



SUSTAINABILITY IMPACT REPORT

2022

Welcome to ISKO’s latest sustainability report, which covers social and environmental activities and performance up to December 2021.

We have focused on the topics and values most pertinent to ISKO and its products, sites, people, and operations. The data covers ISKO’s manufacturing sites in Bursa, Turkey.

The report is broadly aligned to the OECD Due Diligence Guidance with reference to the Global Reporting Initiative (GRI): a GRI index is available in [Appendix A](#). We have linked our activities to the UN Sustainable Development Goals as detailed in [Appendix B](#). External assurance on all data in this report has been provided by Control Union.



MY THOUGHTS



FATİH KONUKOĞLU
CEO

As we publish our sustainability report, the world awakens from a long slumber. We find ourselves in a familiar yet different global environment — in more ways than one — and we see that the need for sustainable business practices has never been clearer. Returning to life in a post-lockdown world has not necessarily meant a return to “normalcy”. Rather, we are confronted with exceedingly erratic weather patterns and unstable economies, and we cannot deny their common thread.

The European Union is leading the textile production world in accountability measures with recycling and reuse targets set as early as 2025. At ISKO, we accelerate this transition to a circular world with even more ambitious targets. This new sustainability report isn't created to celebrate our achievements, but to remind us of our ongoing goals and our continued commitment to improvement. That said, we are indeed proud of our diverse approaches to addressing sustainability — in the full sense of the word.

We are committed to eliminating the use of virgin fibres and are already developing products that no longer contain virgin cotton. By the third quarter of 2022 — several months ahead of our 2023 target — we managed to produce 85% of our goods from recycled materials with an emphasis on durability. As we make this transition, we are investing in cutting-edge technologies to develop a global recycling hub. We aim to redirect pre- and post-consumer textile waste from landfill and incineration to our facilities and produce renewed raw materials with exceptional quality. This ongoing development has the remarkable potential to reclaim and renew tonnes of precious materials.

In a truly holistic embrace of sustainability, ISKO places a strong emphasis on the well-being of our employees. We offer career training with certificate programs, we strictly maintain safe working conditions, and we continually invest in R&D skills. It's our team of textile technologists and designers, together with brand partners, who make sustainable innovation-to-market possible.

We became a bluesign® system partner, meaning we comply with strict ecological, toxicological, and safety regulations. This deliberate due diligence helps assure us and our customers that our products are truly sustainable, and not products of greenwashing. We uphold ourselves to these high standards because we believe sustainable business — and life itself — both depend on sustainable practices.

As the world's largest producer of denim, we know that setting and meeting ambitious targets will result in incredible impact. Among many other things, we have committed to reducing our carbon emissions beginning this year, aligned with the Science Based Targets initiative (SBTi) – and we are sharing our targets with our partners and customers. Collaboration is essential for success, particularly in an endeavour as large as sustainability.

By making the right choices, setting an example, and leading our partners, we believe we can lower the fashion industry's impact on climate change. We look onward, not only with hope, but with a belief in our power to innovate towards a better future.

We welcome your feedback on our approach and activities:
responsibleinnovation@isko.com.tr

OUR BUSINESS

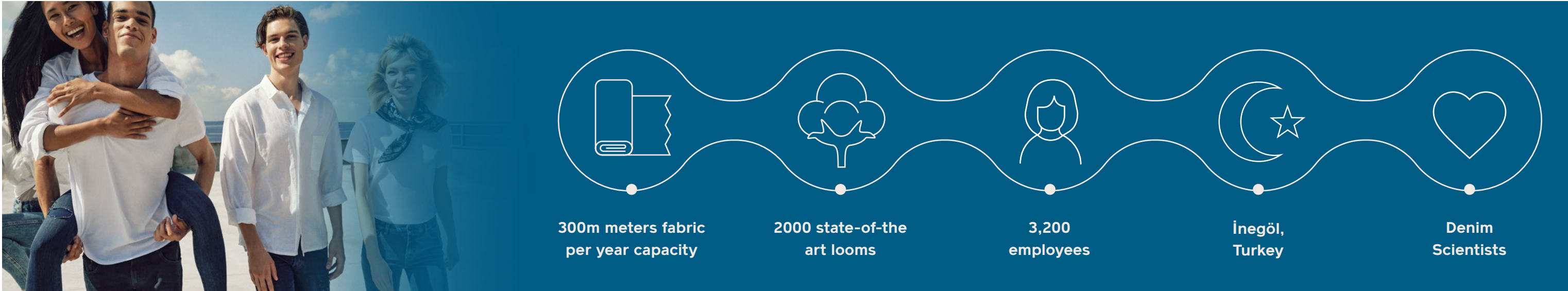
ISKO is passionately committed to creating, developing, and delivering sustainable textile solutions to save and preserve our planet. This commitment extends through every process and each aspect of supply chain management. It is present in ISKO’s business model and the products we create.

