Penti

2018 SUSTAINABILITY REPORT





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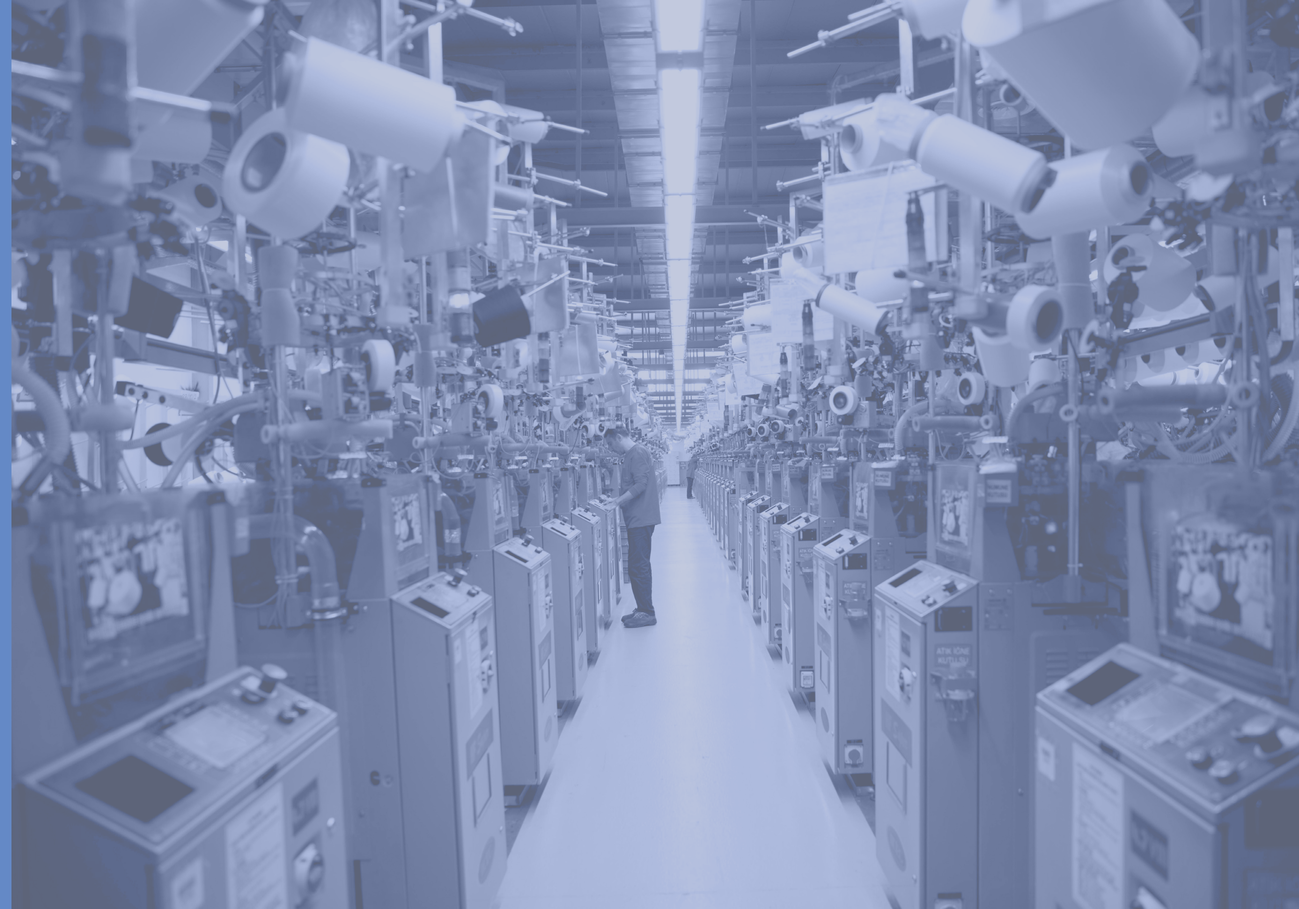
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01
ABOUT US



ABOUT THE REPORT

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This report is the first sustainability report comprising the sustainability performance of Penti Çorap San. ve Tic. A.Ş. for the fiscal and calendar year of 1st January 2018 to 31st December 2018. It will be published annually along with the current data of every year within the frame of transparency. The report relies on Global Reporting Initiative's "GRI Standards". Since this is the first sustainability report drawn up within the company, Penti Çorap performance values from past to date have been taken into the scope in order to align with the reporting principles. The content of this report is based on a materiality analysis comprising the stakeholder dialogue and value chain evaluation. To determine the material topics, a stakeholder analysis has been carried out to identify the Penti Çorap stakeholder groups.

