reports in sustainability are prepared considering the expectations of stakeholders.

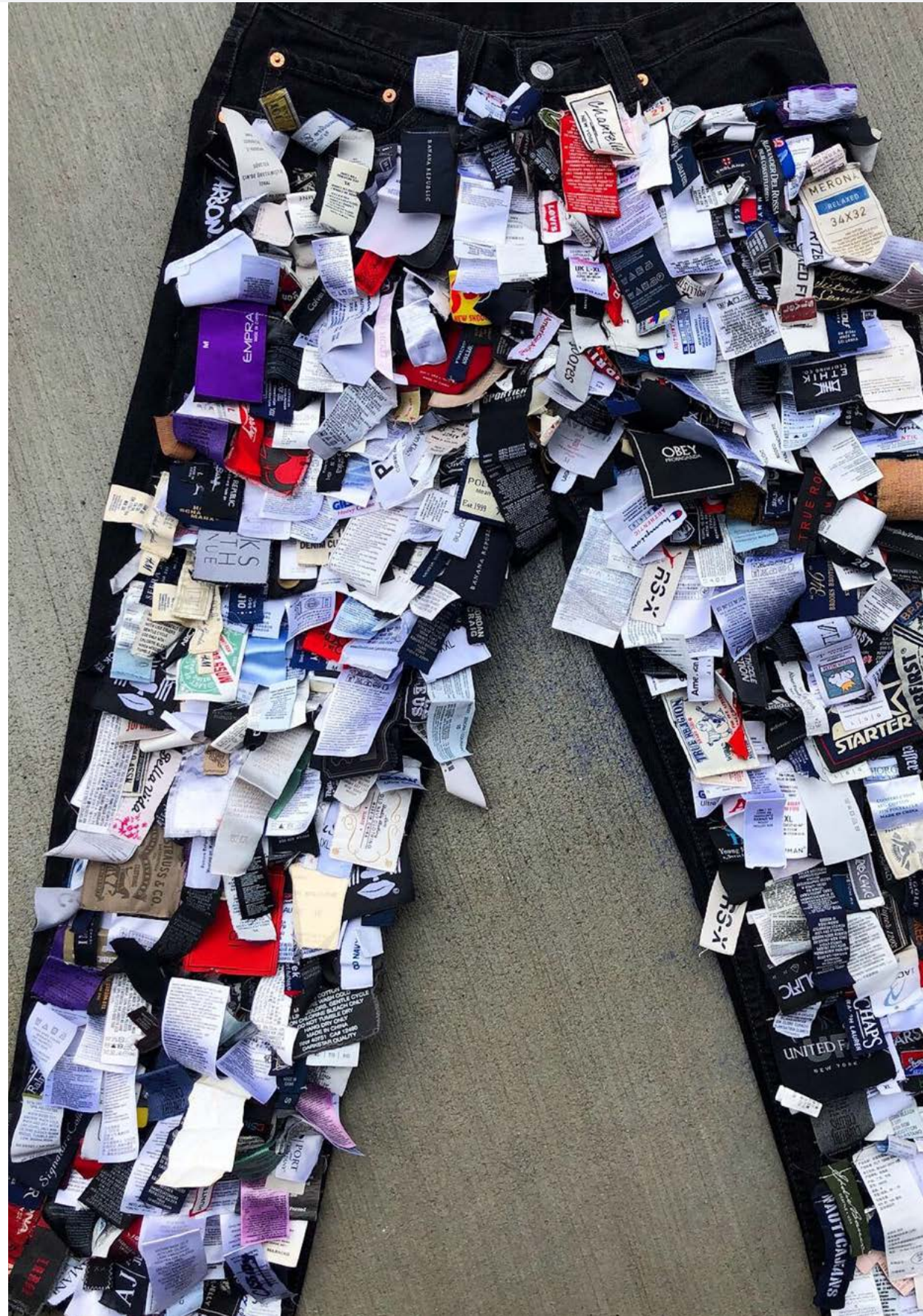


Stakeholder Engagement

Our stakeholder is any person, group, or organization directly or indirectly affected by Cross Textiles and its activities. Our stakeholders, significantly contributing to our value chain, are categorized into two groups, **internal and external** stakeholders. We aim for high engagement rates that facilitate recognizing and addressing expectations of our stakeholders.

The **equal pay for equal work policy** is periodically inspected by our customer stakeholders as per **Sustainable Development Goals**. In addition to the inspection conducted by third party companies, we carry out a **wage grid** with our stakeholders. This framework assesses parameters such as geographical location, work performed, experience, competency, education, and language proficiency. All of our activities are reviewed by our customers.

Meetings held at the beginning of these partnerships and projects, together with all the phases of the project, enable the collective flow of information. We organized a **denim workshop** with Jack&Jones and other customers in our Çorlu facility.



As per our relationship with our customers, we collaborated with global brands including H&M, Ralph Lauren, Inditex, and our other valuable customers.



E2E is a project monitoring the social, environmental, and economic sustainability KPIs carried out with all suppliers. H&M regularly cooperates with different brands for important production groups within the framework of **LCA (Life Cycle Assessment)**, e.g. building its consumption perspective on sustainability by presenting its special collections with **Lee to end-users** and stakeholders and announcing these projects with special advertising campaigns.



H&M's brand "COS" declares to end users the environmental impact of its products by having all of its productions undergo **LCA studies** for the last three seasons since the last quarter of 2021. We, as Cross Textiles, are the leading partner of this project on the production side.



It is a Project Care For Water

It is a project that aims to reduce the amount of water used in the denim washing processes to 65 lt/kg and below, aiming at the efficiency of in-plant water use. Within the scope of this project, many extensive studies such as automation projects and machinery investments for the efficient use of water have been carried out, and both our Çorlu and Tokat Factories are constantly being developed for this purpose.



RALPH LAUREN

We are the coordinator of a pilot project started in 2021, in cooperation with US Cotton and Textile Genesis, in which the products are followed transparently from the raw material to the end-user and even to the recycling stage.

102-43, 102-44

Materiality Analysis

In every action of our company, we highly value our stakeholders' opinions. We carried out an extensive survey involving internal and external stakeholders to determine the issues of high priority that need to be addressed.



First Priority

- Economic Impacts
- Use of Renewable Energy
- Access to Water Resources
- Water Consumption in Production
- Sustainable Products
- Minimizing Waste
- Greenhouse Gas Emission Reduction
- Compliance with OHS (Occupational Health and Safety) Applications
- Gender Equality and Discrimination



The survey was carried out in compliance with the globally acknowledged **AA1000 Stakeholder Engagement Standard**. Identifying the issues, we transparently share these and the way we addressed them in this report. We categorized our sustainability topics as priority, high priority, and very high priority. We develop our projects based on the degree of priority.

Second Priority

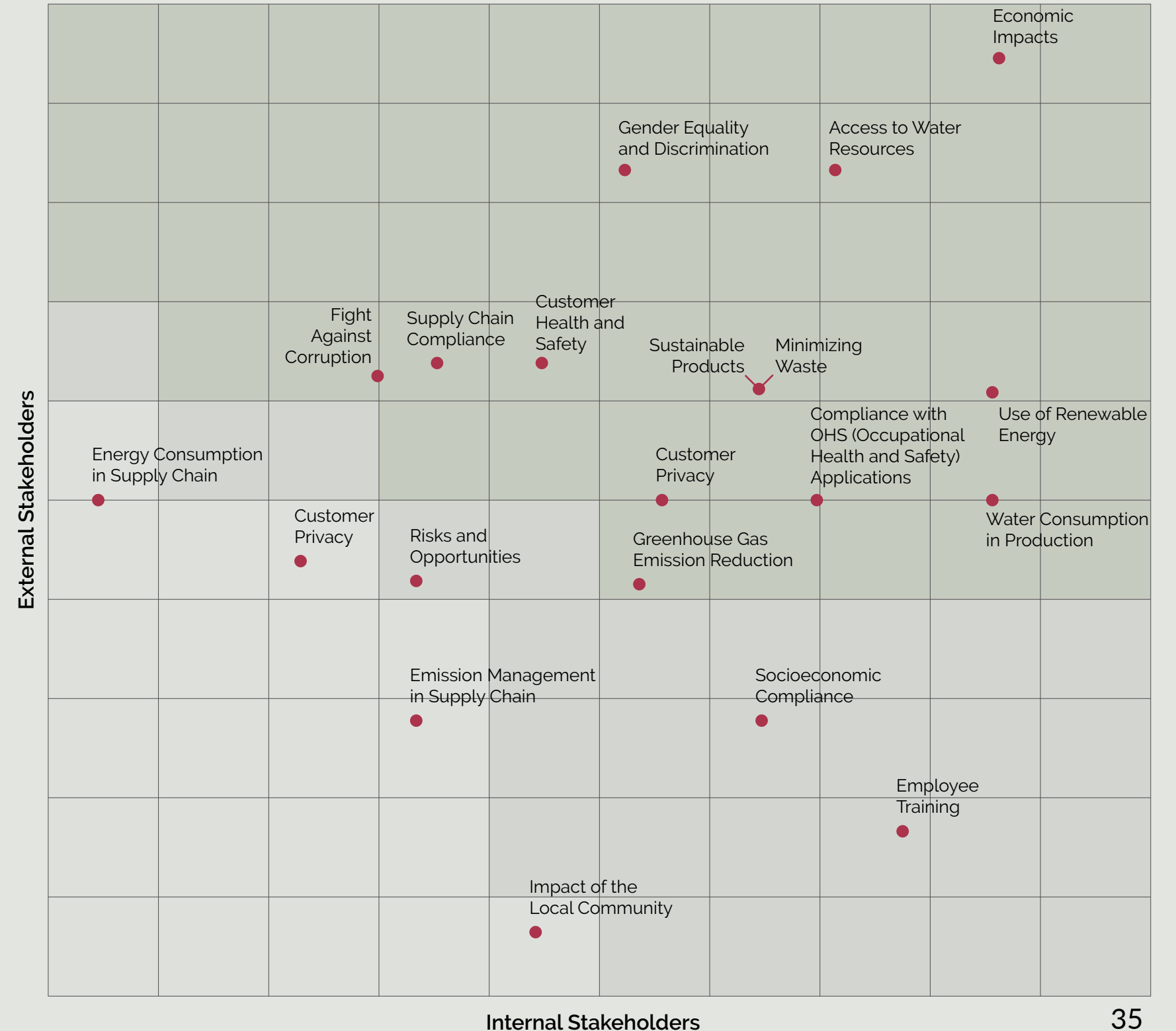
- Employee Training
- Socioeconomic Compliance
- Impact of the Local Community
- Risks and Opportunities

Third Priority

- Fight Against Corruption
- Customer Privacy
- Emission Management in Supply Chain

102-44, 102-47

Cross Materiality Analysis



Institution Membership

We strongly believe that collective awareness leads to progress. Thus, we actively participate in association memberships, sharing and exchanging our know-how and experience with our stakeholders in the industry. We include global trends, developments, and innovative approaches, retaining our industry-leading approach to quality production.

Initiatives

In addition to association memberships, we actively support various organizations contributing to our industry's social, environmental, and economic progress.

These organizations develop strategies based on the condition, statistics, and industry status quo. We analyze and integrate these strategies into our corporate culture.