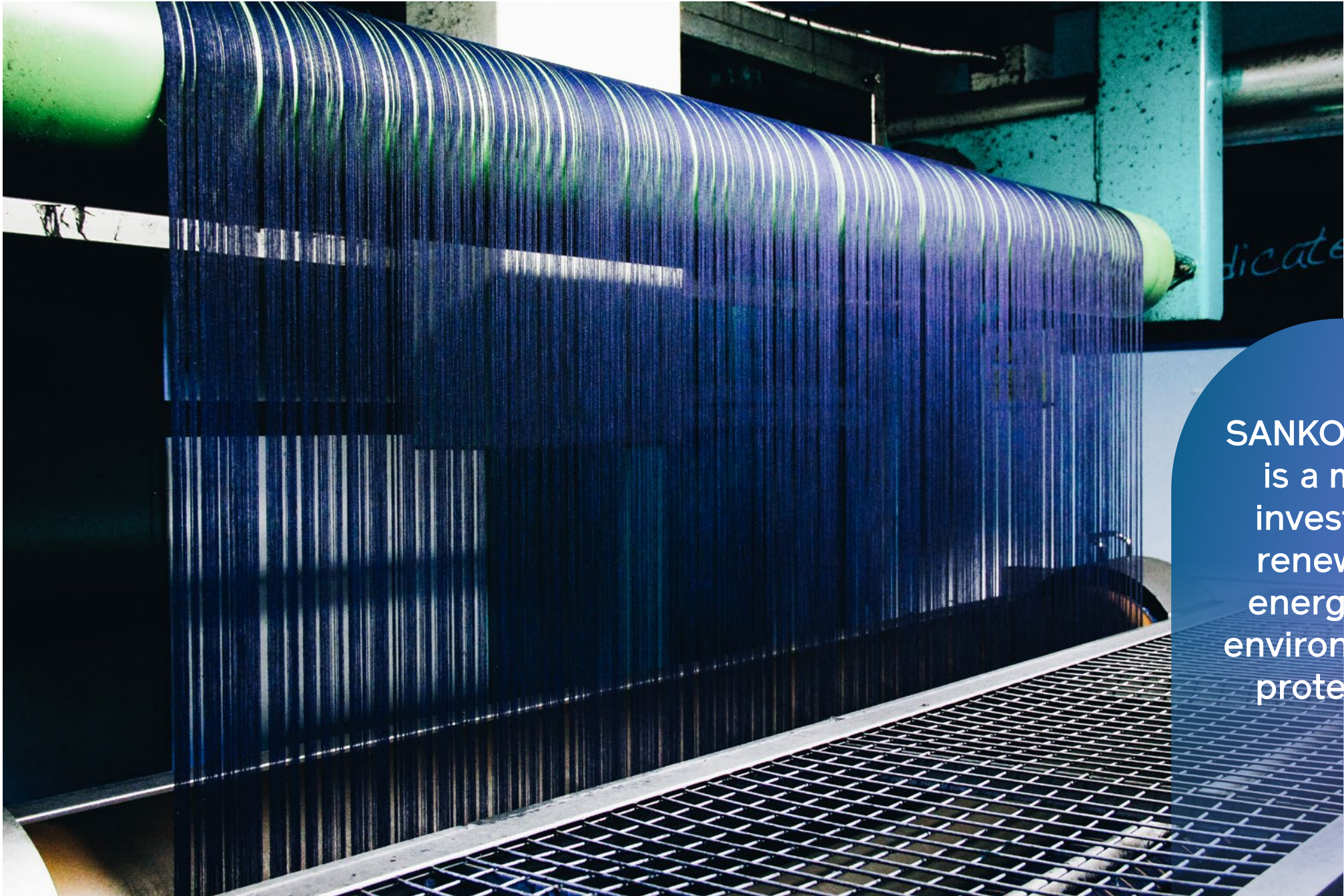
Founded by SANKO Textiles, ISKO has become one of the world’s leading woven textile companies. We are driving the denim industry to upholding the values that define the heart and soul of SANKO — openness, transparency, honesty, innovation, and responsibility.

ISKO is a registered trademark of Sanko Tekstil A.S. Our state-of-the-art mill in Bursa, Turkey is the heart of our business. It is supported by a network of textile technologists, design experts, and retail specialists in 60 locations across the globe. We have a production capacity of 300

million meters of fabric per year with 2,000 automatic looms and 3,200 employees. ISKO is also the first denim producer in the world to be recognized with the Nordic Swan and EU Ecolabel certifications.

Love for denim is universal and ISKO’s vision is international. It resonates in different global contexts and markets and is a reference for the most famous designers and inspiring fashion trends. ISKO’s ingenuity turns simple denim into jeans — material with a soul.





SANKO

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

SANKO Group
is a major
investor in
renewable
energy and
environmental
protection



OUR APPROACH TO SUSTAINABILITY

Sustainable denim and fabric development is at the core of ISKO’s 100-year heritage. It is woven into our products, actions, and decisions.

Our sustainability strategy affects how we design, the raw materials we choose, and the suppliers we work with. It results in innovative ways of reducing, reusing, and recycling materials. It also dictates how we treat our people, team, and partners.

We are driven by creativity and innovation. We pour that passion into producing fabrics that perform exceptionally, last longer, and use a high percentage of recycled resources.

This year, we have solidified our commitment to sustainability by formally committing to setting a Science Based Target to reduce our carbon emissions. Our target will be aligned with the SBTi’s target-setting criteria, which we look forward to sharing in the next two years.

We are not working to our goals alone and have common targets with our partners and customers to create more sustainable processes and textiles. All our products and processes have Life Cycle Assessments (Environmental Product Declarations), and we carry out full product assessments to better understand our impact.

ISKO’s goal is to eliminate the use of first-generation resources and produce exclusively with recycled fibres

We believe that corporate partnerships are necessary to make big steps and reach our collective goals. Through these partnerships and collaborations, we are pushing ISKO and others to go further to positively transform the apparel industry into a sustainable one. A representative from ISKO works with the Textile Exchange's Unified Standard international working group, which aims to create credible, international, and voluntary standards for third-party certifications of materials and chains of custody.

ISKO lives up to these process and material standards as well. To prove our claims, we work with certification bodies such as STeP by OEKO-TEX, bluesign®, Global Recycled Standard, Global Organic Textile Standard (GOTS), Nordic Swan, and EU Ecolabel.

Our operations are supported by a range of certified management systems, including ISO 14001 for environmental management, ISO 50001 for energy management, ISO 45001 for health and safety, and ISO 9001 for quality.



WHAT WE FOCUS ON

- Research and innovation
- Recycled and regenerative materials
- Energy and carbon
- Water use
- Chemical use
- Waste reduction and management
- Labour rights
- Health and safety
- Supply chain management



Sustainability is a core part of our business and is integrated into all areas of operation

HOW SUSTAINABILITY IS MANAGED

We do things differently than other fabric producers. Sustainability is a core part of our business and is integrated into all areas of operation. Our sustainability KPIs are set for all divisions and management levels. They drive us to create sustainable solutions and innovations, and they allow us to quickly respond to our priorities.

ISKO's sustainability activities are led by our Sustainability division, which reports directly to our CEO. This team works with global sustainability programmes and strategies to help us reach our global targets. They are supported by the Environmental and Health and Safety teams, which promote improvement programmes on the ground, and the Research and Development teams. Collectively, they weave sustainability into all our fabrics and processes.

HIGHLIGHTS

● **Sustainability woven in –**

All our products are covered by sustainability labels.

● **Recycled polyester –**

Our recycled polyester facility opened in August 2021 and currently produces 25 tonnes of recycled polyester per day.

● **Partnering for impact –**

We continue to work with sustainability partners including Microfibre Consortium and Textile Exchange. We are a Member of the Ellen MacArthur Foundation.

● **Reducing our footprint –**

We've furthered our progress on our carbon target by increasing our use of renewable energy and recycled materials.



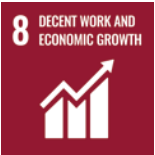


● **Inclusive development –**




We've engaged with our people through two employee surveys.

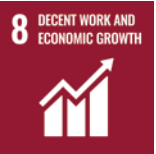


● **Nurturing our talent –**

We've given 36 hours of training per employee.

