

APPRIVA

**SUSTAINABILITY
REPORT**

2020



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About This Report

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Appriva is a garment manufacturing company ensuring business sustainability for our stakeholders, clients, and employees with a holistic approach. At Appriva, our executive level management is formed by dynamic textile experts who have wide experience in the industry.

The headquarter of Appriva Tekstil Giyim Sanayi ve Ticaret A.Ş. is located at Güneşli, Istanbul. Appriva is a sole proprietorship business where Osman Akdağ has the sole ownership of the company. The primary purpose of this Sustainability Report is to present an annual analysis of domestic business activities in 2020 from 01.01.2020 to 31.12.2020 from a corporate sustainability perspective. It includes our non-financial economic, social, and environmental performance during the reporting year. This report has been prepared in accordance with **the GRI Standards: Core option.**

Transparency and reliability are our core values for mutual trust with our stakeholders. Therefore, receiving opinions and suggestions to improve our sustainability journey is crucial.



We kindly ask you to share your thoughts about the report and all our other sustainability efforts at sustainability@apprivatextile.com

Letter from the CEO



Dear Stakeholders,

Now that the difficult year of 2020 is behind us, it is time to look back and appreciate our learnings from such a challenging period of time. 2020 revealed the risks and weaknesses of pandemic. **However, it has also been an opportunity to assess ourselves and improve our social and environmental performance as a company.**

Throughout the year, we made new adjustments to our processes to be flexible and to comply with the

changing needs and requirements of the pandemic.

While our priority was ensuring the continuous health and safety of our employees, we also focused to realize our sustainability goals.

Capacity increase was the core priority of 2020, and our main projects were completed with efficient results. Thanks to our sustainable approach to corporate growth, we continue to expand our sphere of impact with long-term strategic planning. Besides

the capacity increase, we have made various innovations to advance our product quality and competence, such as adoption of a 3D software for apparel design and development.

Our focus on the empowerment of women has not swayed, and we continue to establish systems and new projects that enable increased support for our female employees.

With our WEBS membership, we further committed to promote gender equality in the workplace and community.

When we established Appriva back in 2014, we have decided to invest in Bolu and benefit the economic and social development of local businesses. We created a production facility that meets all our high-quality and modern production requirements. As we consider the needs and the well-being of our employees, we have designed it as a living space rather than a factory. Having a facility that feels like home, mutually benefits us in terms of efficiency. Besides production spaces, social areas have been created for our employees. Our goal for 2021 is to

establish Appriva Academy in order to enrich and diversify our training opportunities and increase the benefits of Appriva for its employees. We will continue to plan the execution of new sustainability projects and pursue verification of Appriva qualities such as company culture and being an eco-friendly business.

During our capacity increase, energy efficiency measurement was one of the topics we focused while establishing our additional production lines and we completed necessary adjustments to prevent from energy leakages. For long-term, we aim to invest in renewable energy resources to achieve carbon reduced production in order to be align with EU Green Deal.

I am proud to present our first Sustainability Report and would like to take this opportunity to thank all of our stakeholders who have contributed to our sustainability journey. I strongly believe that it will serve as a guide for our future work to create long-term value for our planet, people and community.

Osman Akdağ
Chairman & CEO

A close-up photograph of pink plum blossoms on dark, woody branches. The flowers are in various stages of bloom, with some fully open and others as buds. The background is dark and out of focus, with some blurred pink blossoms visible. The lighting is soft, highlighting the delicate petals and stamens of the flowers.

Part 1
**About
Appriva**

About Us

Appriva's journey started in 2014 with the motto of innovation in the textile industry. We established our brand-new production facility in Bolu in 2016 and based our operations on universal quality and sustainability principles through all processes from sample development to bulk production.

Sustainability is the vital element for the textile industry as it requires an intense level of adaptation of proper guidelines to reduce the negative environmental effects. In this perspective, we put sustainability at the core of our business. We integrated a holistic approach to keep up with the sustainability innovations and the current/updated/upgraded practices of the textile industry. Our customer management principles are based on the belief that each customer is unique. We fulfill all the manufacturing requirements of the brands that we supply and create customized solutions for all our local and global partners in the apparel industry.

As a garment manufacturer, we operate production lines in denim and non-denim groups. The fabric is cut,

sewn, washed, ironed, and packaged before it is delivered to the brands' warehouse. We also work with around 30 subcontractors located in Istanbul for some of our products.

Our purchased fabrics and materials are tested in independent laboratories for their compliance according to our customers' quality standards. With chemical and physical tests that are performed regularly, we assure that our fabrics and materials do not contain any prohibited or harmful chemicals. On the other hand, the final products are retested with a random test method before the shipment to the final customer. We continue to conduct risk analysis studies for each of our customers' styles before the production for the continuity of our product quality.

In 2020, we made investments for an additional building to increase the capacity of our major facility at Bolu. With an extra space of 6612 m², we are now able to offer spacious recreation areas, an extended library and a spacious lunchroom for our employees, as well as a larger training room for Appriva Academy.



We plan long-term investments for Appriva to improve our brand considerably. As a result of this, we expect an operationalization of 40% capacity increase.

With our extensive production approach, we provide complete package services to our customers in leading fashion brands:



Development Center

R&D team performs various research for the newest fabrics, trims, embroidery, and prints and prepares regular collections to present our customers. We create our collection by following the latest trends closely and implementing sustainable washing techniques.



Pre-production

At the pre-production phase, cost analysis is performed and samples are approved, fabric, pattern and trim quality controls are completed.



Production

Our production lines are designed for optimum efficiency. In order to sustain product quality, a unique quality control step is included at the production phase where our QC specialists can visualize the latest comments of the customers on the products which are shown on the screens specifically designed for this process.

Industry Certificates and Memberships



Sedex

Approval for Ethical Trade

Sedex is a membership organisation that provides one of the world's leading online platforms for companies to manage and improve working conditions in global supply chains.



HIGG Index

Sustainable Apparel Coalition

The Higg Index is a suite of tools that together assess the social and environmental performance of the value chain and the environmental impacts of a product.



SLCP

Verification

SLCP provides the tools and system for a high-quality comparable data set on working conditions that can be used by all industry stakeholders. It increases transparency in supply chains, reduces the need for social audits and allows users to redeploy resources into improving working conditions.



BCI

Better Cotton Initiative

Better Cotton is the world's leading sustainability initiative for cotton. Through BCI, A new generation of cotton farming communities are able to make a decent living, have a strong voice in the supply chain and meet growing consumer demand for more sustainable cotton.



Organic Content Certificate

by Control Union

The OCS is an international, voluntary standard that sets requirements for third-party certification of certified organic input and chain of custody; Providing a tool for verification of organically grown content, a tool for communication of the content claimst to the industry, a tool for organic fiber farmers to access the market.