Communications have been established with the 256 company stakeholders through questionnaires, online interviews and a workshop to obtain their opinions about sustainability performance of Penti Çorap and their own expectations.

This report covers all operations of PENTİ Çorap, including the operations of its affiliates, its sales offices in Turkey and global, and manufacturing facilities in Turkey. The report also presents Penti Çorap performance index in accordance with the 17 Sustainable Development Goals by the United Nations.

This report and its content thereof have not been subjected to any third-party verification. This report has been prepared in accordance with the GRI Standards: Core option.

You may contact through **sustainability@penti.com.tr** about any issue related to Penti Çorap and the report.



CHAIRMAN



Dear Stakeholders,

As Penti, we maintain our leadership position in socks, underwear, beachwear and homewear market. We have achieved another year of strong financial performance in fiscal 2018. The overall turnover grew by 35% compared to 2017, exceeding 1 billion TL. Our network of retail stores has reached 540.

We are the industry leader in hosiery and socks sector in general holding, are among the top 3 manufacturers in Europe. I believe we have achieved this leadership position by always following the global trends very closely.

While keeping up with the global developments, we are also very much aware of the fact that sustainability has become more important in recent years. As a company that always put the respect for people and the environment at the forefront since our foundation date, we will continue our work in this area without slowing down. With our sustainability projects developed in 2018, we have crowned our activities in this field.

In our processes with our stakeholders, we always prioritize the principle of transparency as a part of our company policy. We are happy to share this principle with you, our valuable stakeholders. Our Sustainability Report, which was first published in 2018, will continue to be published annualy. Within the scope of the report our approach to economic, environmental and social issues - the three pillars of sustainability - our policies and projects are presented to you, in detail.

We consider climate change, pay attention to occupational health and safety, and continue our employee training without slowing down. We evaluate each one of our projects in the field of sustainability with a sustainable economy approach. As Penti Çorap, we will continue to advance and create added value to our country's economy without slowing down.

Although 2018 was a year that was not macro economically easy, we owe the success of Penti to our strong, trust-worthy relationships and sincere experience we have gained for many years in the relationships with our customers. In 2018, we were both the "love brand" of our customers and selected as "the coolest brand".

I would like to thank you, our precious stakeholders for your contribution and continuous support that helps us to be an important player locally and globally.

Best Regards,

Sami KARİYO

CEO



Dear Stakeholders,

With our 68 years history that has created added value in the textile sector, we continue to improve our brand through continuous innovation and to be one of the big players of the sector with our ethical, fair and Responsible Textile insights. We maintain our brand, which was founded in 1950, as Penti Çorap under the roof of Penti since 1984. Today, we produce 86 million pairs of hosiery a year in our energy-efficient, high-tech manufacturing facility that is capable of manufacturing to international standards.

As from our foundation, we have endeavored to create a reliable brand name with our business principles and sense of quality for our customers and users of our products. While our 68 years of sector experience meets all expectations at the highest level, sustainable textile and responsible manufacturing principles have been concepts that have always had impact on our decision-making processes. With our first corporate sustainability report we drew up for 2018 according to GRI Standards, we aim to communicate our sustainability perspective to you our valuable stakeholders in an international language.

At present, with 99.6% brand awareness and 78% brand loyalty, we maintain the characteristics of being Turkey's most recognized and loved female brand in the sector. We have 361 stores in 60 cities in Turkey and 179 stores in 29 different countries internationally. We have sales offices in the United Kingdom, Italy and China, and Penti Çorap products are in use in many countries in the world from the USA to Saudi Arabia and from England to Mongolia. As one of the leading three manufacturing hosiery companies, we provide Private Label manufacturing to well-known leading brands of the world such as M&S, H&M, Primark, Tesco, Lindex, Boots and Carrefour.

To improve the product quality and extend the area of our brand, we obtained the TURQUALITY certificate in 2014, thus taking a great step on the road to promotion and branding abroad. We developed Special Production Management System (Total Productive Management) to increase efficiency, and in this context, we were deemed worthy of the Inovalig award in 2016.

As a brand that is aware of the share of the textile sector in the climate change that we are facing today, we continue to improve with a sustainable textile insight. We started to measure and manage our carbon footprint in 2018 according to ISO 14064-1 standard to reduce our impact on global warming and accordingly on climate change. Through our R&D works we aim to reduce the number of chemicals used in production. We exercise responsible purchase procedures for managing the impact of our supply chain within the scope of the fight against climate change. We are also aware of our responsibility towards the environment and we aim to minimize the environmental impact of our products using FSC-certificated packaging, recycled nylon, recycled polyester and recycled cotton.