OUR TARGETS

PILLAR	TOPIC	TARGET	PROGRESS	SUSTAINABLE DEVELOPMENT GOAL
ISKO product and services	Raw materials	Produce 85% of our entire fabric production with recycled materials by 2023.	Ongoing. 85% of fabric contains recycled materials. This target has been updated as we accelerate our programmes.	
	Value chain	Request 80% of our suppliers (including all high-risk suppliers) to audit to reduce environmental impact, particularly water use, and ensure best-practice labour standards by 2030.	Ongoing. We purchase most of our yarns through our parent company Sanko, which is committed to sustainable sourcing. We are working with other suppliers on environmental topics, such as bluesign® and Zero Discharge of Hazardous Chemicals (ZDHC). When responsible materials are not available, we invest in creating them ourselves, e.g. recycled polyester and bluesign® approved chemicals.	  
ISKO process	Water	Reduce process water use year-on-year per tonne production.	Ongoing. We have reduced water used per tonne of product by 53% since 2019.	
		Eliminate wastewater discharge by 2025.	Ongoing. This target has been updated from 2030 as we accelerate our programmes. We expect to reach our goal 5 years early. This includes constructing a wastewater treatment plant, which will house a post-treatment plant.	

PILLAR	TOPIC	TARGET	PROGRESS	SUSTAINABLE DEVELOPMENT GOAL
ISKO process	Chemicals	Use 100% bluesign® approved chemicals by 2025.	Ongoing. Our bluesign® chemicals facility will come online at the end of 2022 to support this target.	
		Eliminate harmful chemical discharge by 2025.	Achieved. We discharged zero harmful chemicals in 2021, achieving this target 4 years early.	
	Carbon reduction	Reduce CO ₂ e emissions by 50% per tonne of product by 2030 (vs 2018 baseline).	Ongoing. We are increasing our use of renewable energy and recycled materials.	
		Achieve net zero carbon emissions by 2050.		
		Set a Science Based Target initiative (SBTi) certified target by 2023.	Committed. We have committed to developing a science-based target and will be carrying out the work to set this target in 2022 and 2023.	
		Install 14MW solar array.	Ongoing. We have installed 3.5MW online with another 6.6MW planned by the end of 2023.	
		Identify climate change risks and required adaptations to operations and supply chain.	Ongoing.	

PILLAR	TOPIC	TARGET	PROGRESS	SUSTAINABLE DEVELOPMENT GOAL
ISKO people and community	Human rights	Maintain zero incidences of human rights violations in our operations.	Achieved. We have no reported incidents of human rights violations in our operations and supply chain.	
	Training	Offer more development opportunities to employees that are certified or externally recognised.	Ongoing. Despite COVID-19 restrictions, training rose by 13% in 2021 (vs 2019) due to increases in development training.	
	Safety	Pursue zero (0.0%) safety incidents.	Ongoing.	
		Increase safety near-miss reporting system to prevent safety incidents.	We reported an increase in Health and Safety incidents this year, however this reflects a change in the way we assess accidents and our improved reporting mechanisms. Smaller incidents are now included.	
		Reduce Accident Frequency Rate to 1.8 accidents per million working hours by 2030.		
		Reduce Accident Severity Ratio to 10 missed workdays per million by 2030.		
	Bribery and corruption	Maintain zero bribery and corruption incidents through continuous training and awareness raising.	Achieved. No incidents of bribery and corruption were reported in 2021.	
	Partnerships	Certify 100% of products to sustainability labels by 2022.	Achieved. All fabrics developed since the beginning of 2020 carry sustainability labels.	 





**PRODUCTS
AND SERVICES**

PRODUCTS AND SERVICES

Like millions of people around the globe, we too love denim. But style must not come at the expense of the planet. We are developing our denims to be more sustainable, using no first-generation materials. Our vision is to transform used fabrics into new materials and ignite a new love for denim.

We also believe in clothes that last. By creating durable fabrics, we are creating garments that consumers can own, wear, and love for longer. It enables fashion to take on a second life with new owners as well.

Our objective to extend product life is led by our Innovation team and Research and Development department. They work both internally and externally with partners to find new ways to make longer-lasting recycled fabric.

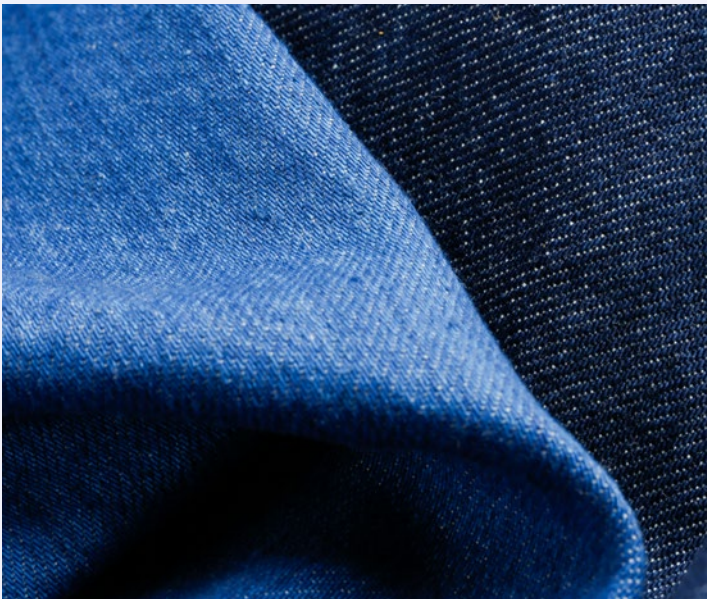
This is an industry-wide challenge. We are eager to collaborate with partners across the industry — and beyond — to identify, develop, and implement best practices.

Our impact isn't limited to the environment. We've also created strict processes throughout our supply chain to ensure high standards, particularly in cotton growth.

ISKO creates fabrics that consumers can own, wear, and love for longer

PRODUCTS

We pursue outstanding innovations in denim fabric production with a constant eye on sustainability. In the last year, we have continued to develop products that have a lower environmental impact.



CTRL+Z

CTRL+Z contains no first-generation cotton yet has an appearance identical to standard fabric. Its key ingredients are recycled materials or regenerated fibers, which eliminates drinking water from the cotton production process, and which allows us to track and control sustainability along the supply chain. Using recycled cotton also reduces textile waste by giving the fibers a second life.

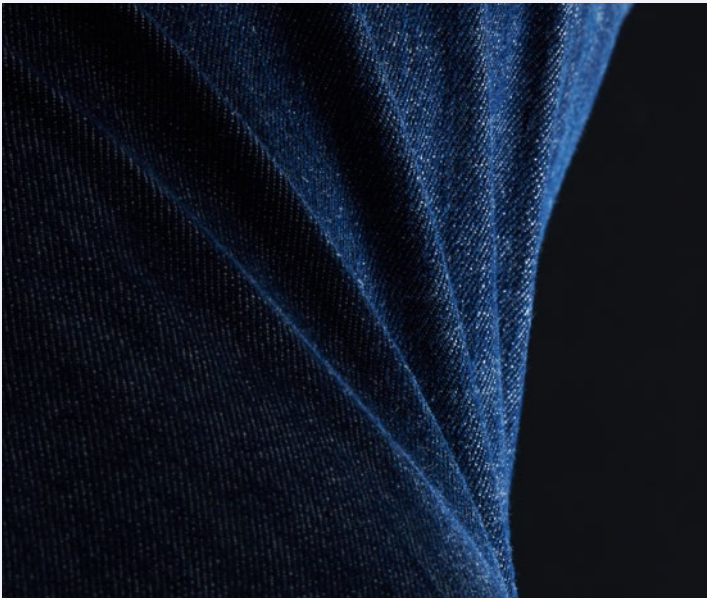


MINERAL COLORS

Mineral Color is a new process that uses pigment extracted from rocks to create soft color shades and washable garments. The dyes can be applied and reused repeatedly. Unlike standard textile dyestuffs, which are oil-based and synthetic, Mineral Colors are natural, non-toxic, non-allergic, biodegradable, and eco-friendly.