Recycled Claim Certificate

by Control Union

The RCS is an international, voluntary standard that sets requirements for third-party certification of recycled input and chain of custody. The goal of the standard is to increase the use of recycled materials. The objectives include alignment of recycled definitions, verification of recycled content in products and provide consumers with a tool to make informed decisions.



Gateway

by ZDHC

ZDHC supports good chemical management by helping to avoid the use of banned substances during production and manufacturing. The platform facilitates the creation of end products that meet the requirements for cleaner outputs.



iTKiB

iTKiB contributes to the development of bilateral and multilateral commercial relations by increasing Turkey's export potential in the textiles and garment industries, increasing its export performance, and assisting its members in international commercial activities.



ITO

Istanbul Chamber of Commerce

Istanbul Chamber of Commerce is one of the largest and well-established chambers of commerce in the world, with more than 630,000 members. ITO works to solve the problems of the private sector, to improve Turkey's international competitiveness, and to provide a safe and stable development environment for the country's economy.



BoluTSO

Bolu Chamber of Commerce and Industry

The Bolu Chamber of Commerce and Industry is a local organization of businesses and companies in Bolu with the intention to develop and further the interests of local companies and businesses in Turkey.

Our Values

Mission

We are constantly working to be a pioneer in our industry. We produce high-quality products by complying with all national and international standards. Our mission is to supply our customers with a full package of woven apparel products and services to carry out our activities for the most substantial benefit of people and the environment.

Vision

The satisfaction of our stakeholders comes first for us. We work and produce our garments with a comprehensive approach from design to delivery. We maintain quality, price, and service standards at the maximum level to be an outstanding garment sourcing and manufacturing organization in the local and global markets.

Value Chain

At Appriva, we take the responsibility of all our actions. We prioritize establishing a sustainable business model with an understanding of a circular approach. We create our value chain with our motto of "Everything we do has a return."



PROFESSIONALISM

Working with the right people returns as professionalism

HAPPY EMPLOYEES

Investing in our employees' happiness returns as impeccable quality.

QUALITY

Focusing on quality returns as high product quality standards.

HAPPY CUSTOMERS

Our product quality returns as customer satisfaction.

SUCCESS

Customer satisfaction generates returns as corporate success.

SUSTAINABILITY

Respecting nature returns as the world our children will inherit.



Part 2

Sustainability at Appriva

Approach to Our Sustainability

Growing mass production in the textile industry in the earlier periods of the industry history has led to fast fashion, which consists of mass-produced, machine-made, low price, cheap quality products that most possibly ended in landfills. **However, the textile industry has been considering a greener future seriously as it developed the term of sustainable fashion.** Sustainable fashion effectively fosters change in the industry towards

larger social justice and ecological integrity. Appriva regards the textile industry from the perspective of its stakeholders including producers to end-users, as well as, all living species, the existing and future inhabitants of the earth; and adopts sustainable fashion.

The textile industry has become the second largest industry of the global trade market and is expected to

grow more. Even though this means expansion of capacity, it also threatens the planet. To reduce the operational negative impact of textile production on the environment, all the components involved must be monitored and manufacturing methods should be improved. As Appriva is conscious of its impact on all its stakeholders, near and distant, as much as its product quality, we prioritize sustainability in all our operations.

At Appriva, our management approach includes acting responsibly through our business lines. We implement such an approach by embracing a distinguishing, modest characteristic and respecting all humans as a fundamental concept. We strive to manage all the outcomes of our economic, social and environmental activities responsibly. A sustainability policy is established to accomplish this task. The policy consists of our long and short-term plans.



The guiding principles of our sustainability practices are listed as follows:

- We realize our social and environmental responsibilities by fostering an active cooperation with our internal and external stakeholders.
- We recognize human resources as the most significant factor of sustainable growth. **Our employee's rights are explicitly encouraged.** Appriva provides a non-discriminatory, healthy and safe work environment to its employees while treating them with honesty and fairness. No person shall be subject to any discrimination on the basis of language, race, nationality, colour, gender, political thought, belief, religion, age, physical disability at Appriva.
- We support our **employees' rights to work in a healthy, peaceful and safe environment**, under the working conditions in compliance with International Labour Organization requirements.
- We capture a convivial atmosphere for our suppliers, subcontractors and all other stakeholders to **adopt the Appriva standards in their own professional spheres.** We expect our suppliers, subcontractors and all other stakeholders to share our ethical, social and compliance standards and to apply these within their own supply chains' as well.
- We manage the possible negative effects of our actions with a sense of responsibility.
- We feel the obligation to define and implement the methods, to improve and develop the existing systems that will minimize any adverse impact of our activities.

Sustainability Management



To keep the track of company sustainability at every step of our production line, we established a sustainability committee. Different departments carry out detailed responsibilities in their respective fields in the committee. These departments are shaped around four central subjects: **utilization of resources and material use, waste management, occupational health & safety, and sustainable corporate communication.**

The highest executive in Appriva, our CEO Osman Akdağ, chairs the Sustainability Committee. Under his direction, all the management and investment decisions regarding the sustainability of the company are taken with utmost importance. The Committee regularly meets to monitor and assess the projects for improving the company's social and environmental sustainability performance.

Sustainability Committee

Position	Board Duty	Job Description
CEO	Committee Chairman	Approving the short, medium, and long-term goals of the Sustainability Committee; Taking part in every planned meeting; Coordination of Sustainability Committee members; Identification and approval of Sustainability Governance Mechanisms
Marketing Director	Sustainable Business Development	Determination of sustainability strategies according to the current market needs; Transfer of committee studies and action plans to the Committee Chairman; Ensuring the integration of sustainability actions into company culture; Determination of Sustainability Governance Mechanisms; Strengthening sustainability communication
Sustainability Project Consultant	Corporate Sustainability	Creating social and environmental projects in line with sustainability strategies; Coordination of project teams and follow-up of processes; Project management
Factory Manager	Project Supervisor	Supervising the compliance of the Sustainability Policy and Goals within the general strategy and goals; Performance Audit of sustainability practices
Human Resources Responsible	Social Sustainability	Following the project group and negative feedbacks; Problem detection and solve; Ensuring gender equality and supporting women employment
OHS Specialist	Social Sustainability	Conducting investigations and research on occupational health and safety in all departments; Gathering necessary information and meeting with employees; Consulting on negative issues
Environmental Engineer	Environmental Sustainability	Determination and implementation of improvements on all production and consumption activities for the environment in a way that will not harm human health and natural balance
Purchasing	Environmental Sustainability	To control banned chemicals in all purchasing processes and follow up chemical inventory
Sustainable Customer Communication	Sustainable Marketing	Monitoring the sustainability demands of the customers in the denim group and providing periodic information to the committee; Preparation of sustainability collections; Sustainable R&D studies
Employee Representative	Corporate Communication	Informing employees about sustainability studies; Representing the employees

Risks and Opportunities

During the Covid-19 pandemic, we've faced many risks which also brought **new opportunities for our company**. While the costs of raw material supply increased, economic uncertainties became an actual problem with the fluctuations in the market.