Istanbul Textile and Apparel Exporters' Associations



Istanbul Apparel Exporters Association



Turkish Exporters' Assembly - TIM



SEDEX (Supplier Ethical Data Exchange)



UNGM (United Nations Global Marketplace)



Higg Index



İSTANBUL SANAYİ ODASI

Istanbul Chamber of Industry



Istanbul Chamber of Commerce



TOKAT TİCARET VE SANAYİ ODASI
TOKAT CHAMBER OF COMMERCE AND INDUSTRY

Tokat Chamber of Industry



Textile Exchange



BCI (Better Cotton Initiative)



STWI (Swedish Textile Water Initiative)



Tokat Chamber of Commerce



The State Supply Office



T.C. SAĞLIK BAKANLIĞI
TÜRKİYE İLAÇ VE TIBBİ CİHAZ KURUMU
Turkish Medicines and Medical Devices Agency



ILO (International Labor Organization)



ZDHC (Zero Discharge of Hazardous Chemicals)



BVE3 (Bureau Veritas Environmental Emission Evaluation)



REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals)



EIM (Environmental Impact Measuring Software)



Euratex (European Apparel and Textile Organization)



Turkish Clothing Manufacturers' Association



EMF (Ellen MacArthur Foundation)



Institution Membership

The background is a collage of nature-themed images. It features various types of ferns and grasses in shades of green and blue. A central image shows a person's legs in blue denim jeans, standing in a natural setting. The overall aesthetic is organic and sustainable.

04

Investing in Technology for a Brighter Future

40-53

CROSS TEXTILES
Sustainability Report

Global Leadership

Cross Textiles establishes all its planning, operations, and potential goals with a global perspective. As Cross Textile, we expect to carry out our operations based on sustainable workplace practices in order to meet the needs, requirements and concerns of the global market. But, even if we maintain our understanding of a sustainable production and supply chain throughout our operations in the company, we know that we can only contribute to a certain extent.

Also, aside from our own ongoing business efforts, we believe we will make a difference in the circular economy through our direct or indirect contributions to our external stakeholders' business activities.

We are aware that during these transition times, we will encounter some unavoidable and perhaps inevitable negative situations on a global scale due to climate change, and that things may be subject to constant shifts and/or changes, or simply things may go awry.

In our opinion, the important thing is to have a long-term working attitude towards future generations, regardless of the momentary situation.

THE JEANS REDESIGN

The Jeans Redesign is a project run by the Ellen MacArthur Foundation's Make Fashion Circular initiative. The project sees over 50 leading brands make denim jeans in line with guidelines based on the principles of the circular economy.

ELLEN MACARTHUR FOUNDATION

Just as any company that puts sustainability on their front, Cross Textiles follows the **Sustainable Development Goals** set by the United Nations very closely. And as we operate in Europe and the US markets, we know that it is important to follow regulative policies such as **Paris Climate Agreement, European Green Deal, and Carbon Border Adjustment Mechanism**, and naturally, they align with our corporate responsibility policies and approach.

Apart from these regulations, we participate in the circular **Jeans ReDesign Project** by the **Ellen MacArthur Foundation** voluntarily. The foundation works to accelerate the transition to a circular economy on a global scale.

Both environmental and social requirements mentioned above have direct economic impacts.

As Cross Textiles, we are proud to comply with regulatory policies and pleased to take part in achieving a greener world.

Speaking of achieving a greener world, Paris Agreement, a treaty signed by all global leaders in 2015, states the requirement to limit global warming to well below 2, preferably to 1.5 degrees Celsius, to protect the sustainability of our planet.

And therefore, we as humans, companies and institutions are obligated to meet these goals and take responsibility in order to reduce our negative impact on the environment.

Local Leadership

Our company, with a history dating back to almost the establishment of the republic, has been one of the significant contributors in denim garment production in the textile industry. We are proud to contribute to our country's worldwide success in textile industry. As our business continues to grow, the value we add to society and the environment increases rapidly. Our choice for local suppliers from our country significantly enhances our contribution to the local economy. Local suppliers account for **91.7%** of the products and services purchased by our company, which we believe is an important opportunity to contribute to our country's GDP and transformation of the supply chain.

The word local refers to the country in all operations and works that are defined as local, including local purchasing. The term "local" stands for the **Republic of Turkey** in our Güneşli, Çorlu, and Tokat locations.

In the case of a local purchase, the accepted term for geographical scope is country.

We as a company are aware of the positive impacts our employees have over our business and stakeholders in order to achieve fiscal dominance and to set a business model that delivers mutual benefits for both employee and employer. We believe that our employees should also feel comfortable in terms of communication in their working environment so that they can perform a more productive and enjoyable work both for ourselves and for themselves.

There are many different departments within Cross Textiles, and they all work in collaboration and harmony with one another. All our departments and employees in the Board of Directors also contribute to the work of the Sustainability Committee in parallel with their own work.

Our committee includes our General Manager, Board Members, Business Development Director, HR Director, and Stakeholders from many different positions. Thus, any decisions taken in the relevant field are accepted by and applicable to all our stakeholders.



In addition to fulfilling our obligations to our in-country stakeholders, we provide added value to our country and environment.

With over 80 years of experience, we believe our contribution to the local economy is highly valuable. In this context, examples are as follows:

- Employment and economic expansion through contract
- Direct and indirect employment by shuttle and food services
- Indirect support of medical mask supply to the local economy to provide the requirements of the grant.
- 3rd party inspections and product and process testing
- Collaboration with over 100 sub-producers in 2021
- Contribution to the employment of over 8000 people through our 100+ sub-producers



80
years of
experience



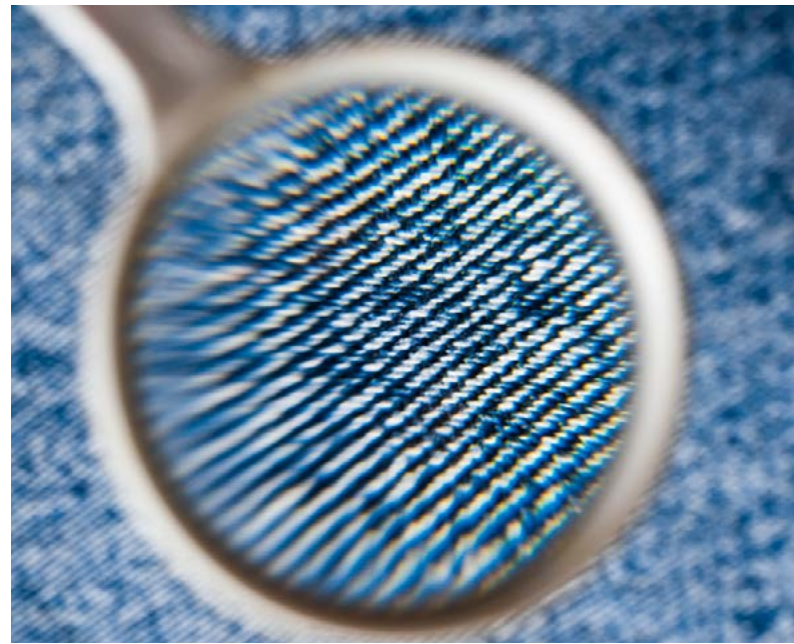
100
collaborations with
sub-producers



8000
employment

Sustainability Through Innovation

At Cross Textiles, we know that reorganizing and regulating current business operations are not enough for a company to achieve sustainability. We strive to develop technological, operational, and intellectual innovations in our company with a solution-oriented approach. We believe that innovative projects and operations will positively contribute to our company and all internal and external stakeholders. Besides, with the help of our innovative and sustainable approaches together, we will endeavor to ensure that our family still survive in the next decades.



We have team units operating under our Sustainability Committee. The primary purpose of these units is to accelerate our transition into Industry 5.0 and make a remarkable contribution to the industry in terms of innovation and development.

Industry 5.0

We would like to touch upon the term "Industry 5.0", which is a new term within the international literature, to emphasize the significance of our work. Technology is not perceived as a threat to workforce, nature, and humanity in this new era. In contrast, it is considered to be supportive of the progress. For example, with the developing of new technologies, the need for the number of employees on the way from production to consumption is decreasing.

Additionally, in this modern era, consumers should no longer be considered only as the end product users. At this point, consumers also started to have a say in the design, production and supply chain stages. In other words, consumers are now in a position to influence and direct the process from the production stage. This brings us one step closer to the circular economy model.

Relevant to the context above, *Cross Design Center*, established in 2017, manages the business activities from their headquarters.

Our team of 57 employees, working in a 1480 m² area, is an example of our focus on research-based innovation and our emphasis on circular products.

Jeanologia laser design program/e-designer

Our program is a platform that connects wash operation developers, manufacturers and brands with designers. Its advantages are:

- Unlimited archiving possibilities
- Real denim texture images with a sustainable approach
- Endless design options

Kartelam

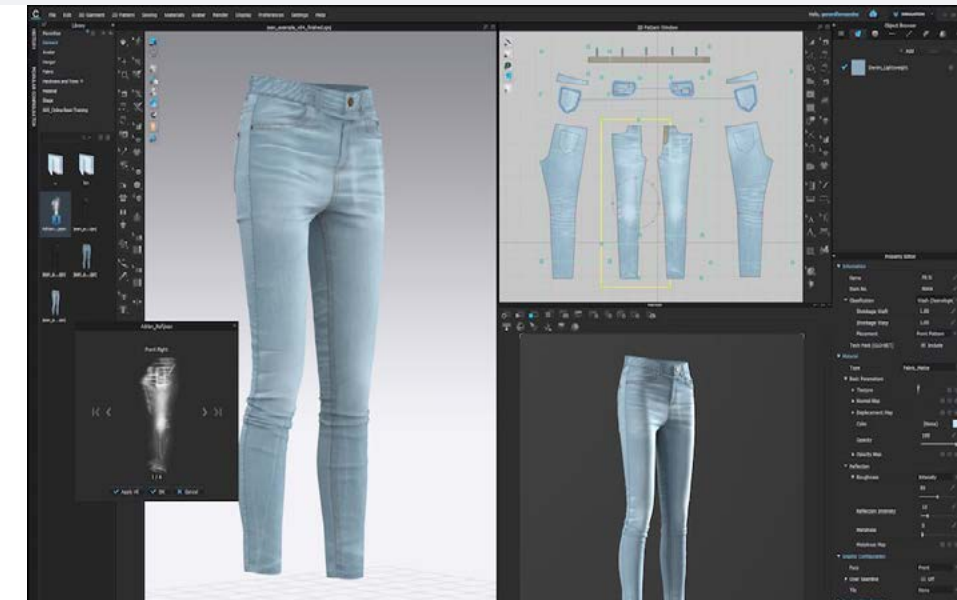
It is a system of digital storage of our physical archive in an internet-based environment. All information such as fabric information and washing details of the products are recorded as data, providing users with easier access to the product they are looking for with the filtering system. This system is used for easy tracking of samples and a precaution against their loss, and all our products are recorded in this system.

StyleShoot

It is a camera that has been purchased for a long time and has been used for professional 2D flat lay shooting of samples.

SimaPro

We invested in the world's leading LCA software. As we deployed this innovative solution, we got the necessary training that will help make the most of the software.



Considering the limited resources, we purchased the **CLO 3D** software modelling program which aims to use less material and produce more samples in less time. We are implementing the **ISO 50001 Energy Management System** to improve energy efficiency and utilize technical and managerial strategies aiming to reduce costs. Within this scope, a systematic, standardized, and process-based energy management system was established in order to improve energy performance sustainably.

The Red Cast WRKSHOP, a collaboration with our customers, was organized considering the significance of all our stakeholders. We believe that customers might come up with innovative ideas as well as manufacturers. We offer our customers the opportunity to implement and evaluate our new ideas developed with a sustainable approach in the Red Cast WRKSHOP location, isolated from the production area.