PATENTS

Our patented technologies have revolutionised the denim industry. Our mission is to craft the classics of tomorrow through pioneering creativity and innovation.



ISKO BLUE SKINTM

ISKO Blue SkinTM combines recycled fibres with our patented 360° dynamic stretch technology. Fashion-focused, body-shaping, and performance-driven, ISKO Blue SkinTM offers a garment with superior movement.



ISKO POPTM

Woven with recycled yarns, the unique technology of ISKO PopTM creates extreme softness inside and out. This technical denim has a bright, silk-like appearance with a touch of elegance.



ISKO FUTURE FACETM

ISKO Future FaceTM contains recycled materials and provides enhanced shape retention. ISKO Future FaceTM is a comfortable denim with a silky finish and flattering drape.

TRADEMARKS

In addition to our patented technologies, ISKO’s many trademarked products combine sustainable materials and processes with unique design.



JEGGINGSTM

JeggingsTM fabric technology provides super stretch and a “skinny” aesthetic that flatters the figure.



ISKO BLUEJYMTM

ISKO BluejymTM has a sporty look and a soft, comfortable feel. It maintains its shape and offers flexibility for every silhouette.



ISKO COSYTM

ISKO CosyTM is a double-sided fabric with a fleece-like interior. Its fibres are twice as fine as silk and three times finer than cashmere.

TRADEMARKS
CONTINUED



ISKO REFORM™ HP

ISKO Reform™ HP is denim stretch technology with holding power and an authentic denim look. This fabric provides comfort and support to the figure and won't lose its shape.



ISKO REFORM™ XP

ISKO Reform™ XP is denim stretch technology with increased stretch capability. This fabric offers enhanced freedom of movement.



ISKO REFORM™ 100

ISKO Reform™ 100 is denim stretch technology with ultimate stretch capability and a contoured denim look. It delivers high comfort and an authentic denim appearance.

CIRCULARITY

TARGET:
Produce 85% of our entire fabric production with recycled materials by 2023

Innovation is central to ISKO’s operations, particularly when it comes to circularity.

We want to enable significant, scalable impact. To do that, we are seeking out and developing technologies and processes to quickly deliver recycled and recyclable materials to the market.

Our R-TWO solution consists of 50% recycled or reused materials, including pre-consumer cotton and recycled polyester, which is converted on-site from waste PET at our facilities.

In 2021, we announced a licensing agreement for the award-winning, revolutionary Green Machine, a one-of-a-kind technology that fully separates and recycles cotton and polyester blends at scale. We are working to develop and scale the technology, which we see as a key tool to achieve our vision of full circularity. We are also evaluating the

available technologies on the market. We use our fabric development expertise to assess their capabilities, maturity, and potential for commercialization against the needs of the industry.

We consider ourselves as the bridge between technology and the market, giving brands access to the most innovative and effective solutions.

The journey to creating a circular industry requires multiple solutions, and so our strategy contains several components. We are collecting pre- and post-consumer waste, developing new technological solutions to renew the collected materials, and innovating ways to make recycled materials highly functional and durable.



ISKO’s motivation is to play a central role in the industry to make it more sustainable – enabling textile-to-textile recycling, using waste textiles to create new fabrics, and meet the needs of our customers.



RPET BY ISKO

Our recycled polyester facility opened in August 2021. This facility takes post-consumer plastic bottles and converts them into polyester for use in ISKO products.

We currently produce 25 tonnes of recycled polyester per day (meeting Global Recycled Standard requirements) with the capability of nearly tripling that figure in the next two years.

We have made changes to our main facility to support this. We've changed 300 looms (15%) to accommodate these recycled yarns. We continue to add to this development to pre-process polyester feedstocks.

In addition to supporting our environmental ambitions, this facility has led to 146 new jobs. This includes production support and supplier management, which ensures we have access to the materials we need.

Find out more about our recycled denim materials [here](#).

CIRCULARITY HUB ROADMAP

We have ambitious plans to promote material circularity in our products. This starts with our on-site cotton and polyester recycling. We are also partnering with researchers and incipient-technology companies so we can move to fibre-to-fibre and chemical recycling of key materials:

- NOW
- Short term**
 - Cotton:** Mechanical recycling
 - Polyester:** Thermo-mechanical recycling (PET bottles)
 - Other resource efficiency measures:** Organic and regenerative cotton, laser finishing, water purification, water-efficient washing system, closed-loop and chemical-free dyestuff

- 3 YEARS
- Medium term**
 - PES:** Fibre-to-fibre thermo-mechanical recycling
 - Poly-cotton blends:** Thermo-chemical recycling
 - Other resource efficiency measures:** Bio-sourced and bio-degradable dyestuff, supply chain traceability, eco-design for circular products

- 3 YEARS
- Long term**
 - Chemical recycling**
 - Other resource efficiency measures:** Bio-degradable properties, bio-sourced materials, lean and green manufacturing

VALUE CHAIN

TARGET:

Request 80% of our suppliers (including all high-risk suppliers) to audit to reduce environmental impact, particularly water use, and ensure best-practice labour standards by 2030

Eco-design is the backbone of our approach to sustainability.

We reference the Textile Exchange's preferred fibre list (which identifies lower impact materials) when making our material choices. Textile Exchange also provides essential guidance when choosing responsible supply networks for farming, processing, and handling of used materials. This enables traceability and ensures the integrity of our fibres.

When we do use first-generation cotton, we primarily source from within Turkey. We have partnerships with local cotton producers to develop a regenerative option for the first-generation cotton we use. Our parent company, Sanko, provides most of the yarns that we use.

Through our partnerships with ZDHC and bluesign®, we are very conscious of the chemicals that we use. We maintain a restricted

substances list for both our operations and our supply chain, and we had no discharge of hazardous chemicals (0%) in our operations and supply chain in 2020. We maintain a restricted substance list for both our operations and supply chain, and continue to deliver on our commitment to have no discharge of hazardous chemicals, in alignment with ZDHC's Manufacturing Restricted Substance List (MRSL).

Working with industry partners is essential to ensuring our products are as sustainable as possible. By finding the right materials and partners, we can reduce the lifecycle impact of our products and ensure that workers in our value chain are well-treated.