These Covid related problems, which have not been encountered before, paved the way for developing our existing sustainability goals. One of the primary changes was about the supply chain shifts; we gave priority to local transactions to prevent breaks in unexpected situations and ensure business continuity. **This challenge also accelerated the digitalization improvements at Appriva.** During the lockdown, we switched to the fully remote or hybrid working systems at our headquarters.

Besides, we made various arrangements for the European Green Deal published in December 2019. With the deal which legally regulates sustainability goals, Europe aims to be the first carbon-neutral continent by 2050. This transformation is considered as a new economic model for restructuring the

businesses by allowing efficient use of resources. **At Appriva, we accelerated the adoption of a long-term action plan for this green transformation that we are volunteering to be part of.** In order to strengthen our cooperation with our customers in European countries, we initiated a corporate carbon footprint measurement and improvement project compliant with ISO 14064 standards.

Knowing the risks as well as the opportunities in the global transition towards new business models under the threat of climate change, we will continue to adapt and pursue our corporate goals.

Risks

Opportunities

Supply chain disruptions

Innovation opportunities and incentives

Price fluctuations of raw materials

Sustainability communication and marketing

Increasing climate change risks

Employee welfare studies

Diverging customer expectations

New markets for new products

R&D challenges

Efficiency studies

Water security

Digital transformation

Taxation of GHG emissions

Sustainable materials

Tightening rules and regulations

Consumer preference towards eco alternatives

Global Net Zero ambitions, transition to low carbon economy

Innovative partnerships with key stakeholders

Climate change risks

Challenges of supplying recycled raw materials and manufacturing of recyclable products

Pandemic risks (social distancing, international travel restrictions etc.)



Part 3

Stakeholder Analysis

Stakeholder Analysis

102-42

At Appriva, we believe that the stronger relationships we build with our stakeholders, the easier it will be to achieve our common goals. For this purpose, we categorized our stakeholders into two main groups as internal and external. Employees, executives, and shareholders are considered as internal stakeholders, while customers, suppliers, non-governmental organizations, public institutions, certification bodies, and society constitute external stakeholders.



Stakeholder Engagement

102-40, 102-43, 102-44

To grasp our stakeholders' demands, we care about understanding the internal and external relations more closely. Through regular stakeholder engagements, we receive and memorize their needs and expectations for our company with regards to our sustainability. **The basis of the stakeholder engagement is built on open and transparent communication principles.**

Key Stakeholders	Engagement Frequency	Engagement Method	Stakeholder Expectations	
Employees	Constant	Training, performance reviews, one-on-one meetings, social events, meetings, sustainability reports, email-phone calls	<ul style="list-style-type: none"> • A good working environment • Occupational safety training 	<ul style="list-style-type: none"> • Promotion, appreciation and rewarding • Improvement of targets and performances
Customers	Regular	Customer visits, digital media tools, sustainability reports, national and international fairs	<ul style="list-style-type: none"> • High product performance • Reliability • Unique designs • Product quality 	<ul style="list-style-type: none"> • Meeting demands • Low pricing • Certifications
Suppliers	Regular	Supplier evaluation surveys, visits and audits, digital media tools, annual sustainability reports	<ul style="list-style-type: none"> • Increase in purchase volume • Long-term contracts 	<ul style="list-style-type: none"> • Timely payment • Notification on certification requirements
Contactors	Regular	Contractor assessments, visits and audits, digital media tools, annual sustainability reports	<ul style="list-style-type: none"> • Increase in orders • Long-term contracts • Timely payments 	<ul style="list-style-type: none"> • Collaboration • Detailed design reviews
NGOs	Project-based	Seminars, meetings, joint projects, annual sustainability reports	<ul style="list-style-type: none"> • Compliance with laws • Quality and compliant products and services • Environmental awareness 	
Universities	Project-based	Training and seminars, meetings, joint projects, annual sustainability reports	<ul style="list-style-type: none"> • Product development • Sustainability studies 	<ul style="list-style-type: none"> • Collaborations • Opportunities for students
Public institutions	As needed	Audits, reporting, industry meetings	<ul style="list-style-type: none"> • Compliance with laws and regulations • Improvement in working conditions • Increased export volume 	

Stakeholder Materiality Analysis

102-44, 102-45

As part of the stakeholder analysis process of reporting on our sustainability, **we have conducted an additional stakeholder engagement via an online materiality analysis survey, in line with AA1000 Stakeholder Engagement Standards.** The results of the survey indicate the material topics for our internal and external stakeholders and these will shape the direction of our sustainability strategies.

Material Topics

Very High Priority

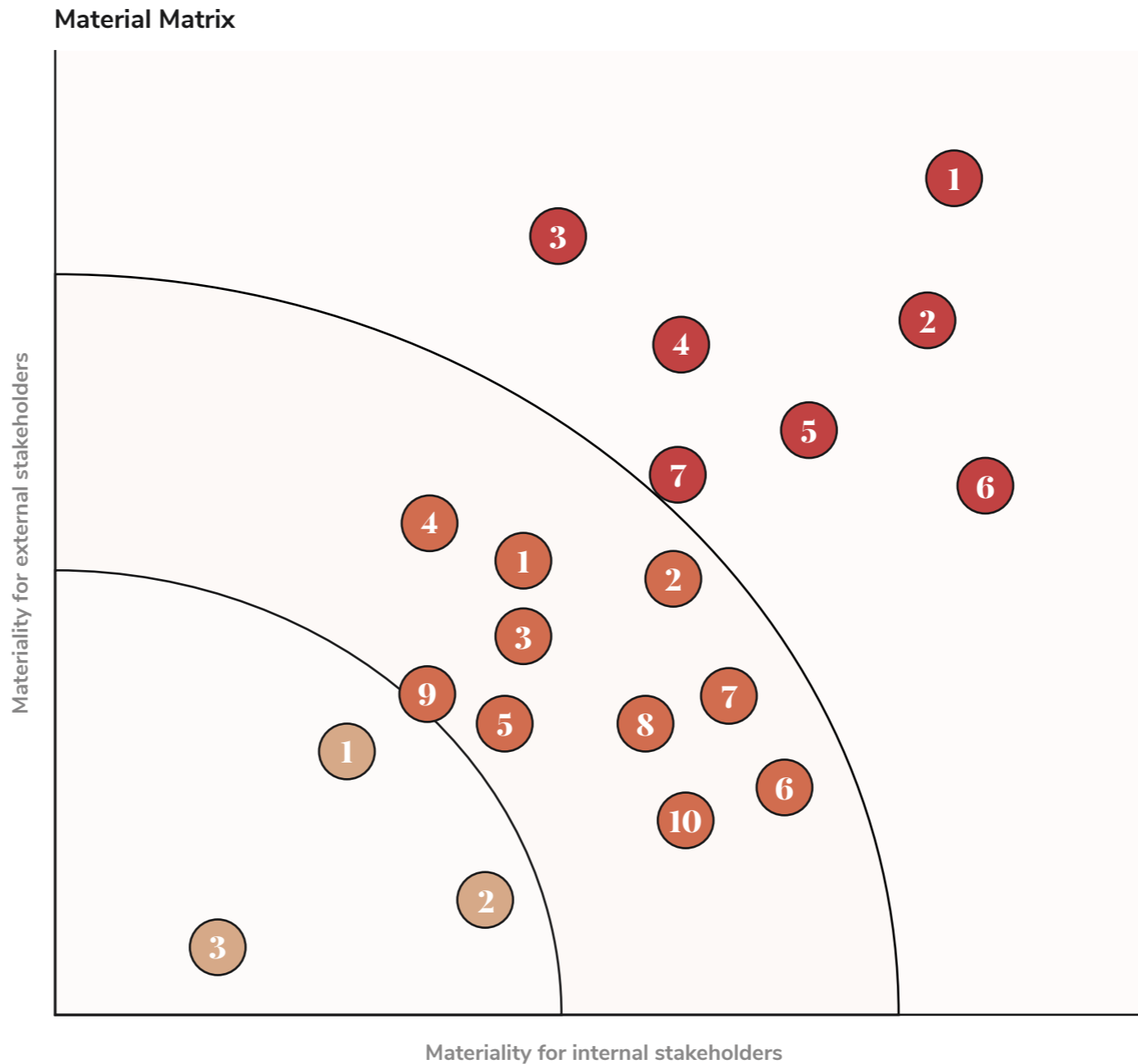
1. Waste management
2. Wastewater management
3. Empowerment of women
4. Water consumption
5. GHG emissions
6. Renewable energy
7. Supplier social and environmental evaluation