In addition to our innovation activities within the company, our subsidiary company CRS Soft, a software, and consultancy company, was established to improve our technological and innovative activities on sustainability. CRS Soft aims to offer industry-leading local and international companies the best services and products with an innovative and dynamic approach.

Responsible Supply Chain

Following many stakeholders' agreement with the Paris Climate Agreement, our customers became more conscious about using recycled and organic fabric in the textile industry. We believe we are responsible for disclosing every step of our sustainability journey with our stakeholders. Our supply chain has a significant value for our transparent and efficient communication with customers. Therefore, we strive to efficiently develop our risk and opportunity analysis within the scope of sustainability standards. We carry out our internal operations, sponsored work, and factory inspection within sustainability requirements. We also follow the same targets and approaches with our customers in terms of energy and water efficiency. It helps us a lot in meeting customer expectations in a sustainable way.



Risk Analysis Within the Scope of Sustainability

In today's world, financial issues are not the only factor in a risk analysis. Finance is even a relatively low priority in the list of potential risks. We regularly implement our risk analysis procedures for prospective scenarios, embracing the significance of global warming and climate change to our future projections. There are numerous factors affecting the financial world today. However, the recent pandemic and natural disasters at a large-scale showed us that it is impossible to talk about financial stability without a sustainable life.

The biggest benefit that the circular economy has provided and will keep on providing to our living standards is, it minimizes last minute and unexpected surprises that may change or alter the way of our plans.

We categorize all types of risks according to the probability of occurrence and frequency.

We analyze these risks' potential financial, environmental, and social impacts by determining the minimum and maximum limits. Lastly, we collaborate with the relevant departments on taking measures and actions against potential critical risks.

As a significant stakeholder in the textile industry, having a sustainable supply chain and production process is vital.

We analyze potential risks in the topic of sustainability in two categories:



1. Climate Change Risks:

Resource reduction, changing climate policies, fluctuation in market expectations. The risks examined under these categories are calculated, and measures are taken by calculating the minimum and maximum damages they may cause in terms of financial, environmental, and social issues. Then, with the projects carried out according to the planned measure, the loss caused by the risk is minimized. For example, investments are made in environmental projects aimed at reducing the resources used in every process of the workflow against the risk of decreasing available resources (water, energy, raw materials, etc.).



2. Water Safety Risks:

Water scarcity, degradation in the quality of water resources, customers' expectations are getting directed towards works where water recovery is possible. In order to overcome these risks, water processes are being reviewed, and project studies are carried out for the recovery of treated water. In addition, project studies are carried out on water efficiency and water reusability throughout the entire supply chain.

Actions for risk mitigation allow new opportunities to emerge. We believe that our measures and solutions against every potential risk are crucial for our company, stakeholders, and the environment.

Sustainability Risk Analysis Form

Risk	Risk Definition	Risk Assessment			Degree of Risk	Financial Impact		Environmental Impact		Social Impact		Action Plan				Current Financial Impact	Reassessment			Degree of Risk	Financial Impact		Environmental Impact		Social Impact		Opportunity	Maturity	Control Method
		Possibility	Intensity	Risk value		MIN	MAX	MIN	MAX	MIN	MAX	MIN	MAX	Measure/Action	Deadline		Responsible Unit/Person	The Current Situation	Possibility		Intensity	Risk value	MIN	MAX	MIN	MAX			
Reduction in Available Resources	Insufficient resources can result in a reduction in production capacity and therefore a decrease in process efficiency.	3	4	12	Moderate Risk	15% loss in turnover	40 % loss in turnover	10 % loss in turnover	20 % loss in turnover	5 % loss in turnover	15 % loss in turnover	Investing in environmental projects to reduce the use of resources (water, energy, raw materials, etc.).	2025	Technology and Innovation Working Group	Research and examination of project activities that will increase resource efficiency in processes	3 % loss in turnover	1	4	4	Low	"3 % of turnover"	10% of turnover	3 % of turnover	7 % of turnover	2 % of turnover	7 % of turnover	Long-term productivity increase	"medium-term long-term"	once a year
Changing Climate Policies	If carbon emissions are not reduced to the limits determined by national and international legislation, financial sanctions may be incurred and there may be an (indirect) increase in operating costs.	4	4	16	Moderate Risk	15% loss in turnover	40 % loss in turnover	7 % loss in turnover	15 % loss in turnover	5 % loss in turnover	10 % loss in turnover	Carbon emissions from activities; providing periodic follow-up and reporting, continuing to work on reducing carbon emissions, researching alternative energy sources and working on energy efficiency	2025	Environmental Sustainability Group	Making regular legal reports and researching alternative energy sources that can be applied within the scope of energy efficiency and examining technical analyzes	5 % loss in turnover	1	4	4	Low	3 % loss in turnover	9 % loss in turnover	2 % loss in turnover	10 % loss in turnover	1 % loss in turnover	5 % loss in turnover	Capturing a positive brand effect by internal and external customers through studies compatible with climate change	"medium-term long-term"	once a year
Changes in Market Expectations	If the developing climate change awareness is not integrated into the workflow processes, there may be loss of market and income.	4	3	12	Moderate Risk	15% loss in turnover	25 % loss in turnover	5 % loss in turnover	10 % loss in turnover	5 % loss in turnover	10% loss in turnover	Developing projects in the Design and R&D centers within the scope of combating climate change and producing products that are compatible with customer expectations.	2025	"Product Development Group"	Ongoing design and R&D studies	8 % loss in turnover	1	3	3	Low	4 % loss in turnover	9 % loss in turnover	2 % loss in turnover	4 % loss in turnover	1 % loss in turnover	7 % loss in turnover	To differentiate from its competitors by producing new products in line with customer demands	"medium-term long-term"	once a year

Responsible Supply Chain

Every Worker Has Its Own Value

The Social Compliance Department team regularly conducts social compliance audits in our sponsored factories and production facilities. In these audits, the wage policy is inspected to prevent inconvenience.

The inspection team of the **CSR** (*Corporate Social Responsibility*) department in our company carries out periodical inspections within the framework of human rights through field visits to partnering factories.

We carefully monitor the application of minimum wage in our sponsored factories, within **ILO** (*International Labour Organization*) regulations, and our customer stakeholder's regulations within **COC** (*Chain of Custody*).

The minimum wage, set by local regulations, is applicable to all the employees in our company. As we refuse to work or partner up with any company that is not willing to follow the work regulations stated by our country. We expect all of our partners to abide these rules and respect the integrity of their workers.

The work carried out in our factories is verified by 3rd party companies via our annual disclosure through **Higg-FSLM** Procedure.

Business Ethics

Procedure for Preventing Corruption and Bribery

At Cross Textiles, we are aware that sustainability does not only have environmental concerns but should be considered alongside with the social and governance aspects. We believe that corruption occurs out of personal interest. We strictly prevent corruption and related illegal activities conflicting with our corporate culture in our business.

Cross Textiles is committed to taking the necessary measures to prevent bribery and corruption within the regulations and fundamental human rights.

Our primary executives:

Senior Management: The board of management, general manager, and assistant general managers ensure the implementation of the procedure and develop the control mechanisms to prevent corruption and bribery. In addition, senior management take measures for the privacy and safety of individuals reporting behaviors conflicting with the procedure.

Suppliers: All our suppliers are responsible for complying with The Prevention of Corruption and Bribery Policy.

Human Resources Director: Director ensures the implementation of the procedure in the companies within Cross Textiles.

As Cross Textiles, via this policy, we aim to ensure that all our operations comply with the regulations.

Within this framework, it is prohibited for individuals and institutions, even for the benefit of the company to take illegal and unethical behavior, and actions that could interpreted as bribery or corruption.

In addition, we are aware of the significance of copyright in protecting intellectual property and encouraging the development of innovative products.

In the reporting period, within 2021, 4 letters of legal action were constituted to TÜRKPATENT regarding anti-competitive behavior and breach of monopolization. TÜRKPATENT's court decisions were as follows; 2 Acceptance, 1 Denial, and 1 Partial Acceptance.

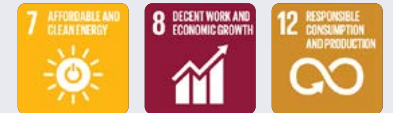
Anti-corruption

Total number and percentage of operations assessed for corruption-related risks

Total Number: **11**
Percentage: **0.9%**

Significant risks related to corruption identified through risk assessment	Budget size	Transaction volume and number of personnel	Risk of insufficient knowledge of legislation	Reputation risk
Total number and percentage of employees to whom anti-corruption policies and procedures are communicated	574 People 100%	2579 People 100%	2459 People 100%	2316 People 100%
Communicating anti-corruption policies and procedures to other individuals or organizations	Our corruption and bribery prevention procedure is communicated to all sub-producers we sponsor. At the same time, policy and procedure controls are carried out related to periodic social performance audits.			
Total number and percentage of governing body members trained in anti-corruption	Total number of management staff: 16 (7 Women, 9 Men) 100%	Total number of management staff: 110 (43 Women, 67 Men) 100%	Total number of management staff: 5 (2 Women, 3 Men) 100%	Total number of management staff: 24 (1 Woman, 23 Men) 100%
Total number of confirmed corruptions	None			
Total number of people dismissed for corruption	None			
Number of contract terminations or discontinued collaborations with business partners due to corruption	None			
Corruption-related lawsuits filed against us during the reporting period	None			

Sustainable projects



Project explanation (Please add a detailed explanation: Why and what did we expect, how we accomplished it, etc.)	Project start date	Project end date	Project efficiency metrics (if any)	Project revenue	Semtrio's take on ESG	Related SDG
After participating in the Jeans Re-design project of EMAF, throughout 2021, within the framework of the project manual, clothing collections were prepared and presented to the customer	1.01.2021	31.12.2021	The goal is to achieve product selection from existing collections to production. Numerical targets were not set. Success criteria were set to choosing a product/model from an existing collection.	A total of 4 models were converted into production order, and 30331 pieces were distributed.	Economy EMAF is an organization on Circular Economy	SDG17 Partnerships for the Goals
At our factory based in Tokat, the total amount of power installed will be 5.7 MW, producing 7.500.000 kWh electricity per year when completed. Installed panels will cover an area of 45.000 m2. Starting from the end of 2022, the total electricity consumption of our factories in Turkey will be provided by the solar energy project in Tokat.	1.10.2021	30.06.2022	The total installed power will be 5.7 MW and will produce 7.500.000 kWh electricity per year when completed.	So far, 25000 square meters have been constructed and have just started generating electricity.	Economy Positive income effect. Contribution to the local economy	SDG7 Affordable and Clean Energy
Turkey's largest denim fabric manufacturer ISKO and Turkey's largest denim garment manufacturer Cross agreed to combine their talents and know-how in a 45-piece LCA collection and present them to their customers.	1.02.2021	1.06.2021	The goal is to achieve product selection from existing collections to production. Numerical targets were not set. Success criteria were set to choosing a product/model from the existing collection.	-	Economy Economy Collaborations with important local companies	SDG12 Responsible Consumption and Production
This project is carried out to provide technical and management strategies to increase energy efficiency, reduce costs and continuously improve. Therefore, a systematic, standardized, process-based energy management structure has been established to improve energy performance in a sustainable way.	1.01.2021	1.01.2025	Successfully completed auditing		Economy Energy efficiency	SDG 8 Decent Work and Economic Growth
Strengthening our entire value chain by establishing a safe production facility and ensuring business continuity.	1.01.2020	1.09.2022	Successfully completed auditing		Economy Crisis management, Supply chain	SDG12 Responsible Consumption and Production

05

Embracing Responsibility

56-79

CROSS TEXTILES
Sustainability Report





Embracing Responsibility

Today's economic model based on hegemony follows the extraction of resources, manufacturing products, and waste generation. The economic model in question follows a linear process. On the other hand, in the circular economy model, waste is the final part of the whole process and the main source of production.