All our suppliers and partners are required to sign our Supplier Social Compliance Policy, which is in line with strict government legislation. It is a commitment to high labour standards, no forced labour, pay that meets at least the minimum wage, non-discrimination, compliance with laws and other obligations, environmental protection, maintaining health and safety, and communicating this commitment to their suppliers.

We conduct audits and use Sedex to ensure these standards are met. We communicate this to our own customers, including the results of our Sedex Members Ethical Trade Audit (SMETA). The results from ISKO's 2021 SMETA audit are available via Sedex.

Visit [Sanko Textile's](#) responsible sourcing practices for more information.

We encourage our suppliers to reduce their environmental impact, particularly water use, and to ensure best-practice labour standards

PARTNERSHIPS

TARGET:

✓ **Certify 100% of products to sustainability labels by 2022**

The world needs production that results in positive impact on the planet. As an industry, our fashion ecosystem must work together to transform.

We are collaborating with suppliers, customers, and industry bodies to promote sustainability within the apparel industry.

Links to our partners are provided in [Appendix C](#).

BLUESIGN®

We are committed to bluesign®’s approach, actively managing our chemical use and using bluesign® approved chemicals in the manufacturing process. bluesign® is a holistic textile value chain system whose mission is to reduce impact on people and the planet.



MICROFIBRE CONSORTIUM

We are a signatory to the Microfibre 2030 Commitment. Collaborating with researchers and cross-industry stakeholders, our objective is to better understand and mitigate fragmentation, learning how to decrease and prevent fibre fragmentation and how we can improve measurement techniques.



HIGG FEM AND VFEM

We are an active participant in the Higg process, and we complete relevant Higg modules by the end of the first quarter of each year to provide timely and up-to-date information to our customers.



THE POLICY HUB

We are contributing a single industry voice to The Policy Hub to propose policies that accelerate circular practices in the apparel and footwear industry.



TEXTILE EXCHANGE

We work with Textile Exchange to understand the impact of different materials and make evidence-based choices in our purchasing and development decisions.



ZDHC

We use ZDHC Restricted Substances List to raise standards and tackle hazardous chemicals in our supplier value chain and our own operations.



ELLEN MACARTHUR FOUNDATION

We are a Member of the Ellen MacArthur Foundation. We follow their guidance, and we connect with customers and suppliers to promote circular denim.



SEDEX

We use Sedex to manage responsible sourcing in our supply chain and communicate our ethical trading practices to our customers.





PROCESS

We have the greatest control over the impact of our processes and operations. We are ambitious, working to reduce carbon, waste, chemicals, and water-use in all our processes, and we are investing in technology to reach our goals.

Our carbon intensity is 3.9 T CO₂/T product, a reduction of 55% since 2018



CLIMATE

TARGETS:

- Reduce CO₂e emissions by 50% per tonne of product by 2030 (vs 2018 baseline)
- Set a Science Based Target initiative (SBTi) certified target by 2023
- Achieve net zero carbon emissions by 2050
- Install 14 MW solar array
- Identify climate change risks and required adaptations to operations and supply chain

The climate crisis is growing in urgency. We are responding with activities to reduce our carbon footprint, as outlined in our targets.

This includes buying recycled materials which are lower-carbon. Operationally, this means finding efficiencies, moving away from high-carbon fuels, and generating our own renewable energy.

We achieved our current target to reduce carbon by 50% per tonne of product by 2030 in 2021 – nine years early. Our carbon intensity was 3.9 tonnes CO₂e/tonne of production in 2021 (scope 1 & 2), a 55% reduction since 2018.

To extend our commitments and ambition, we are in the process of setting a [carbon target](#) in line with the latest climate science, which will be approved by the Science Based Targets initiative (SBTi).

To reduce our operational footprint we installed 3.5 MW solar panels in September 2021 with plans to install a further 6.6 MW in 2022 and 2023, subject to approval from the authorities. We are also phasing out coal usage and installing lower-carbon natural gas boilers instead.



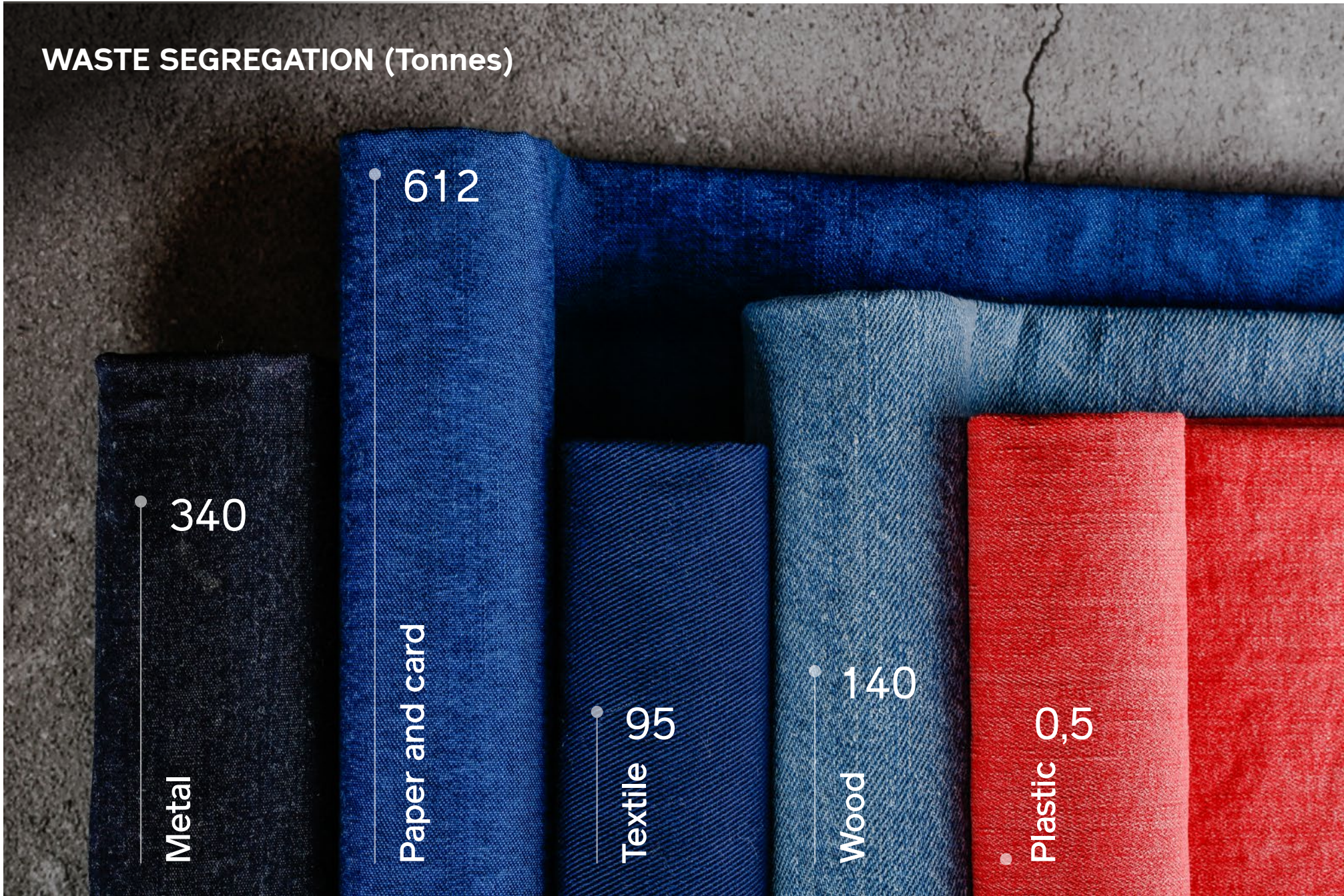
WASTE REDUCTION

Circularity is embedded into our product development and operations.