High Priority

1. Anti-corruption
2. Human rights assessment
3. Local procurement
4. Sustainable and recyclable materials
5. Climate change risks
6. Employee development and workplace
7. Employee rights
8. Customer privacy/data protection
9. Sustainable growth
10. Occupational health and safety

Priority

1. Economic performance
2. Training and education
3. Local communities





Part 4

Professionalism

Professionalism

Success is not a coincidence at Appriva. We consider our employees as the most important components of our structure. They are the primary stakeholders of our organization, and we strongly believe that with the right people and conscious choices, everything is possible. Working with the right people returns as professionalism. We name our employees as “Golden People” for having a unique skill set.

Professionalism is one of our key elements. Our understanding from this term is **the professional and ethical qualifications that our employees have, reflecting our corporate culture and identity.**

Our human resources department has two focal points on employee skills: competency in the field of expertise and a customer-oriented mindset.

As a rapidly growing company, we prioritize investing in our team to achieve professional advancement. We know that working with the right people returns as professionalism in line with the understanding that everything has a return. Working with the right

people means hiring true experts who are also open to self-advancement because continuous learning is crucial in this fast-changing industry. Therefore, **employee development is always a priority in Appriva.** We actively support our employees for their personal development.

We know that working with the right people returns as professionalism in line with the understanding that everything has a return.



Corporate Culture

As a garment manufacturer that places customer satisfaction at the center of their business perspective, we are aware that our company is formed by the added value of our employees. Therefore, **we do not only offer exclusive benefits to our team members, but we also respect them as professionals and consider them as a pioneer part of our business.** As a part of our respect to our team members, we encourage our employees to self-manage. Thus, we aim to work with professionals who have in-depth expertise in their own fields and self-management skills. Our ultimate purpose is to retain these happy employees, our 'Golden People', who will eventually **evolve to happy customers.**



Employment

By designing our facility as a living space rather than a mere factory, we aim to create a productive and efficient workplace while ensuring mental and physical health of our employees. As we aim to be one of the pioneers of the industry, sustainable employment became an initial principle for Appriva.

Our capacity has increased to 562 employees in the reporting period including our headquarters in İstanbul and our factory in Bolu. While 17% of our employees work in administrative positions as white-collar employees, 83% of our employees are blue-collared. We enthusiastically support economic

and social women empowerment in Turkey. As a matter of fact, 84% of our 562 employees are females.

With our employment policy, we undertake that all employees are treated fairly and equally, regardless of language, religion, race, gender, ethnicity, etc. Our comprehensive human resources policy meets our company's needs as it is built on the framework of international standards and improved according to our emerging needs and the changing market norms and trends.



Appriva

84.3% of our employees are female



83.5% of our employees are Blue Collar



421

Blue Collar Female

53

White Collar Female

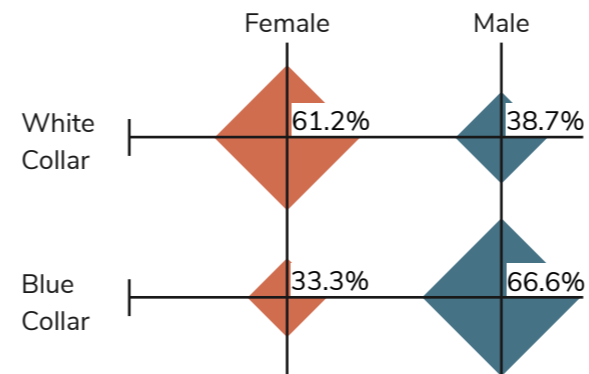
48

Blue Collar Male

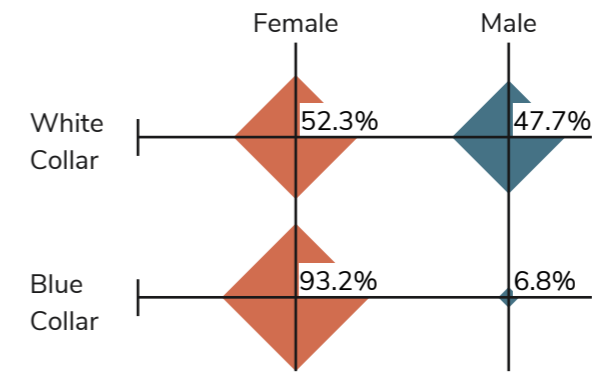
40

White Collar Male

Headquarters



Bolu



...all employees are treated fairly and equally, regardless of language, religion, race, gender, ethnicity...

Occupational Health and Safety

Zero-Tolerance Policy

on occupational health and safety targets



Accidents Incidence Occupational disease

Occupational Health and Safety Board

Consists of

Employer/Employee deputy
OHS specialist
On-site doctor
Employee manager
Worker representatives

Conducts meetings every

3 Months

Appriva eagerly embraced the idea of providing a secure and healthy working environment for all of its employees and stakeholders. Occupational health and safety practices are our priorities that are handled competently in all the areas of operation.