At Cross Textiles, we give utmost importance to the circular economy model starting from the design phase. Therefore, we are proud to declare that we are a part of the **Jeans Redesign Project** by the **Ellen MacArthur Foundation**. We design our products by assessing all production phases in cooperation with the world's leading brands.

We put **environmental responsibility at the forefront** by integrating it into our corporate business model.

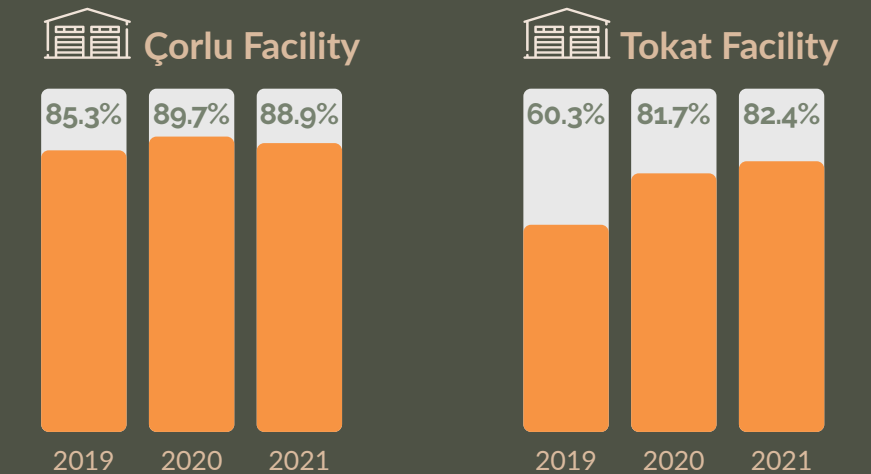
As Cross Textiles, we contribute to the sustainable development of the business world to protect our planet, carrying out our **Environmental Management System** in compliance with **ISO 14001 Standards**. No sanctions or charges were imposed on our company due to non-conformity with legal regulations thanks to our operations based on environmental responsibility.

We embrace it as our duty to protect the environment, reduce our consumption of natural resources, choose sustainable materials, and monitor our water consumption and waste generation throughout our denim production processes. Therefore, we continue to cooperate with stakeholders embracing a sustainable approach.

We assess our 250 stakeholders regarding their environmental impacts and the products we purchase.

Higg FEM

Our Higg FEM score provides a significant basis for comprehending how our operations and processes in our facilities are implemented within the scope of sustainability. The Higg platform is an HTML-based portal widely used by the textile sector, designed to monitor facilities' environmental and social performance. As Cross Textiles, our **FEM (Facility Environmental Module)** score is as follows:



Sustainable Sources and Chemicals

We connect the world's fashion sector to facilitate sustainable chemical management. Cross also believes industry cooperation is essential for removing dangerous compounds from global supply chains and making more secure chemical product choices available for the textile industry.

Cross Textiles' use of platforms such as **ZDHC Gateway**, **GOTS**, **Bluesign** and **Green Screen** within the scope of its goal of minimising the use of chemicals in textile production processes and the harm caused by this use is an indication that it acts with environmental and social responsibility.

Our strategic improvement

Nanobubble Technology

Nanobubble "eFlow" technology is developed to treat raw garments by applying chemicals and transferring them using **micro-nanobubbles (MNB)** as a means to transport chemical products which directly diffuse into the fibres. The eFlow breaks up the garment's surface, enabling soft hand feel and controlling shrinkage. A minimal quantity of water is required, and the process does not lead to any discharge.

The selection of raw materials and the use of chemicals are essential for creating a sustainable future in the textile industry, which has a high resource use.



We show that we act with an awareness of environmental responsibility through our sustainable use of raw materials and resources, in line with our perspective on the world.



With the **Organic Content Standard (OCS)**, we verify the presence and amount of organic matter in our products and monitor the raw material flow from the source to the final product.



The **Global Recycled Standard (GRS)** is an international, voluntary, complete product standard that sets requirements for third-party certification of recycled ingredients, chain of custody, social and environmental practices, and chemical restraints.

• During the reporting period, 16,555,000 kg of fabric, 167,000 kg of packaging material and 185,000 kg of accessories were used for primary product and service production.

16,555,000
kg of fabric

167,000
kg of packaging
material

185,000
kg of
accessories

34.3%

• Sustainable fibre is estimated to be 34.3% among all our products.



All the paper and cardboard packaging materials, plastic packaging materials and fabric wastes generated in our facilities are sent to licensed recycling and recovery facilities to be recycled and used for all kinds of recovery, including energy.

In line with our **Sustainable Management System protocols**, regular training is provided to our employees in our production facilities regarding resource consumption, waste reduction and efficient material use. Thus, we strengthen the social aspect of environmental sustainability in our denim production processes.



Key to achieving sustainability in the textile industry starts with the use of sustainable raw materials. With this awareness, Cross Textiles prioritizes purchasing and using recycled raw materials and chemicals within the scope of the **Recycled Claimed Standard (RCS)** throughout its supply chain.

Fair Trade Cotton



Cross Textiles has the "Fair Trade Cotton" certificate. It is a certification that attempts to ensure that cotton producers receive a fair price for their crop. Cotton production is linked to several environmental issues:

Extensive usage of agrochemicals and excessive use of water put fresh water supplies for local populations at risk. Unpredictable weather conditions also endanger the livelihoods of small-scale farmers. Fairtrade works with farmers to stop or reduce the usage of agrochemicals and supports them to adapt to changing climate patterns.

Thanks to this initiative, we also contribute to **SDG12** (responsible consumption and production).

Energy Resources

Increasing our energy efficiency is at the forefront of our environmental values. We implement technical and management strategies to increase energy efficiency, reduce costs, and improve processes within the scope of our **ISO 50001 Energy Management System**.



ISO 50001: It enables creating an energy management system, saving energy, reducing energy costs, and designing of processes and systems supporting environmental consciousness in line with the standards set by energy specialists.

100,175,726 kWh

Our production facilities mainly use natural gas and electricity, and in 2021 our total energy consumption was 100,175,726 kWh.

I-REC Certification, based on renewable energy, was acquired for all the purchased electricity in our Çorlu and Tokat facilities.



Electricity and Natural Gas Consumptions

	2019	2020	2021
Electricity	13,503,440 kWh	11,769,995 kWh	15,664,530 kWh
Natural Gas	85,430,793 kWh	66,263,615 kWh	84,545,095 kWh

**All usage calculations are based on meter readings at our facilities.*

The energy density of our Çorlu facility is the highest among all our locations, and calculations are based on the number of products washed by the factories throughout the year. The rates calculated based on 2019 include production operations within the organisation and travels outside the organisation that indirectly cause emissions.

In order to reach the energy reduction percentages we have targeted in 2020, we have realized the necessity of carrying out studies aimed at providing energy from natural resources and, using energy efficiently and effectively.

Within this approach and mindset, we have turned our efforts to renewable energy sources and energy-efficient projects, by focusing on and examining each area of production separately, we have worked on and designed projects that will spread the transformation from the unit to the whole. We expect to see the effects of these efforts in 2022 and to exceed the targets we have given.

Energy Transformation

At Cross Textiles, we regularly conduct audits on saving energy to achieve energy efficiency by sustainably using the overall energy in our operations. Energy audits are carried out in our Çorlu factory to inspect the energy consumption points, determining energy loss, optimization and energy recovery points based on technical measurements. Energy losses in question are determined with energy audits, and improvement activities were launched accordingly.



For instance, thermal measurement was applied to steam boilers in the factory. As a result, thermal insulation was implemented to minimize heat losses.

As part of the significance, we attach to the use of renewable resources, our company has a hydroelectric power plant in Ankara, which is a project in which in Cross Textiles is a partner. The production of the power plant varies according to the flow of water and the seasons. Its production amount is **14,420,20 mW in 2021.**

5,7 MW

of power aimed to produced by solar panels

The project design and construction of our solar panels started in our Tokat location. These solar panels aimed to have an installed power of 5.7 MW and an annual electricity production expectation of approximately 7,500 MWh.

7,500 MWh

annual electricity production expectation

By the end of 2022, it will be activated by solar energy produced in Tokat.

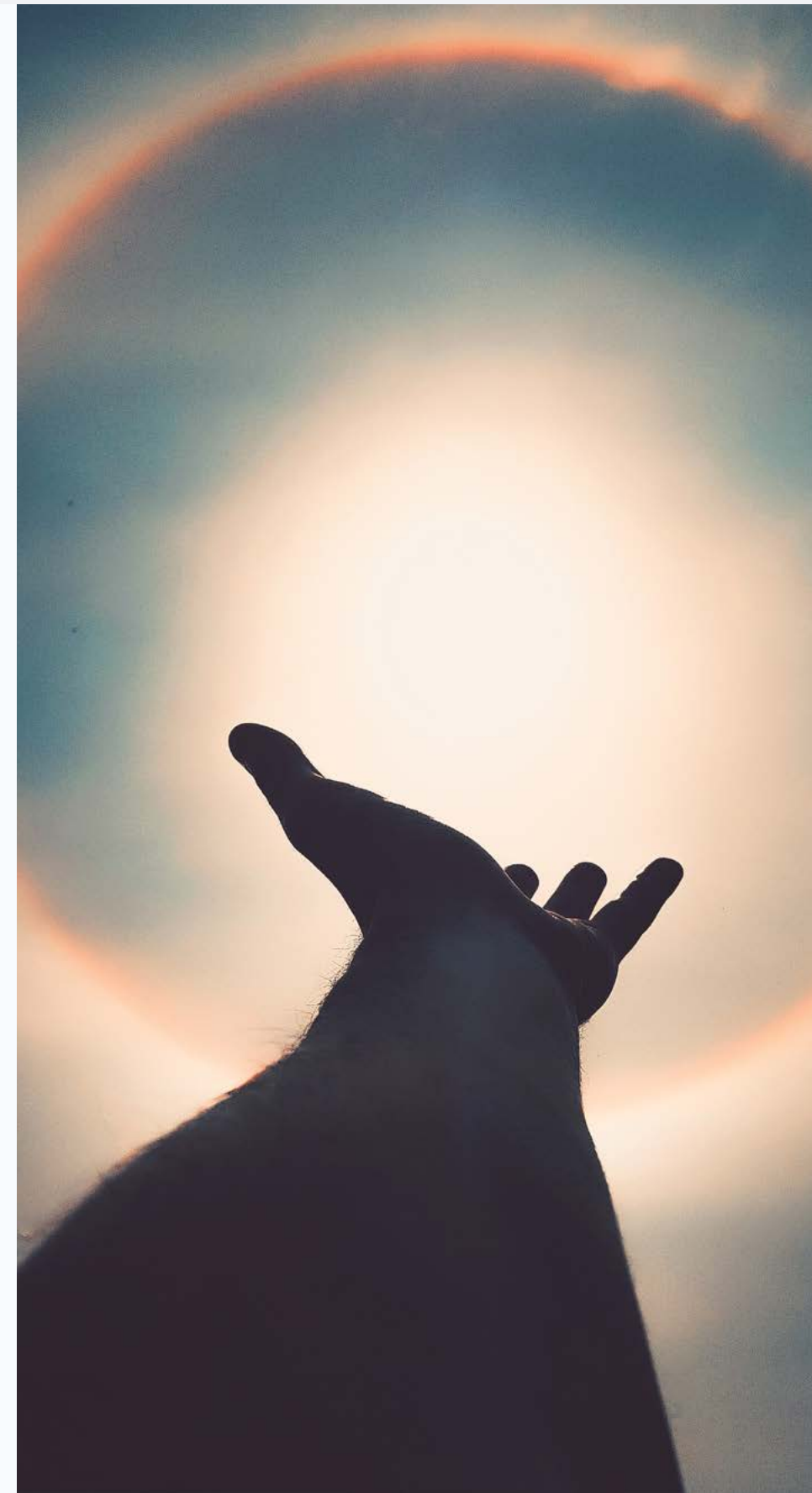


We will produce **100%** our electricity requirement in the Tokat Factory by the end of 2022.