As part of our waste reduction and management strategy, we embrace the waste hierarchy. We work to reduce and reuse — and only then recycle waste. As a result, we produce very little waste, supported by our ISO 14001 environmental management system. We avoid the use of hazardous materials wherever possible, which minimises the production of hazardous waste. Any hazardous waste we do produce is managed responsibly and by specialist waste contractors where needed.

ISKO's vision of waste is brought to life by our commitment to use recycled materials, and embedded through our supply chain where we request our suppliers to audit their environmental impacts.

Individual performance KPIs are used at every stage of production to track energy, water, and waste — for every single fabric ISKO produces.





Our bluesign® chemicals facility will provide 30% of our chemicals, ensuring that they meet the strictest environmental standards

CHEMICALS

TARGETS:

- Use 100% bluesign® approved chemicals by 2025
- Eliminate harmful chemical discharge by 2025

Avoiding hazardous chemicals supports product and worker safety and improves wastewater quality. We see it as a vital component of our products’ sustainability.

We use safe chemistry wherever possible, led by our commitment that all the chemicals we use will be bluesign® certified by 2025. We met the ZDHC (Zero Discharge of Hazardous Chemicals) Manufacturing Restricted Substance list in our operations and supply chain in 2020 and are now going further through our partnership with bluesign®. bluesign® certification sets out stringent chemical management requirements and provides a comprehensive positive chemical products list to ensure the highest standards of safety.

ISKO’s target to have our complete chemical inventory [bluesign®](#) approved is supported by our own bluesign® chemicals facility, and we have recently finished registering our products. The facility will provide 30% of our chemicals, including indigo and sulphur paints, auxiliary chemicals, and softeners.

WATER

TARGETS:

- Reduce process water use year-on year per tonne production
- Eliminate wastewater discharge by 2025

We are consistently reducing water use and improving water quality.

As well as good chemical management, we are innovating around waterless and non-toxic dyeing. We are also reusing water where we can — 15% of cooling water is reused and 35% of the water used in the finishing process is recycled. Any wastewater is purified before being returned to the environment.

To support this further we are planning to construct a wastewater treatment plant which will include a post-treatment plant.





We strive
to improve
our footprint,
starting with
the impacts we
have through
our products
and supply
chain

BIODIVERSITY

The UN has called the threat to ecosystems, including animal species, plants, and soil health, unprecedented. We know we need to take action to reduce our impact and make space for nature.

As always, when we strive to improve our footprint, we start with the impact that we have through our products and our supply chain. The biggest way we can support biodiversity is through our choice of materials. By using recycled fibres in our fabrics and freeing up agricultural land used for growing cotton, we are supporting the circular economy and making space for nature.

This approach is aligned with the path set out by the Ellen MacArthur Foundation. We currently use recycled and first-generation fibres in our fabrics to lessen our impact, and we are using regenerative cellulosic fibre to reduce the impact of our first-generation fibres and have a positive impact on the environment.

By using more recycled materials, we are reducing our reliance on pesticides, which are often used to grow cotton. This helps to reduce pollution and support biodiversity, such as important insect populations.

Beyond this, we are also innovating with our partners at The Microfibre Consortium to prevent plastic pollution. We are looking at ways we can develop safe yarns and fabrics that will avoid the release of microfibres into natural environments.



PEOPLE AND COMMUNITY

ISKO and Sanko, our parent company, are family-owned businesses. Our employees, by extension, are part of that family.

In 2021, we had 3200 full-time employees — 24% female and 76% male. The goal of our two companies is to support all of our employees. We work to provide them with opportunities for growth and development, and to keep them safe and well.



We have provided our employees with over 35 hours of training, offering more courses each year

ENGAGEMENT

TARGET:

Offer more development opportunities to employees that are certified or externally recognised

Our employees devote a lot of time to making ISKO a success, creating exceptional woven fabrics.

We run regular surveys to make sure they are happy in their roles, supported by improvement plans to meet their needs.

Our 2021 Fair Life survey and participant evaluation survey highlighted that the timing of the trainings made it difficult for people to join between work commitments. In response, our training team is working on developing an online learning system to allow people to access training and resources at any time. This makes it easier for our employees to acquire the development opportunities they need.

The surveys also highlighted the challenges people are facing due to the current high cost of living and rents, and we are looking at how we can further support our employees through this difficult period.

We are offering more development opportunities to employees who are certified or externally recognised, or whose training results in a qualification.

We support employee development through a range of trainings: induction, mandatory and role-based offerings, and training to support individual and professional development.

In response to employee feedback, we are offering more online training and plan to launch an online training system. In 2021, we continue to add courses on important topics such as information security, health and safety, personal data protection, chemical management systems, and sustainability. To ensure quality, key courses are professional-competence-training certified.

We will be adding new courses as needed, including behavioural development training for managerial employees.

TRAINING HOURS PER PERSON

	2016	2017	2018	2019	2021
Orientation training	14	22	17	23	23
Development training	5	8	4	9	13





We provide our employees with vacation leave, overtime pay, and benefits

WORKPLACE

TARGET:

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

Our employees are fundamental to our success. As such, we want to provide a workplace where employees feel comfortable, included, and supported.

We respect the right of our employees to join a union. ISKO workers are free to join TEKSIF, the employee trade union at ISKO, which has an office and employee representatives onsite.

We are proud to pay all ISKO employees a living wage. We have always aimed to ensure that our workers and their families are supported by the wages we provide. We know this has been harder during the pandemic and the cost-of-living crisis, and we are supporting our employees through this period.

HEALTH, SAFETY, AND WELL-BEING

TARGETS:

- Pursue zero (0.0%) safety incidents
- Increase safety near-miss reporting system to prevent safety incident
- Reduce Accident Frequency Rate to 1.8 accidents per million working hours by 2030
- Reduce Accident Severity Ratio to 10 missed working days per million work days by 2030

Employee well-being is important to ISKO. We ensure that our workers receive appropriate rest and vacation leave, and that they receive additional pay for overtime.