All levels of management are involved in this aspect for the responsibility of preventing accidents and occupational diseases.

Every employee has a right to expect a safe and healthy working environment at Appriva.

In this cooperation, we expect responsible behavior from our employees on the subject matter. In addition, we anticipate an awareness from our employees



Members of the occupational health and safety boards are provided at least one of the training topics listed below:

- Responsibility and duties of the board
- National legislations and standards about occupational health and security
- Possible causes of workplace accidents and dangerous incidents
- Foundational principles of industrial hygiene
- Effective communication techniques
- Emergency measures
- Occupational diseases
- Company special risks

not only for their own health and safety but for their coworkers' as well.

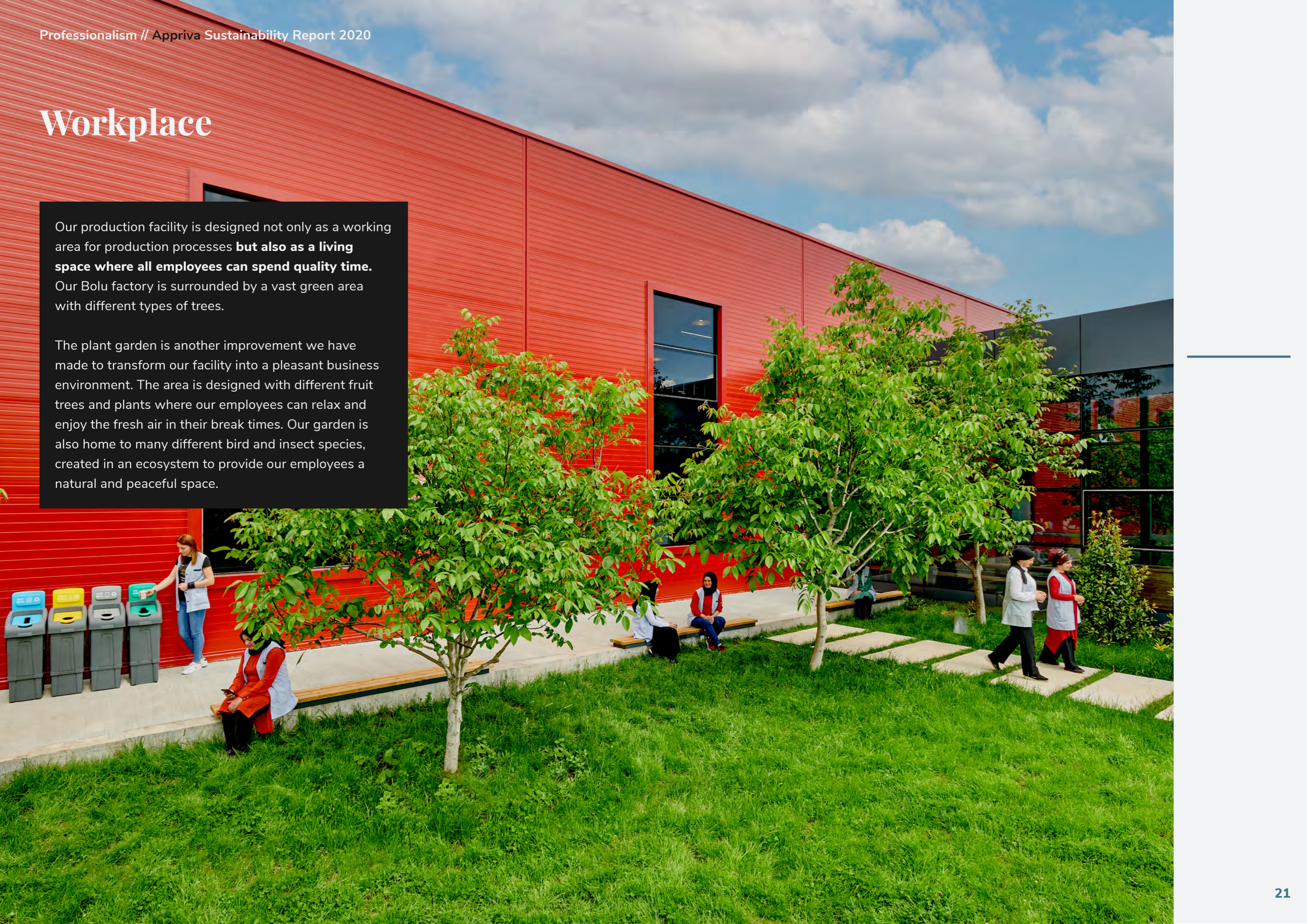
We have **a zero-tolerance policy** on occupational health and safety. Within the scope of this policy, we target zero accidents, zero incidence and zero occupational disease. Reaching this goal is the requirement of being immaculate in all areas.

Official occupational health and safety boards have been founded in both of our locations and they conduct meetings every three months regularly. The boards consist of an employer/employee deputy, an OHS specialist, an on-site doctor, an employee manager and worker representatives.

Workplace

Our production facility is designed not only as a working area for production processes **but also as a living space where all employees can spend quality time.** Our Bolu factory is surrounded by a vast green area with different types of trees.

The plant garden is another improvement we have made to transform our facility into a pleasant business environment. The area is designed with different fruit trees and plants where our employees can relax and enjoy the fresh air in their break times. Our garden is also home to many different bird and insect species, created in an ecosystem to provide our employees a natural and peaceful space.





Part 5

Happy Employees

Happy Employees

Operating a multi-dimensional company needs professional management and diverse investments to create a sustainable model. Employees are the crucial components of this model, and all the improvements in Appriva are made through this perspective. We work to establish a human-oriented corporate culture that shapes around a fair and transparent foundation. **Our broader goal is adding value to the textile industry with this understanding.**

By having a human-centered corporate culture and a management style that identifies the unique personalities, skills and individual distinctions of our employees, we experience high efficiency performances.

Our general employee approach is based on our corporate codes and the national legal laws.

We are committed to ensuring that our employment practices and the enforcement of corporate regulations ensure the protection of the rights of all those who work for us.

In many areas we aim to operate above the minimum standards required by law to ensure our employees are safe, rewarded and valued.

We value our employees as individuals and strive to keep their work-life balance. Therefore, working hours and remuneration of Appriva are reasonable and benchmarks created in line with other companies. We stabilized the occupational health and safety conditions by complying with the European standards.



Training

As we invest in employee improvement, we decided to build an academy for all the training activities. We have already initiated the studies for the foundation of the academy. We aspire to provide balanced conditions to our employees both in their work and private lives with our annual training plans. Appriva Academy has an expanded board of education for a variable subject of employee training. Our main purpose is to create annual training plans and support the work-life balance of our employees. **While Appriva Academy is still in progress, we provided several training sessions for both white and blue collar employees in 2020.**

After the training and education sessions, employee performance has been increased, and work awareness was obtained on many levels. We saw that those educational implementations helped us to create a particular value.