While our **I-REC certificates**, purchased to meet our electricity consumption in our Çorlu and Tokat locations in 2021, are obtained from solar energy in January-August; in September-December, it was provided by wind energy. Total amount of energy received with the I-REC certificate was 10.919 MWh in 2021.

10,919 MWh

energy recieved with I-REC sertifiacte



We understand the effect of our production processes on the environment and constantly assess the risk and opportunities related to our energy consumption. Working internally and with our stakeholders, we develop strategic projects as we move towards renewable energy and try to increase the energy efficiency of our facilities.

Our strategic improvement

I-REC certification

The **Renewable Energy Certificate** is a certification developed by the International REC Standard Foundation. The I-REC Certificate authenticates the source of electricity as renewable energy by enabling the traceability of the source and attribution of the energy produced.

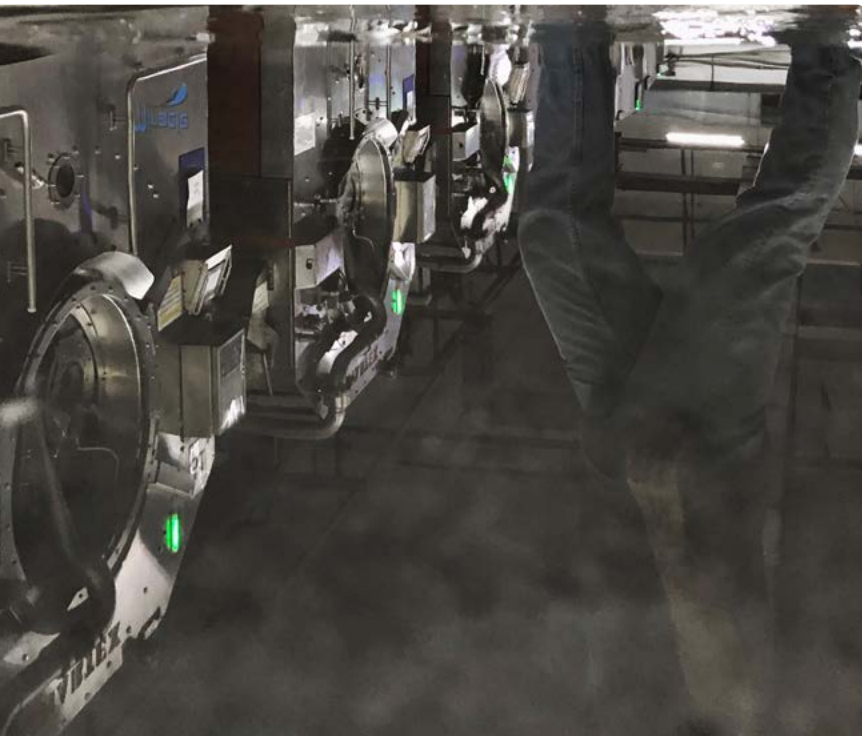
New generation furnace and hydro extraction machines

With our new generation machines, we have decreased the amount of water used in the process.

Water Management in Cross

Water, the most crucial resource for sustaining life on earth, is used recklessly. According to scientific research, global water scarcity is expected within 30 years. Many of our facilities are located in water-stressed regions in Turkey and Egypt.

Water is the most significant component in denim clothing production, used in manufacturing yarns, on-field cotton growing, denim fabric weaving and washing.



Thus, we attach utmost importance to utilizing water with a circular and sustainable approach to benefit the environment and our stakeholders. Denim fabric manufacturing has a significant water footprint due to the continuous water use throughout the process.



At Cross Textiles, we invest in research and technology projects to **discover the most efficient and sustainable alternative** to compensate for excessive water consumption.

Therefore, we aim to achieve **circularity, reduce water consumption and control wastewater** by redesigning our manufacturing processes with efficient and innovative technologies.

Water Management

The process that water will go through after it is used is also a stage considered within the scope of water use. The water used in the world has been the same for billions of years and is in a regular cycle. It is therefore vitally important to have a circular perspective on water use and management. In this regard, wastewater discharge standards are determined according to the **Water Pollution Control Regulation (SKKY)** criteria.

The reason is to protect the receiving environment where the wastewater will be discharged and the potential of the underground and surface water resources that will be affected by the discharge and to ensure the best use of water resources.



Water Management in Cross

Water management in our facilities, discharge parameters are determined by considering the process type of the facility, the raw materials used, chemicals, and similar issues. For these parameters, the discharge standards are determined by the administration based on similar industries. The standards are applied by obtaining the appropriate opinion of the ministry.

We make sure that the water that has been drained complies with the environmental standards outlined in the Environmental Law.



Amount of Water Withdrawn from Nature



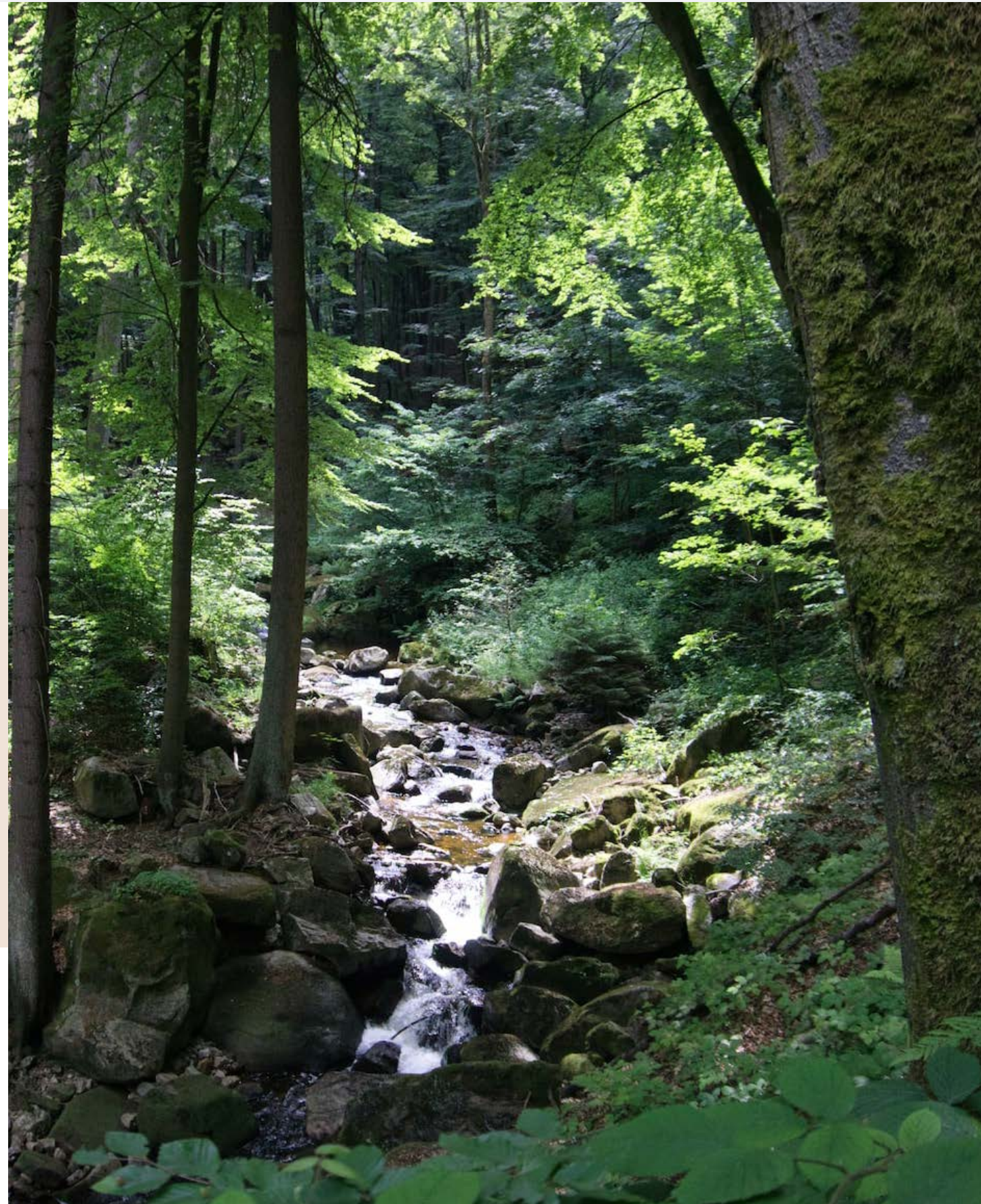
The amount of total dissolved solids (minerals, cations, anions, heavy metal ions and a small amount of organic matter dissolved in water that cannot be retained by simple filtration methods such as sand filters) is not one of the measured parameters. If requested, it is reported with a single-day-measurement.

Water Management in Cross

To contribute to the circularity of water, different methods are used for storing water in a healthier and longer-lasting way in our factories. In our Çorlu factory, there is a water storage tank drawn from an underground well of 300m³ in the boiler room. In addition, we remove the hardness (limeness) of raw water for process-water in our Tokat and Egypt factories with resin.

We also send hot water to be used in the process. In order to use it in the steam boiler, we reduce the conductivity of the water which we have removed the hardness of, by passing it through reverse osmosis.

While developing our sustainable business models based on the circular economy, all kinds of studies, innovations and technological developments related to water use and management are precious to us. In this context, some examples of our related projects and works are,



Our strategic improvement



Wastewater Recycling Project

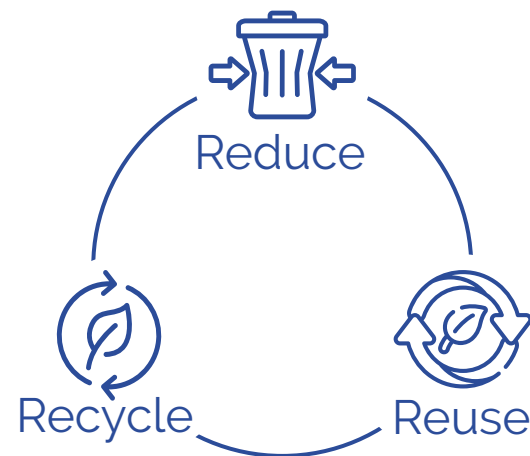
Studies on water resources and management are carried out with flowmeter monitoring. Standard information, methodologies and assumptions on the subject are evaluated on the basis of the **World Resources Institute (WRI)**.

With the Reverse Osmosis and the **Direct NanoFiltration (dNF)** System we introduced this year, we are performing excellent work which is an indication of our forward-thinking approach in the industry. Since there is no distinction between utilised water and the water before the procedure, this system is essential in terms of water circularity.