We also provide employees with additional benefits such as bonuses, family and seniority premiums, compassionate and parental leave, and child education support. All ISKO employees are provided with private insurance concerning health matters, in addition to social insurance.

Health and safety is essential to our operations. While we have representatives in each department to support this, we encourage everyone to be aware of their own safety and that of their colleagues. We offer training to support this and supply appropriate personal protective equipment where applicable.

Health and safety is managed through our ISO 45001 certified health and safety management system with near-misses registered in our quality document management system. In 2021, we recorded 5800 near-misses and 34 accidents.

*In the last year, we have adjusted the way we assess accidents at work, putting better reporting mechanisms in place to include the reporting of smaller incidents. This has resulted in a slight increase in the number of reported accidents this year.

ACCIDENT REPORT

	Accident Frequency Rate (Number of accidents in 1 million working hours)	Accident Severity Ratio (Missing working days in 1 million working days)
2016	22	101
2017	22	82
2018	20	90
2019	22	65
2020	22	90
2021*	34	111



HUMAN RIGHTS

TARGET:

✓ Maintain zero incidences of human rights violations in our operations

We strongly believe in upholding the human rights of every person in our operations, in our communities, and in our supply chain.

We seek to treat all people with the respect they deserve, starting with our employees.

This is supported by our compliance with ILO standards, providing opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security, and dignity. We operate a zero-tolerance policy against human trafficking and all other human rights violations, and we recorded no incidents relating to human rights violations in the last year.

To support understanding in this area we have developed and rolled out social compliance trainings and updated our Social Compliance Policy.

We strictly commit to maintaining zero incidences of human rights violations in our operations



APPENDIX A - GRI INDEX

GRI STANDARD NUMBER	DISCLOSURE	RESPONSE
General Disclosures: 1. The organization and its reporting practices		
2-1	Organizational details.	About ISKO.
2-2	Entities included in the organization's sustainability reporting.	About this report.
2-3	Reporting period, frequency and contact point.	About this report.
2-4	Restatements of information.	No data has been restated.
2-5	External assurance.	External assurance on all data in this report has been provided by Control Union.
General Disclosures: 2. Activities and workers		
2-6	Activities, value chain and other business relationships.	About ISKO.
2-7	Employees.	About ISKO.
2-8	Workers who are not employees.	About ISKO.

GRI STANDARD NUMBER	DISCLOSURE	RESPONSE
General Disclosures: 3. Governance		
2-9	Governance structure and composition.	About ISKO.
2-10	Nomination and selection of the highest governance body.	As a family-owned business, nomination and selection of the highest governance body is managed through Sanko and the board of directors.
2-11	Chair of the highest governance body.	Fatih Konukoğlu is CEO and Chair of ISKO.
2-12	Role of the highest governance body in overseeing the management of impacts.	How sustainability is managed.
2-13	Delegation of responsibility for managing impacts.	The Head of Sustainability reports directly to the CEO, who approved targets, priorities and signs off the Sustainability Report.
2-14	Role of the highest governance body in sustainability reporting.	
2-15	Conflicts of interest.	As a family-owned, private business this information is considered confidential and is not reported.
2-16	Communication of critical concerns.	
2-17	Collective knowledge of the highest governance body.	
2-18	Evaluation of the performance of the highest governance body.	
2-19	Remuneration policies.	
2-20	Process to determine remuneration.	
2-21	Annual total compensation ratio.	

GRI STANDARD NUMBER	DISCLOSURE	RESPONSE
General Disclosures: 4. Strategy, policies and practices		
2-22	Statement on sustainable development strategy.	Our approach to sustainability.
2-23	Policy commitments.	<p>Our approach to sustainability and throughout.</p> <p>Sustainability is managed through our code of conduct and our certified.</p> <p>Environmental, Quality, Energy and Health and Safety Management.</p> <p>Systems, led by our Sustainability division and CEO.</p> <p>Sustainability commitments and goals are embedded across the business from innovation and product development to operational management and supply chain relationships.</p>
2-24	Embedding policy commitments.	<p>Our approach to sustainability.</p> <p>Our Code of Conduct, which is publicly available through our website, lays out the expectations of ISKO employees and is provided to all staff at orientation and during annual refreshes.</p>
2-25	Processes to remediate negative impacts.	Should our employees encounter any issues, we have written procedures for disciplinary actions and conflict resolution.
2-26	Mechanisms for seeking advice and raising concerns.	
2-27	Compliance with laws and regulations.	We maintain strict compliance with the social and environmental regulations, permits and licenses and reported no significant non-compliances with these.
2-28	Membership associations.	<p>Our approach to sustainability.</p> <p>Value chain.</p>

GRI STANDARD NUMBER	DISCLOSURE	RESPONSE
General Disclosures: 5. Stakeholder engagement		
2-29	Approach to stakeholder engagement.	We engage with stakeholder through a variety of means. We use our partnerships with a broad range of industry bodies to engage with bother customers and suppliers. Our sales steams work closely with customers and are well versed in the sustainability aspects of our products and feedback customer needs to R&D and Sustainability functions.
2-30	Collective bargaining agreements.	People and community.
Material Topics		
3-1	Process to determine material topics.	We have identified our material topics through conversation with our industry partners and customers, based on changes to legislation.
3-2	List of material topics.	Our approach to sustainability.
3-3	Management of material topics.	Our approach to sustainability, Governance, topic section.
Products		
301-2	Recycled input materials used.	Products and services. We publish data based on minimum recycled content of our products.
417-1	Requirements for product and service information and labeling.	Products and services. We comply with all labelling requirements needed. We also go beyond legal minimums, and achieve certifications to provide the sustainability attributes of our products, including relating to organic, recycled materials etc.

GRI STANDARD NUMBER	DISCLOSURE	RESPONSE
Processes		
302-1	Energy consumption within the organization.	Climate.
302-3	Energy intensity.	Climate.
303-3	Water withdrawal.	Water management.
305-1	Direct (Scope 1) GHG emissions.	Climate.
305-2	Energy indirect (Scope 2) GHG emissions.	We are measuring these elements in line with our commitment to set a Science-based target and will be publishing data in future.
305-3	Other indirect (Scope 3) GHG emissions.	
305-4	GHG emissions intensity.	Climate.
306-3	Waste generated.	Waste.
306-4	Waste diverted from disposal.	Waste.
People		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees.	People and community.
401-3	Parental leave.	People and community.
403-1	Occupational health and safety management system.	People and community.