Some of the trainings we provided in 2020:

- Earthquake and Emergency Training
- Foreign Trade Education
- Coronavirus Informing Education
- Washing Education
- Occupational Health Training
- OHS Education
- Emergency Group and Emergency Training
- Data Sheet Education

Diversity and Non-Discrimination

Humanitarian values are the core of Appriva. Our human resources policy is built on accepting the differences in moral values, providing equality in terms of opportunity, and creating an inclusive environment for everyone to maintain a diverse culture. Recruitment processes are ensured to be fair and non-discriminative to choose the right people for the correct positions to enable all the employees achieve their full potential.

Similarly, by encouraging diversity in the management board, we stand against discrimination at all levels. It is also crucial to keep our business lines broad in terms of diversity. To provide this, we pay attention to choosing employees with different backgrounds and abilities.



Development without impartial integration would be just one side of the story. That's why the employment of women and youth is another fundamental value of Appriva. Currently, 45% of department managers are women, while 10% of them are young adults below 30.

This perspective means no discrimination in pay, hiring, compensation, access to training, promotion, and termination of employment or retirement based on race, nationality, religion, age, disability, marital status, sexual orientation, union membership, or political affiliation.



Informing all the existing employees and newcomers is vital to cultivate a conscious corporate culture. We educate and notify new employees about our "Non-discrimination and Equal Opportunity Policy" to accomplish this goal. An educational training about employee rights and obligations is provided in the first weeks. All further training or education about the work and policies provided in Appriva.



Part 6

Quality Products

Quality Products

The textile industry has a fast-growing marketplace all around the world. By definition, all products undergo a long and complex process with many components. Under these circumstances, providing quality in all steps becomes one of the main issues. **As a morally responsible company**, we deliver effective and efficient garment manufacturing services. We ensure that all the team members are committed to assembling objects for crucial aspects of delivery. By complying with all the legal conditions, Appriva consistently works to offer superior service.

Each management review measures our performance in conforming to specific targets to preserve the high-quality standards. Improvement and amelioration strategies are also determined in those meetings, such as pollution avoidance and waste management.

As a part of green quality strategies, all the materials are chemically and physically tested by independent laboratories.



This way, we ensure the safety and legal conformity of all our products. After the production phase, the random testing method is applied for the stock products to send to customers. In the final stage, we conduct risk analysis studies for our customers to assure continuation in excellence.

Sustainable Materials

The environmental impacts of the textile industry are considered as a vital issue for the sustainability efforts. Energy use, greenhouse gas (GHG) emissions, nutrients releases, and ecotoxicity from washing processes are the main issues in consideration of damage. All the elements of the supply chain need to take part in reducing the environmental

harm of the textile industry. As a manufacturer, we constituted a sensible approach to detect ecological risks and protect natural resources.

With the growing risks of climate change, humanity has faced many problems about consumption.



Especially preservation of natural resources and raw material usage came as the most controversial issues for manufacturers. High consumption of water and chemicals are deployed by the textile industry. Therefore, the industry needs a radical shift to enhance the production processes, which will eventually start changing consumer habits for less waste and a lower carbon footprint.

In this context, **we have a long-standing commitment to choosing eco-friendly materials for sustainable manufacturing in Appriva.** Our efforts for ecologic collections designed with sustainable materials are illustrative objects for this promise. We started to underline this commitment by preparing sustainable collections made of sustainable raw materials for our clients.