Waste Management

Waste management is central to our circular approach, considering waste generation as a part of the production process. Closely monitoring and recording our waste potential, we strive to minimize waste generation throughout our operations. We know that waste management plays a crucial role in creating an uninterrupted circular economy.

Waste management constitutes a significant portion of the circular economy, which is based on reducing, recycling, and reusing.



As Cross Textiles, **we embrace circularity** at the core of our business and carry out projects to manage our waste generation.



Therefore, we carry out significant projects on wastewater management to improve our circular economy approach:

Fabric Recycling Project

We strive to reduce our negative environmental impact and create added value using waste, embracing a comprehensive and sustainable approach. As an example of our circular policy, we ensure the fabric is re-manufactured by transporting our leftover material to recycling facilities.



1,494,210 kg

Recycled fabric sent for re-manufacturing

Therefore, we prevent both our and others' negative environmental impacts. For instance, 1.494.210 kg of fabric was sent to recycling facilities for re-manufacturing.

CRS – Zero Waste



We utilize the **“CRS-ZERO WASTE”** stone as an alternative to the pumice stones used in the washing process within the scope of our zero waste projects, developed with the **“CRS-ZERO WASTE”** motto to minimize our environmental impact. Pumice stones are acquired from nature.

We decided to utilize the polymer-based **“CRS-Zero Waste”** stone to eliminate the negative environmental implications of acquiring and transporting the pumice stone and use resources more efficiently.

Amount of Waste Generated in 2021:

	Çorlu	Tokat	Total Amount
Waste Type			
Hazardous Waste	1,492,305 kg	79,409 kg	1,571,714 kg
Non-Hazardous Waste	313,828 kg	402,800 kg	716,628 kg
Waste Management			
Energy Recovery	-	423,000 kg	423,000 kg
Reuse	-	129 kg	129 kg
Recycle	1,798,030 kg	59,080 kg	1,857,110 kg
Landfill	8,103 kg	-	8,103 kg
Total Amount			2,288,342 kg

Waste disposal operations are carried out by our locations by following different methods properly.

Our Istanbul centre is licensed by the Ministry of Environment and Urbanization and regularly informs accredited institutions through the Motat registry.

In our Çorlu plant, the disposal method is determined according to the type of waste.

Recyclable or non-recyclable wastes generated within the facility in our Tokat factory are sent to licensed companies to be recycled or disposed of using appropriate methods.



Our reusable and recyclable wastes such as paper and cardboard packaging, plastic wastes, and glass wastes are given to recycling facilities,



Our hazardous sludge from the wastewater treatment plant is given to licensed waste incinerators to ensure energy conversion,



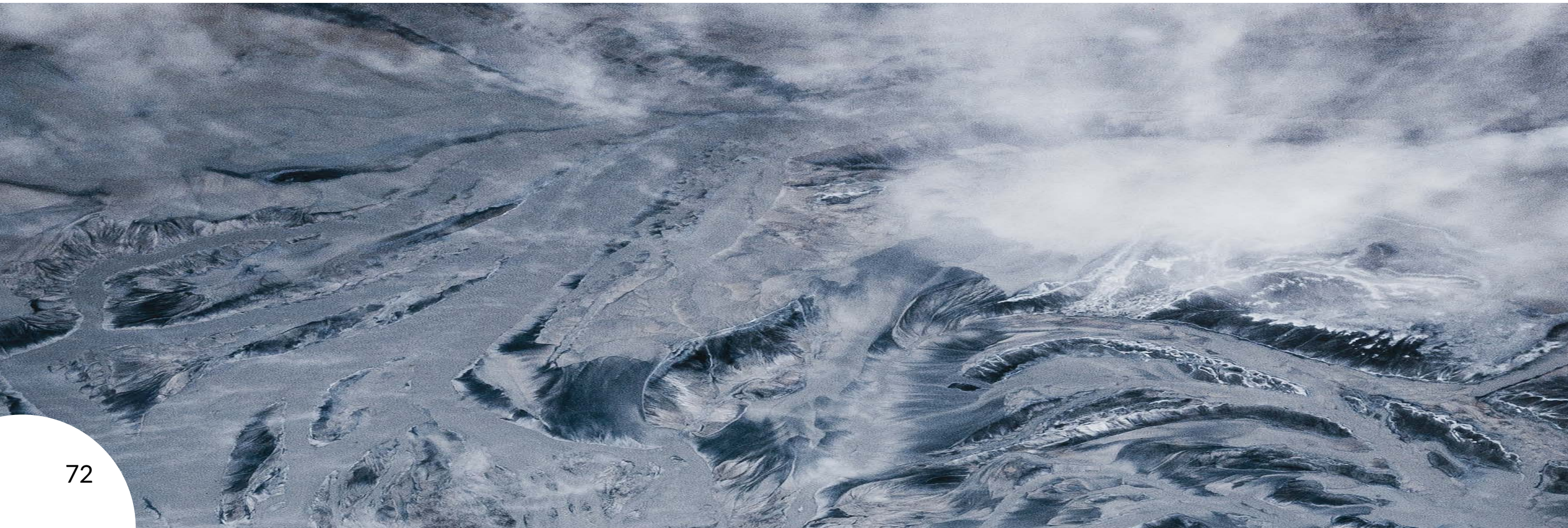
And our medical wastes are sent to licensed sterilization facilities to ensure appropriate processes.



In our Egypt factory, the method is determined by the environmental requirements. For example, licensed recycling and storage companies collect wastes like active sludge generated in the water treatment plant.



The discharged water from our factories is transported to Ergene River in Çorlu, Yeşilirmak in Tokat, and Port Said Wastewater Treatment Plant in Egypt. However, since the discharged water in Tokat and Egypt is not directly transferred to the natural environment, there is no habitat or water body directly affected by us.



Carbon Management

At Cross Textiles, we aim to reduce our carbon footprint in line with the global transformation and reduce our impact on climate change. We started to calculate the carbon footprint of our operations in four locations in 2019. These calculations for **Scope 1 and Scope 2, direct GHG emissions, include CO₂, CH₄, and N₂O gasses. Scope 3 calculations for indirect emissions include CO₂ emissions.**

We continue to develop a yearly GHG emissions inventory corresponding to the **ISO 14064-1 Standard** as part of our objective to reduce our carbon footprint.



We calculate our emissions through Co2nectorPro, a carbon management software.



10,625.11 tons
CO₂ Scope 1 Emission

In 2021, operations in the Çorlu facility were the biggest source of the corporate carbon footprint of Cross Textiles, with 10625.11 metric tons of CO₂ Scope 1 emission.



GÜNEŞLİ

Scope 1

2019

462 tCO₂e

2020

486 tCO₂e

2021

602,70 tCO₂e

Scope 2

362 tCO₂e

302 tCO₂e

356.31 tCO₂e

Scope 3

440 tCO₂e

186 tCO₂e

139.29 tCO₂e



ÇORLU

Scope 1

10,731 tCO₂e

8,676 tCO₂e

10625.11 tCO₂e

Scope 2

3,224 tCO₂e

-

3221.71 tCO₂e

Scope 3

513 tCO₂e

406 tCO₂e

476.42 tCO₂e



TOKAT

Scope 1

3,057 tCO₂e

2,924 tCO₂e

4984.06 tCO₂e

Scope 2

2,355 tCO₂e

2,583 tCO₂e

3818.73 tCO₂e

Scope 3

133 tCO₂e

140 tCO₂e

182.95 tCO₂e



EGYPT

Scope 1

3,318 tCO₂e

2,413 tCO₂e

3477.45 tCO₂e

Scope 2

2,391 tCO₂e

1,799 tCO₂e

2201.89 tCO₂e

Scope 3

267 tCO₂e

170 tCO₂e

253.49 tCO₂e

**At our Çorlu production facility, we used the I-REC system to purchase renewable energy.*

2019 is the base year in our carbon footprint calculations in which operational control approach has been adopted, and emission factors from scientifically proven databases (IPCC, 2006; DEFRA, 2018; Ecolnvent v3.5) have been used.

Every single year, we are carrying out more efficient work on overall emission reduction in our facilities. As seen in the table above, the increase in emissions in the reporting year is caused by the rise in production and the respective increase in the numbers of different product types. We had a much more productive operation year in 2021 than in other years.

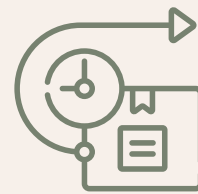
Life Cycle Assessment

We started to scientifically assess the life cycle of our denim products in 2019. Our goal was, and still is, to achieve sustainable products and to reduce our environmental footprint by half by 2030.

At Cross Textiles, we follow a sustainable production model driven by innovation for a better future for all of us. We develop detailed **Life Cycle Assessment (LCA)** studies to inform our stakeholders through a transparent and **science-based approach**, following the international standards such as **ISO 14040 & ISO 14044** and our goals of improving sustainable production.

Our quest to achieve sustainable products does not end with our corporate carbon and water footprint calculations.

We use LCA studies, a methodology to demonstrate the sustainability of products and their environmental impacts by examining their life cycles from the raw material extraction to the end of life.



We examine our product's impact on the environment with the **cradle-to-grave** approach.

We believe that LCA will be a significant consumption parameter in the future. In today's world, more consumers are embracing a sustainable approach. The importance of LCA within a circular economy will be higher as environmental consciousness rises and natural resources shrink in the upcoming years.

We consider that LCA will be highly regarded by all sectors in line with the carbon neutral economy goal set by **The European Green Deal**.

We invested in the world's leading LCA software, **SimaPro**. It is a powerful solution for sustainable change. Built on robust science and **life-cycle thinking**, the software is ideal for our operations.



So far, we have developed **LCA studies** for approximately **132 different styles** for different brands.

Our innovation-oriented sustainable works includes:

As the product of the collaboration between the largest fabric manufacturer ISKO and the largest denim garment manufacturer Cross, we offer our Life Cycle Assessment (LCA) collection of **45 pieces** to our dear customers. So far, we have had LCA studies for a total of approximately **132 different styles** for different brands.

Our LCA Projects

Cross & COS LCA Collaboration

We have regularly implemented LCA studies for our customer COS's every model for three seasons. In the fourth and fifth seasons, we implemented LCA studies for **42 styles**, and their results were made public.

Our study was authenticated by third party verifiers specialized in the field. As a result, we managed to reduce waste by a significant amount from the production to consumption phases.



Cross & ISKO LCA Collaboration

Turkey's largest denim fabric manufacturer ISKO and Turkey's largest denim garment manufacturer Cross Textiles came together and combined their talents and know-how in a 45-piece LCA collection and presented them to their customers.



CRS-Effect Collection

We created our **CRS-Effect** collection as part of our LCA studies. It is designed to have a lower environmental footprint without lowering our quality or appeal standards.

We contribute to SDG 13 (Climate Action) with this project.



Sustainable Business Awards

It has been a yearly competition organized by the Sustainability Academy under the categories of Energy Management, Social Impact, Wastewater Management, Water Management, and Carbon Management since 2014. The competition follows the presentation of projects by companies and the evaluation of the jury consisting of more than 50 academicians.

We are proud to announce that we were one of the finalists in the Carbon Management category with our LCA project and studies.



EPD

Additionally, we proudly declare that the collection was verified by **EPD (Environmental Product Declaration)**. It is a transparent and objective verification system based on Life Cycle Assessment.

06

Cross' Family First

82-95

CROSS TEXTILES
Sustainability Report



Cross' Family First

Employee Welfare

Cross Textiles, a family company, prioritizes employee well-being by ensuring human rights are protected and working conditions are up to the highest standards in the industry.