GRI STANDARD NUMBER	DISCLOSURE	RESPONSE
403-9	Work-related injuries.	People and community.
404-1	Average hours of training per year per employee.	People and community.
406-1	Incidents of discrimination and corrective actions taken.	People and community.
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk.	<p>TEKSIF, the employee trade union at ISKO, amplifies the voice of ISKO staff. We respect ISKO employees' right to join a union and TEKSIF has an office and employee representatives onsite.</p> <p>We support freedom of association in the supply chain through our use of SEDEX and other supply chain management tools.</p>
408-1	Operations and suppliers at significant risk for incidents of child labor.	ISKO supports the UN Universal Declaration of Human Rights and we operate a zero tolerance policy against human trafficking, child labour and all other human rights violations. No human right violations have ever been reported in our operations.
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor.	<p>We maintain high standards so the risk at ISKO is very low. Only ISKO employees participate in textile production, and there are robust processes in place to prevent underage workers or any other form of malpractices. ISKO does not use any sub-contractors whatsoever in fabric or any other production. Where third parties carry out work on our site, such as maintenance, catering and security, we thoroughly check these partners and their processes.</p> <p>In our supply chain, we manage suppliers through Sedex and other value chain management tools.</p>
308-1	New suppliers that were screened using environmental criteria.	Data currently unavailable.
414-1	New suppliers that were screened using social criteria.	We purchase most of our yarns through our parent company Sanko, which is committed to sustainable sourcing. We are working with other suppliers on environmental topics, such as ZDHC. When responsible materials are not available, we invest in creating them ourselves, e.g. recycled polyester and bluesign® approved chemicals.

APPENDIX B - SDG ALIGNMENT

ISKO responds to the Sustainable Development Goals (SDGs) through our approach to business and our commitments to sustainability.

We have identified certain goals where we can have a greater impact, and others that we can make contributions towards. We work hard to maximise our contribution to the global effort to achieve the goals, and will continue to monitor and align our progress and targets with the SDGs.

FOCUS GOALS		
SDG		ISKO IMPACT
6	Clean Water and Sanitation	Efficient water use, supporting local industrial district water treatment plant, ZDHC commitment
7	Affordable and Clean Energy	Energy efficiency and carbon reduction initiatives
8	Decent Work and Economic Growth	Workplace health and safety, providing decent jobs, protecting labour rights, modern slavery and child labour prevention, promoting resource efficiency and materials recycling, responsible supply chain management
12	Responsible Consumption and Production	Promoting resource efficiency and materials recycling, purchasing responsible raw materials, innovating to reduce waste and include reused and recycled fibres
13	Climate Action	Reducing carbon footprint through efficiencies and material recycling
17	Partnerships for The Goals	Work with industry partners and initiatives to build best practice, developing and sharing best practice





ISKO also contributes to the other goals without specific targets in place to address them.

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

APPENDIX C - LINKS TO RESOURCES

We work with many partners and respond to social and environmental topics rapidly. To see the most up-to-date activities about the work we are doing visit:

[ISKO website](#)

[EPDs](#)

[Certifications](#)

[Science Based Target initiative \(SBTi\) commitment](#)

Our partners include:

[Textile Exchange](#)

[Sedex](#)

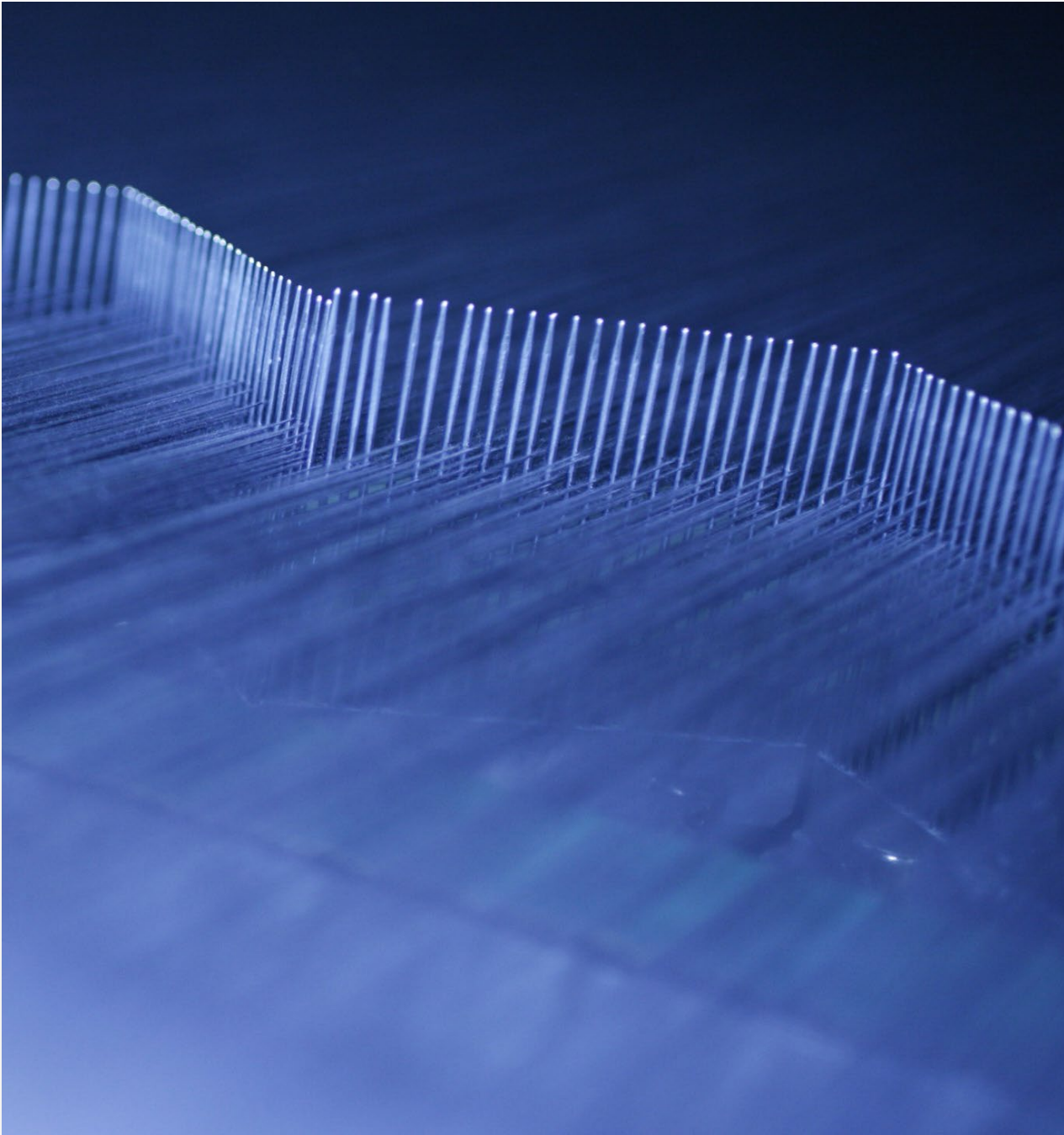
[Higg FEM and vFEM](#)

[bluesign®](#)

[Roadmap to Zero & ZDHC](#)

We are a Member of the:

[Ellen MacArthur Foundation](#)



ISKOTM

www.iskodenim.com