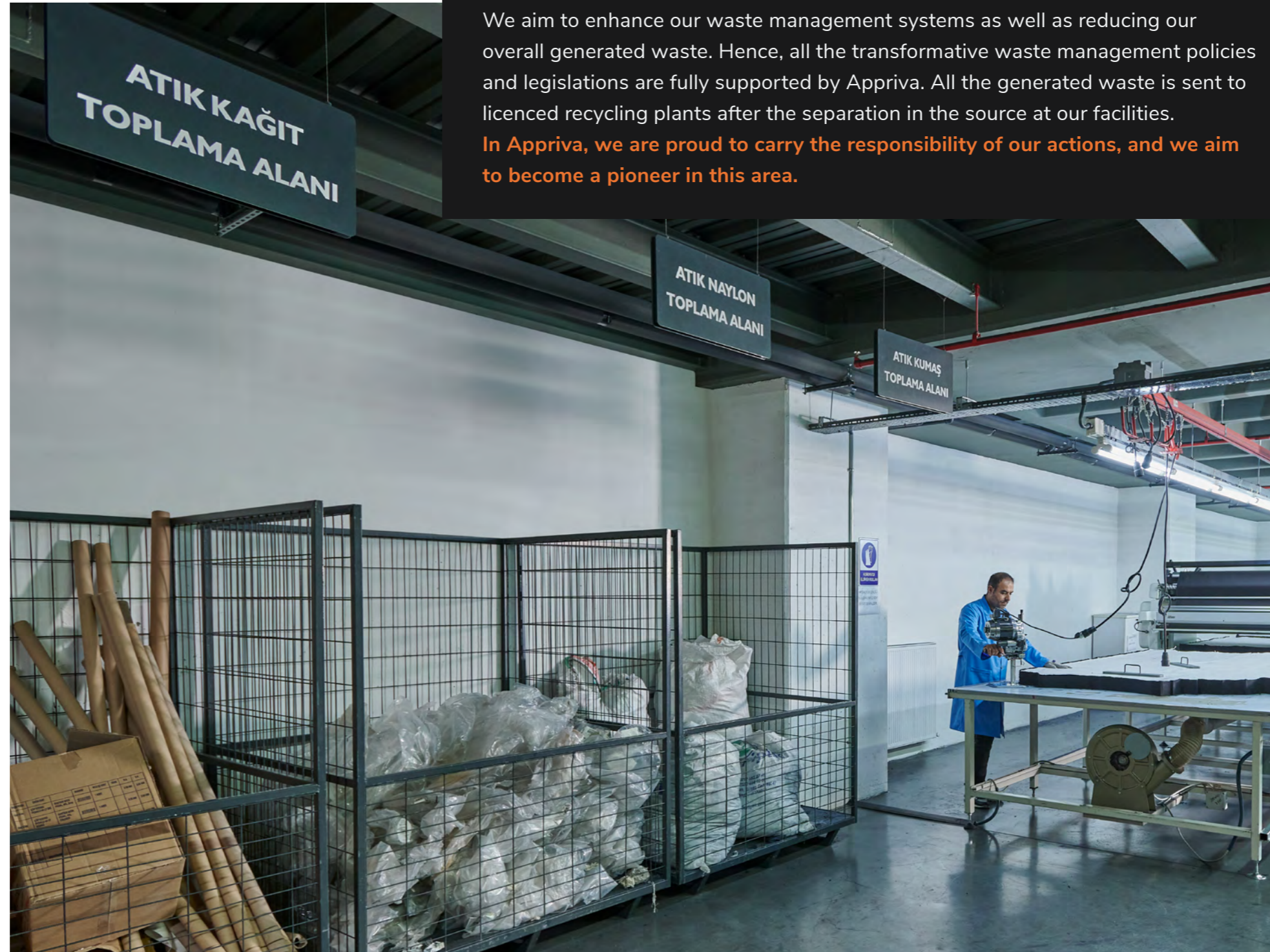
Waste Management

Textile production includes a diverse range of materials for plenty of usage types. Different kinds of fibers are broadly used for apparel, home furnishing, and industrial purposes. Conventional fibers and fabrics are broadly used to lower the expenses and to stimulate higher production, which means a vast amount of non-degradable waste. Water usage, dyeing, and garbage are the other determinants of manufacturing waste. Analyzing and reporting these components are vital for the stability of harmless production.

We consider waste management as an indispensable subject for responsible production.

In the reporting period, we started to build a new infrastructure for zero-waste production. As a result, we received **Zero Waste Certification** by May 2021. In 2020, we have recycled large amounts of our waste through licenced waste recovery facilities:

- Paper Waste: 3790 kg
- Plastic Waste: 1050 kg
- Mixed Packaging Waste: 18980 kg
- Hazardous Waste: 167 kg



We aim to enhance our waste management systems as well as reducing our overall generated waste. Hence, all the transformative waste management policies and legislations are fully supported by Appriva. All the generated waste is sent to licenced recycling plants after the separation in the source at our facilities. **In Appriva, we are proud to carry the responsibility of our actions, and we aim to become a pioneer in this area.**

Carbon Footprint

The global climate crisis reshapes humanity for a more eco-conscious civilization. It is not a singular threat only to nature, but societies, industries, and economies are also endangered due to urgent conditions.

Increasing temperature and extreme weather conditions lead to drought and fires that hinder the supply chain and production phase. While natural disasters cause corruption, the Covid-19 pandemic was another factor in disruptions this year. **Due to the interval of economic activities, GHG emissions have decreased 5.8%.** This unexpected change led to wide-ranging innovations for the green transition.

The United Nations took an important step on this matter and published the **European Green Deal** in December 2019. According to the deal, all industrial processes need to be controlled in terms of carbon footprint and taxed if it is necessary. Europe aims to decrease greenhouse gas emissions

by 25% till 2030 and become the first net-zero continent by 2050. As part of the green deal, the **Carbon Border Adjustment Mechanism** started for non-European suppliers, dealers, and manufacturers.

Consequently, we began to work on carbon footprint calculation processes to continue collaborating with European Union countries, who are our primary market. For this purpose, a corporate carbon footprint calculation according to the Greenhouse Gas Protocol has been made for our locations in Bolu and Istanbul in the reporting year. We calculated our direct (Scope 1), indirect energy related (Scope 2) and some of our other indirect (Scope 3) GHG emissions for our locations in Istanbul and Bolu. The accounting includes business activities that are within our operational control and use the CO₂ equivalent emissions of the six greenhouse gases defined in Kyoto Protocol. Emission factors from **IPCC, 2006** and **DEFRA, 2020** databases are employed in calculations.

Our 2020 Carbon Footprint

Direct GHG emissions (Scope 1)	469.4 ton CO ₂ eq
Indirect energy related GHG emissions (Scope 2)	482.2 ton CO ₂ eq
Indirect other GHG emissions (Scope 3)	64.8 ton CO ₂ eq
Total GHG emissions	1016.4 ton CO₂eq



Energy

Energy efficiency is critically important for individuals as well as businesses because of its substantial economic and environmental benefits. From the economic point of view, energy efficiency adds new jobs to the market, decreases utility bills and helps to stabilize the electricity volatility and prices. Long-term benefits refer to lower electricity demand, thus reducing the need to invest in transmission infrastructure and future electricity generation. While efficiency means preventing waste, it lowers greenhouse gas (GHG), carbon footprint and other pollutants to create a better environment.

Since the main contributor of global GHG emissions is energy consumption, improving related business processes is a key step for the textile industry.

As an advantage of being a new company, we utilize high level technological equipment that enables us to conduct successful energy efficiency management.

We had an energy audit made by a third party company in September 2019. Within the scope of the results; the following projects were implemented:

- Prevention of steam leakages and improvement of the condensate lines
- Obtaining hot water from the waste heat produced by the compressor
- Working of taking the compressor intake air from outside

As a result of the energy audit, we have successfully achieved **13% decrease in natural gas consumption** and **5% decrease in electricity consumption** since the implementation of relevant projects in the reporting year.



Energy Consumption	2019	2020
Natural Gas Consumption (kwh)	1,682,269.00	1,493,154.00
Electricity Consumption (kwh)	932,614.00	829,750.00



Part 7

Happy Customers

Happy Customers

Building a balanced relationship with all the stakeholders is the initial foundation of our corporate culture. Non-hierarchical, open, and transparent communication is a must for this integrity. As a necessary component, we are conscious of our ethical responsibilities in terms of mutual transmission. Economic, environmental, and social targets are considered within this scope to establish and maintain a sustainable customer relations policy. We aim to build a reliable relationship with our clients while increasing consumer awareness of sustainability.

Digital involvement is another critical factor for our customer relations policy. We integrated digital resolutions into our system to come up with fast and effective solutions. We believe that the outcomes can be pathfinders for future strategies. **In this report, Appriva customer policy is divided into two parts according to obtained data to mention our conscious work ethics and supplier assessment.**



Ethical Business

Ethical business refers to brands, retailers and their suppliers to take responsibility for improving the working conditions of product line employees. Developing an ethical trading policy has become a core for today's businesses because all the companies have a responsibility of enhancing labor standards, exercising human rights diligently and reporting it to the public. Ethical business processes equip the staff and suppliers with a clear framework on what to do and how to measure success. It formulates the practices and standards that a company expects from its major stakeholders; namely employers, contractors, and suppliers.

Appriva considers its stakeholders as a pioneer part of its culture. As providing lawful and ethical working conditions is crucial for us, we anticipate the same sensitivity from our third-party stakeholders; suppliers, distributors, subcontractors. Therefore, we created an Ethical Trading Policy to clearly communicate our working standards to our stakeholders. Complying with this set of guidelines and affirming similar ethical criterias are our primary expectations from our stakeholders.

The Ethical Trading Policy highlights the effective practices in order to be able to offer absolute guarantees to our customers that the services they receive from us have been ethically designed, managed and implemented. Appriva is an open-minded and ethical company who values any feedback or suggestions regarding the policies and practices.