Therefore, we emphasize stakeholder engagement and employee welfare in our journey to put sustainability at the core of our business. We work toward improving our sustainability performance and stakeholder relationship by investing in social sustainability.

Embracing a “family first” approach, our employees are our most significant stakeholders.



7.928
employees

Our employees play a critical role in our rapid business growth and success. We maintain our human resources by retaining highly skilled talent, offering opportunities for self-improvement to our employees, and ensuring our workplace is fair, transparent, and equal for everyone involved.

Total number of company employees:

	Turkey	Egypt
Female	3089	763
Male	2523	1553
Total	5612	2316

		Total
Female	White-Collar	763
	Blue-Collar	1553
Male	White-Collar	2316
	Blue-Collar	763

We stand against the gender gap and inequality in our business. **Female employees account for nearly 50% of our workforce at Cross Textiles facilities**, within our aim to improve the economic and social position of women in the business world.

	Total Number	Ratio
Female	3852	48.6%
Male	4076	51.4%

Equality and Diversity

Equality and diversity, deeply ingrained in our corporate culture, keep our company moving forward.

We do not tolerate discrimination of any kind in our hiring processes including

- Age
- Gender
- Race
- Religion
- Language
- Ethnic Origin
- Sexual Orientation
- Marital Status
- Social Status
- Economic Status
- Disability
- HIV/AIDS
- Political Opinion
- Military Service
- Participation and membership in union activities
- Pregnancy

No such case of discrimination was ever reported within our company.

New hires in 2021:

		Total	Ratio
Female & Male	Aged under 30	1788	65.3%
	Aged 30-50	909	33.2%
	Aged over 50	41	1.5%
Total		2738	100%

Equal opportunities and diversity at Cross Textiles:

		Total	Ratio
Senior Management	Female	53	34.2%
	Male	102	65.8%
Total		155	100%

Age Group	Number	Ratio
Aged under 30	2943	37.1%
Aged 30-50	4512	56.9%
Aged over 50	473	6.0%
Total	7928	100%

Diversity & Inclusion at Cross Textiles:

		Güneşli
Female	Aged under 30	14
	Aged 30-50	21
	Aged over 50	6
Male	Aged under 30	34
	Aged 30-50	72
	Aged over 50	12
Total		159

102-41

Best Practices from Cross Textiles

Bonus Payment

Supply Aid

Maternity/Parental Leave

Birthday Gift

Fuel Payment

Health insurance

Newborn Baby Support Pack

Nursery Payment

Financial support in case of marriage

Financial support in case of newborn

Leave for the deaths of a first-degree relative

Financial support in the event of the death of a first-degree relative

At Cross Textiles, employees and their representatives are notified of changes four weeks beforehand. There is an area reserved for the **union within the facility**, and all our employees are completely free and independent regarding union activities.

Consultation and negotiation processes according to the notification period are specified in the **Collective Bargaining Agreement**, and after the consultation for all our locations, the time allowed for the employee to make a job (operation) change is seven days. All our employees in Çorlu and Egypt and 98% of those in Tokat have joined the collective bargaining agreement.

- We provide necessary training and communicate our forced labour prevention policy and procedures.
- No such social violation was reported in our suppliers and no contract was terminated thereof.
- We assess the working locations and hours to make sure it is in line with the best ethical standards.
- We also view the NACE codes of workshops which is in our supply chain.
- We closely monitor and follow local laws and pay attention to the customer expectations. There were no penalties or sanctions due to non-compliance.
- We support our employers at Çorlu location in the case of losing loved ones.
- We offer our full-time employees benefits such as; parental leave and gold quarters reward, food aid twice a year, and support for employees who lost a loved one.

- We do not tolerate employment discrimination of any kind in our company.
- We prioritise our employees' health by ensuring a work environment where human rights are at the forefront.
- We execute inclusive orientation training for our new employees aiming to help them adapt to the new working environment.
- We support employee development and diversity.
- In addition to our employees in our facilities, we work with our subcontractors to achieve welfare in line with our zero-tolerance to forced labour
- We inform our stakeholders about transparency and ethics principles through the CSR (Corporate Social Responsibility) Department.
- We offer various benefits to our full-time employees at Güneşli location.

Number of employees entitled to maternity leave



Occupational Health & Safety

We base our business model on a **circular economic perspective**, allowing us to consider our employees one of the most valuable stakeholder groups. With the consciousness that without creating a healthy and safe working environment both physically and mentally, we cannot expect our employees to work in an efficient and happy manner. We always try to design the most optimal working environment in all our locations and departments with minimum risk.

Our company has an **Environmental and Occupational Health and Safety Procedure**.

We ensure and systematically evaluate our employees' occupational health and safety.

The reference sources of our procedure are;



OHSAS 18001 provides a framework for the effective management of Occupational Health and Safety, including all aspects of risk management and legal compliance.



ISO 9001 Quality is the international standard that specifies requirements for a quality management system (QMS).



ISO 45001:2018 is an international standard for occupational health and safety (OH&S), protecting employees from work-related injuries and health issues.

This procedure aims to raise the awareness of our working stakeholders and ensure that our social responsibility approach is understood by society and our customers.

Employees participate in issues such as hazard identification, risk assessment, determination of environmental dimensions and controls, and incident investigation with the **Near Miss System**.

The system provided by the procedure consists of four unified phases covering planning, implementation, control, and development with measurement activities.

In 2021, no accident caused death or loss of a limb in our facilities.

Our company updates a risk analysis report annually to eliminate or minimise work-related hazards.

The number of work-related recordable diseases and deaths resulting from such diseases during the reporting year is 0.

We protect production activities and increase work efficiency to minimise labour losses that may occur due to occupational diseases and work accidents.

We aim to eliminate risks such as fire, explosion, and machine malfunctions, which are precarious for the enterprise, with the measures taken.

Work-related dangerous employee incidents are reported to our OHS unit, and necessary studies are carried out to eliminate the related danger.

Employees are provided with occupational safety training in line with legal requirements and informed about their legal rights and responsibilities.

Free entry to our facilities is not allowed, and entrances and exits to the workplace are kept under surveillance.

As part of the measures to prevent such a situation, security personnel are present at the factories day and night, and security cameras constantly monitor our facilities.

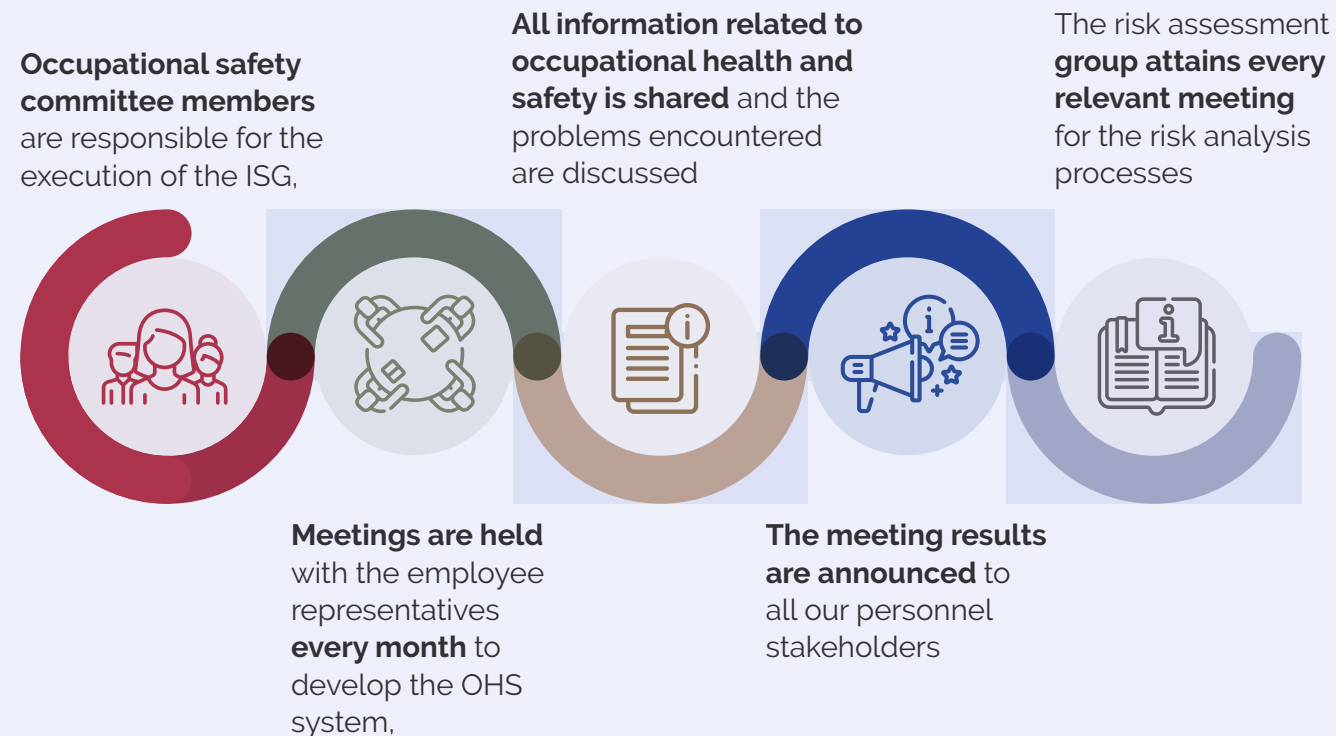
Our employees report the dangers or near-miss incidents they encounter by leaving a note in the near-miss notification boxes inside the enterprise.

Recurring pieces of training on security are organised to raise awareness of the personnel.

Occupational Health & Safety

We ensure that the hazards are minimized by taking the necessary precautions regarding the departments and jobs in which the personnel work or the machines they use.

According to our conclusion, raising awareness of our employees about their rights will make very positive contributions both for them and our company.



An occupational health and safety management system based on legal requirements or recognized standard guidelines are implemented in all our working groups and locations. All employees within our company are included in the scope of the relevant occupational health and safety management system.



Customer Health and Safety

As Cross, we are aware that the chemicals used in the textile industry may have adverse effects on human health. The reliance on these products is essential since textile is in contact with our environment and comprises a significant part of the consumer world.

We carry out quality control practices at our production locations to eliminate health and safety risks and prevent the product's physical, biological, or chemical effects on the user. To achieve this, we follow global health regulations and the expectations conveyed by our customers.

Color fastness control, flammability tests, respiration tests, allergen tests, chemical tests, and metal tests can be given to these quality control practices. All the tests and processes in this example are carried out by following global procedures and may differ according to customer expectations. Programs such as **Clear To Wear** and **Safe To Wear** and the inspections carried out by 3rd party verifiers regarding implementing these programs confirm the product quality and the applied methods.

To ensure the safety of our customers, we use sustainable raw materials and prefer suppliers using sustainable raw materials. We also ensure the security of our customers within the scope of the **ISO 27001 Information Security Management System**.

All products and services we carry out are tested and checked in the facility against health and safety risks. We contribute to the **SDG-3 Health and Well-Being** with our application. No inconveniences were detected in any of the health and safety tests carried out in 2021.

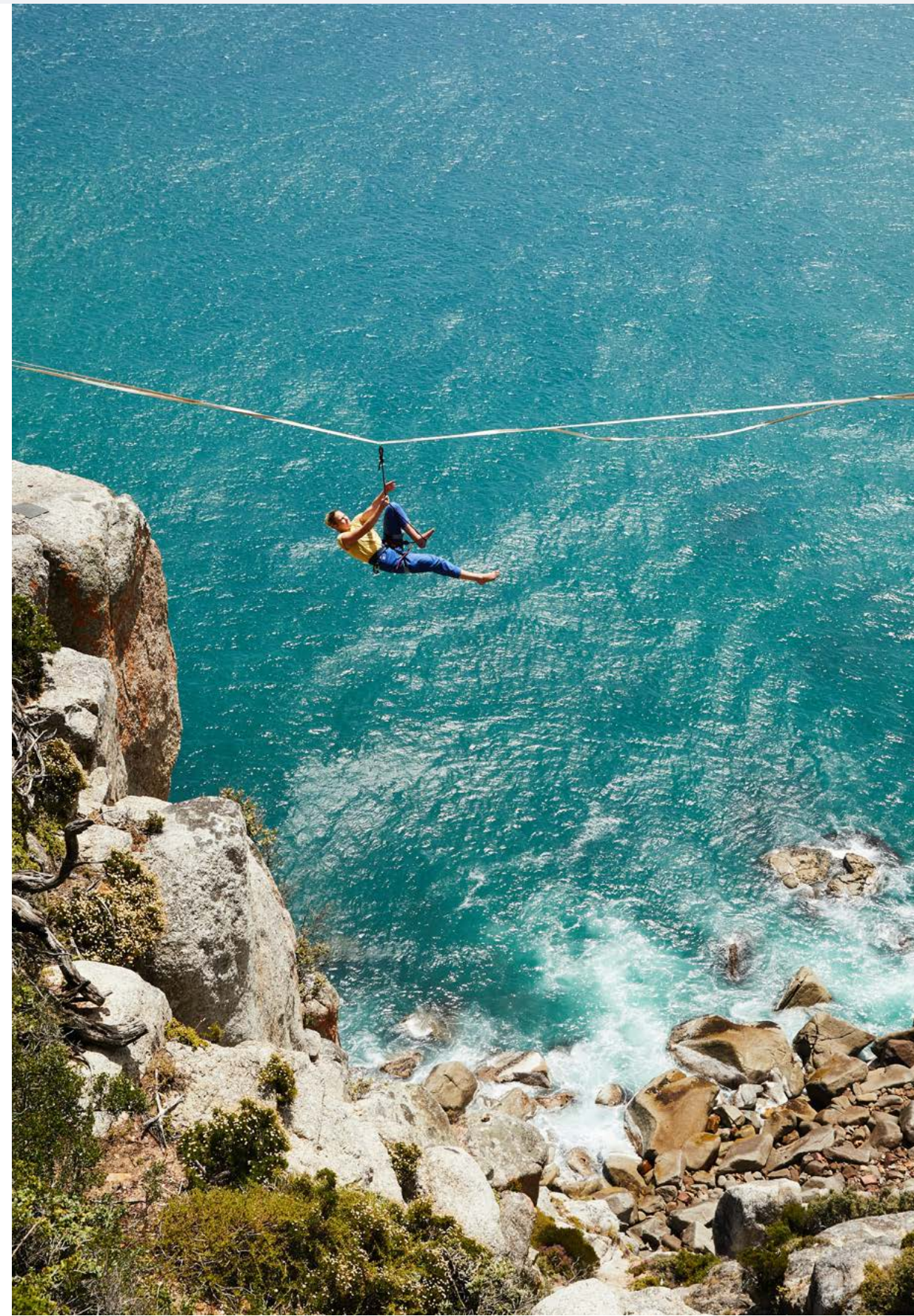


Risk Assessment

At Cross Textiles, we aim to enable our employees to work in an environment they feel safe; we consider our employees as crucial stakeholders. For this purpose, we prepare a danger identification and risk assessment report in which potential risks are demonstrated. Risk assessment reporting is handled carefully to protect our employees against possible dangerous circumstances. We adopt globally acknowledged and one of the most important methods, **Fine Kinney**, for risk assessment calculations.

Components of our table in the risk assessment report are as follows:

 Department	 Measures to be Taken (Corrective and Preventive Control Measures)
 Danger	 Person Responsible
 Affected People	 Deadline
 Activity	 Explanation / Situation
 Risk	 Risk Assessment Result After Implementation of Measures
 Risk Assessment Result	



At Cross Textiles, we identified possible hazards and took corrective and preventive measures after preparing an occupational health and safety report. Risk assessment is carried out by a team formed by an employer representative. The team in question consists of an employer representative, occupational safety specialist, workplace doctor, human resources manager, executive supervisor, head representative, craft supervisor, and support personnel.

We conduct risk analysis in each department for every machine and equipment separately.

Required revisions are made following the risk assessment calendar every year. The risk assessment team evaluates the occupational health and safety management system by planning the required security measures and controlling the measures' conformity. As we aim to minimize the risks, we report necessary measures in the event of hazards after careful research and inspection. The first place of contact for the employees if they experience work-related injuries or health problems is the infirmary.

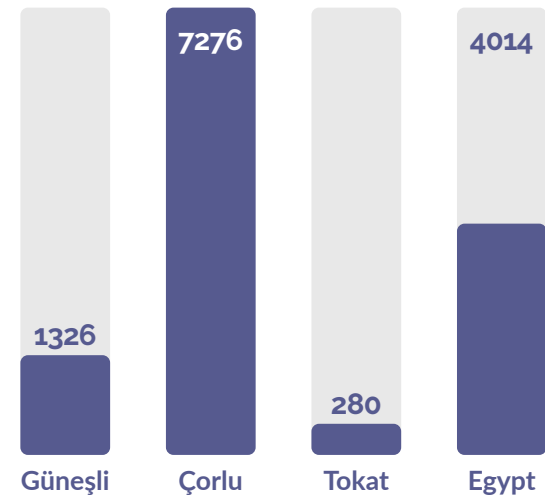
Personal Development and Trainings

At Cross Textiles, we prioritize the well-being of our employees and strive to create the ideal working environment for everyone involved. As an innovative denim manufacturer, we offer our employees vocational training on technological advancements.

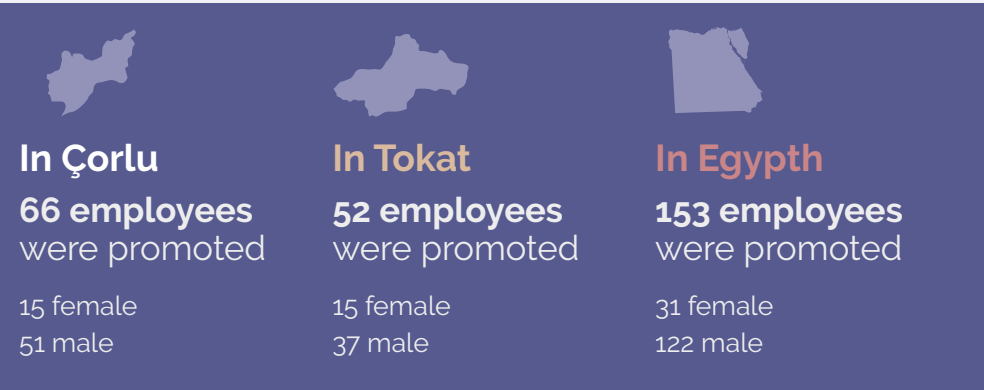
Human Rights Policies are included in the orientation training and brochures given to new employees. All training on human rights encompasses the security personnel provided by third-party organizations.

Number of Training Hours on Human Rights:

Number of Hours



Department managers conduct career development and performance evaluation at the beginning of each year. In this respect, we organize performance and career development programs in our Çorlu, Tokat, and Egypt facilities.



Vocational & Technical Trainings

- ILO Training
- Fabric Training
- Gerber Program Training
- Customer Management System
- BCI Supplier Training
- Pricing Strategies in Selling a Product
- Washing Training
- Sewing and Using Threads in Denim Production
- Recent Developments on Zipper Material within Sustainability
- New Sustainable Materials in the Metallic Accessories Production Process
- Operation and Data Sheet Training
- The Digitalization of HR
- Employer-Employee Relationship within the scope of Labour Law and Social Security
- Intergenerational Engagement
- Corporate Communications
- Coping with Hardships
- Teamwork
- Coaching
- Training on Introduction and Information of All Operations and Departments
- Professional dealing with chemical waste
- Operating laser machines and preventing their risks

Occupational Health and Safety Trainings at Şık Makas

- AFAD (Disaster and Emergency Management Presidency) Training
- First-Aid Training
- Fire Training & Fire Drill, Earthquake Drill, Emergency Drill in case of a Service Outage
- Emergency Drill in case of a Natural Gas Leakage
- Hygiene Training, Occupational Health and Safety Training on the COVID-19 pandemic
- Occupational Health and Safety while Handling Chemicals
- Training on Notifying the Emergency Support Team



Career Development Trainings

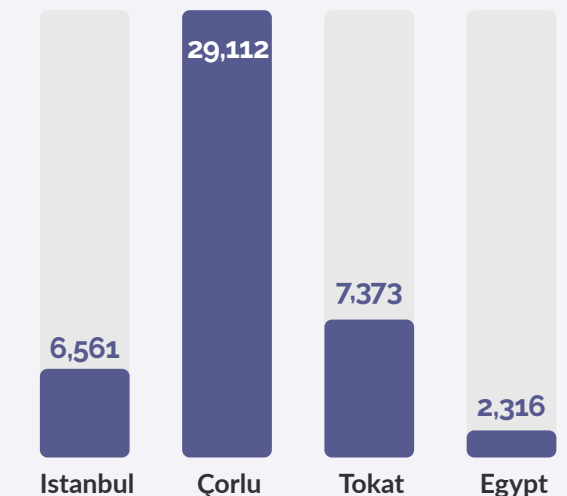
- Packaging
- Product Safety
- Measurement Training
- Raising Awareness on Safety Measures in Warehouse and Transportation Area
- Intermediate and Final Control
- Quality Training, Training on Threads used in Denim Production

Self-Improvement Trainings

- Non-Violent Communication
- Social Attitude and Etiquette
- English Speaking Practice
- Environmental training

Total training durations in 2021

Number of Hours



Social Responsibility Projects



We carry out our business model with a sustainable mindset and support projects outside the business that can contribute to the **Sustainable Development Goals** determined by the **United Nations**.

And we plan to increase the quality and the quantity of these projects in the future. Some of the projects are as follows



Supporting Animal Shelters

In our Tokat location, daily food waste of up to 40kg is delivered to the animal shelter of Tokat Municipality.

In 2021, a total of 12250 kg of food was donated to the shelter.



TURMEPA Donation

TURMEPA is a civil society organization established in 1994, aiming to protect the national coastal areas and seas of Turkey. With the donation made for cleaning and protecting our seas and coasts, 160,000 liters of seawater were kept clean.

This project contributes to SDG-14 Life Below Water.



UNICEF Vaccine Donation Project

At the end of the year, a vaccine donation project was implemented on behalf of 245 customer personalities as a new year's gift. Our goal is to make donations for all our customers.

This project contributes to SDG-3 Good Health and Well-Being.



Plastic Cap Collection

Plastic caps are collected to donate to the Spinal Cord Paralytics Association.

This project contributes to SDG-10 Reduced Inequalities.

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T E X T I L E S



Şık Makas Giyim Sanayi ve Ticaret A.Ş.

15 Temmuz Mah, 1507 sokak
Bağcılar, İstanbul | TURKEY



sustainability.board@crosstextiles.com



instagram.com/crosstextiles



linkedin.com/company/crosstextiles

Reporting Consultant
Report Design



info@semtrio.com
www.semtrio.com

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