In this context, **the basis of our policy is to fully observe the basic human rights.** Therefore, a human rights policy has been developed in the Ethical Trading Policy guidelines where every clause about the issue is correctly observed. Besides that, it is strictly prohibited to employ workers under the non-agreed clauses of the contract. The policy does not allow the workers to be operated under any unlawful working condition and under the clauses that do not exist in the contract. Other central topics covered at the policy are raw material choice, production method choice, harassment, and child labor. Production method choice involves an environmental approach as well as occupational health and safety focused practices to minimize the harm for workers. We use a sensitive approach towards abuse and harassment that

we conduct discrimination procedure in such cases. Child labor is one of our most important topics that we are totally against practicing it.

During the pandemic in 2020, we were able to convert the business and learning departments to online channel formats to manage more effectively. Business processes were reviewed again from different angles with a heightened awareness during the Covid period in order to take care of the health of our stakeholders.

Transparency is the core foundation in terms of our communication policy with customers.

In this context, the term refers to the monitoring process of all stages and the impacts of our business lines existing in our organization are framed within ethical models. We prevent any kind of disclosure between parties. As a result of this awareness, zero personal data protection law complaints have been received by our company. We accomplished full compliance with the socioeconomic legal system by closely observing industrial laws

and regulations. We were able to take appropriate actions for all the contemporary developments with our agile set-up. As a result, we proudly function as an entirely ethical business in the textile industry. We also find immense pressure in working with the suppliers of whom we share mutual ethical principles.



Supplier Assessment

Supplier assessment is the process of assessing and evaluating current and future suppliers. It is especially important for our international procurements. The evaluation and selection process of suppliers supports companies structuring its supplier base and improving the efficiency of the supply chain. Supplier assessment bridges the communication gap between the administrative staff and the suppliers. As a result, it aligns the best interests of both parties. By

implementing a reliable quantitative system, companies can detect the weaknesses of their suppliers and address them accordingly.

Entering into agreement with the business partners who are a good fit for Appriva culture is crucial for our efforts to build an ethical business network incorporating all our stakeholders and to achieve our primary objective of generating eco-friendly, high quality products in a proper period of time.

Thus, Appriva follows a certain protocol for supplier assessment. The major components of the protocol are described below:

- **Establishing Performance Indicators:** We identify key performance indicators such as the pricing policy, supply method, as well as waste disposal procedures of the suppliers.
- **Developing a Solid Evaluation Approach:** By using supplier scorecard method, we choose the ideal supplier who would adapt our culture and address our needs.
- **Collaborating with Suppliers through Reviews and Feedback:** We retain an open communication with our suppliers continuously. While all possible frictions are monitored and solved through integrating suppliers in our mechanisms from the beginning of the business agreement, improvement studies are constantly practiced in the stakeholders' network.



Initiated with the goal of adopting full compliance by 2022, our environmental assessment for suppliers has been finalized. It involves the monitoring of respective values and periods of the firms with either negative or positive influence. Next, observations will be made if there are any firms functioning incorrectly within the supply chain that results in a negative environmental impact. In the last step, improvements will be applied to the needed areas as a result of the consideration. **Suppliers will be closely followed if they can adapt these new improvements.**



Part 8

Corporate Success

Corporate Success



Corporate success is formed by the integration of some principal components. We achieve it by creating a highly integrated employment culture. Our key concepts that create our success includes delegating our work, measuring our growth, not being afraid of failing or changing course, and team appreciation.

We delegate our work because we know that every employee has her/his own distinctive skills and abilities to gain the maximum efficiency from them. We believe improvement is achieved with constant measurement. Thus, we always measure to understand the performance of a person, method etc.

We are not afraid of failing or changing course because we know that the road to success is paved with mistakes.

Embracing a flexible and integrated manner, the executives of Appriva always give the opportunity to learn from their mistakes to its employees. We appreciate all the efforts to demonstrate a good job. Regardless of the position or business line, we reward and recognize the successes of all our employees as a team.



Economical Impact

Covid-19 crisis created some relentless problems in the global economy. Textile industry has been one of the most affected industries. As Covid-19 quarantines and isolations became common, many textile units stopped their production. Textile leaders were pushed to take tough decisions. However, we were able to remain

resilient during this period and remained in a good economic shape while the world experienced daunting challenges.

We successfully handled the situation by conducting **intense R&D studies**. We applied our findings on newly generated and improved products to maximize the performance of our products.



During this challenging period, we successfully managed to run our production lines by taking **strong health measures** against all the kinds of conditions that posed a threat for our employees. As a result, we increased our commercial production scale by using sustainable materials.

Digital Transformation

3D Modelling

3D modeling has been an overwhelmingly used tool in the textile industry in recent years. It enables fabric reinforcements for composite components. Fabric preforms are structurally represented in both graphic and parametric forms. As a result, various structures of fabrics are used as reinforcements such as braided, knit, woven and multi-axial 3D waves.

As Appriva, we also use this technology which provides a very useful visualization of the structure. It increases our creativity, efficiency and sustainability. We generate less waste fabrics by using digital modeling technology.

IT Risk Consideration

Privacy issues are important for us as we strive to address the discretionary expectations of our stakeholders. Therefore, our major goal is to retain our informational technology system as safe as possible while complying with the legal issues of privacy.

By being a Turkish based firm, we are particularly aware of the importance of personal data protection law. Recently,

we started to receive a professional technology consultation to minimize the informational technology risks. In the scope of the consultation, our informational technology infrastructure is being controlled, inspected and improved. Although we recently began to take support from technology experts, we observed some improvements on our technological infrastructure security.

Quality Control

Appriva developed a unique tool for quality control. Our existing quality control criterias circle within the screens of quality control desks on all the stages of quality control. By using this Appriva specific feature, we started to identify a lot more quality errors and we have made our quality control process more efficient.



Online Trainings

As part of our digital transformation, we transitioned all our training activities to digital platforms during the Covid-19 period. This way, our employees kept taking advantage of our various training sessions.

Supplier Integration System

Within the scope of digital transformation studies conducted with YKK, the processes of acquisition have become trackable in one platform. The orders entered by Appriva directly appear in the YKK system. As a result, the process efficiency has been significantly increased, while the errors have been minimized.



Local Procurement

As Appriva, we care about the community we live in. Our desire is to achieve and prosper as a community rather than mere individuals. As a result, we support local businesses by purchasing their products.

Our support for the local economy is done with the efforts of increasing job opportunities for the community, and eventually the economic well-being of the neighborhood.

In order to cope with the devastating impacts of Covid, Appriva made cooperation with the local businesses. By identifying the suppliers who are a good fit for our brand with our special supplier assessment protocol, we had dealings which economically benefited each side during Covid-19 recession.





Part 9

GRI & SDGs Indices

GRI & SDG Indices

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

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