We continue to produce and invest with the principle of responsible production and respect for people. We are proud of presenting this entire performance we have displayed by means of the 2018 Corporate Sustainability report to you our valuable stakeholders. I express my thanks to our employees, entire Penti Çorap family and you our valuable stakeholders, who, all, provided great contributions for us to create this value.

Best Regards,

Ercan ÖZTÜRK

COO



Dear Stakeholders,

As Penti Çorap, whose focus is to offer products suitable for the consumer's style and budget, timely and of desired quality, and not harmful for human health, we have achieved great successes with our experience of over half a century. In 2018, we entered the "Turkey's Second Top 500 Industrial Enterprises" list, thus being included in the first thousand companies of Turkey.

We reinforce our leadership regarding the product groups we operate in, and strengthen our presence in international markets, thus moving forward on the road to be a global brand. As the supplier of many globally known brands and one of the first three biggest hosiery manufacturers in Europe, we maintain our leadership by far regarding the "hosiery" product group.

As a sector leader brand, we have broken many new grounds so far. We made a revolution in the market in 1991 with our product Fit 15 by successfully using Lycra in hosiery. Again, we started to produce the first slim look stockings that we developed as a result of our ongoing R&D works. We also exercised our pioneering works in digitalization by keeping up with technology and were awarded in the area of direct marketing and, by Felis, of the best use of technology.

We aim to realize all these leadership and innovations in the field of sustainability as well. Our manufacturing approach has been relatively sensitive regarding sustainability, and we continue to integrate sustainability into our decision-making processes in this sense. And this is stemmed from our Board's sensitivity regarding Sustainability. The fact that most of the companies we supply are in the countries that are in leading position regarding sustainability motivates us as a brand to being a leader in sustainability.

In terms of sustainability, we have asceptained "Eco-Factory" status which is given by M&S to whom we provide products. In addition to this, we remain in compliance with ISO quality management systems; OEKO-TEX, SEDEX, BSCI certificates, and environmental norms such as REACH, Blue Sign and ZDHC. In this period, in which we have to face climate change, we are aware of not only economic growth but also of our environmental and social responsibilities, and as Penti Çorap, we are ready to do our part as best we can. It is among our targets to render our contribution to climate change measurable, not only through our impact by our operations but also by our supply and value chain.

As one of the first brands who has started to manufacture hosiery using recycled fibres, we aim to increase the demand for products manufactured from recycled materials. We have accelerated our hosiery production using recycled nylon during the last 5 years. We have also achieved the sample hosiery production using polyester obtained from recycled plastic bottles.

Our goal is to reinforce our position even more and maintain our leadership in the market in which we are already leader by far. We have, risen be a global brand that from Turkey, and to be the women's "love brand" also internationally as we are in Turkey and strive for achieving our goals.

With this sustainability report, the first thereof we drew up in 2018 in accordance the GRI Standards, we aim to establish a new communication platform and to continuously share the environmental, social and economic aspects of our operations with an international and transparent language in this platform with you our distinguished stakeholders.

Best Regards,

Mehmet KARACALI

ABOUT PENTİ ÇORAP

Penti Çorap San. ve Tic. A.Ş. carries out the design, manufacturing, and whole and retail sales of hosiery, underwear and textile products, and related foreign trade, clearance, management and administrative organization activities.

The story of our brand started in 1950 with two separate companies founded by Mois and Yasef Kariyo brothers. It was an important milestone for PENTİ Çorap when they combined their powers under one roof. When in 1970 was named as "Öğretmen Çorap", our brand continued to develop with our first manufacturing facility founded in İstanbul.

Focusing on urban woman's needs when 80s arrived, our brand reinforced even more its sense of manufacture that place importance on colour, pattern, variety and quality. Thus, while on one hand solidifying our position in the market, we completed our branding process in 1984 and on the other hand took the name Penti. In 1994 we established our manufacturing facilities in Çorlu, and we have now reached the manufacturing capacity of 85 million pair of hosiery a year. In 2012, we came one step closer to our goal of becoming a global brand with our partnership with Carlyle Group, one of the largest investment funds in the world.

ESTABLISHED

1950

SALES POINT

361 TURKEY ---- **179** WORLDWIDE



Penti

As from 1999, our products have been put up for sale in Penti store chains together with Penti Giyim Tic. A.Ş. Within this scope our products reached our customers through 361 sales point in Turkey and 179 in internationally. We are among the three biggest manufacturer companies of the sector in Europe and are in the leading position in the field.

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PENTİ ÇORAP AT A GLANCE

Domestic sales amount under Penti Brand:
37,000,000

International sales amount under Penti Brand:
8,500,000

68 years of Experience

TOP 3 IN EUROPE

%64 Women Employment

29 Countries

762 Employee

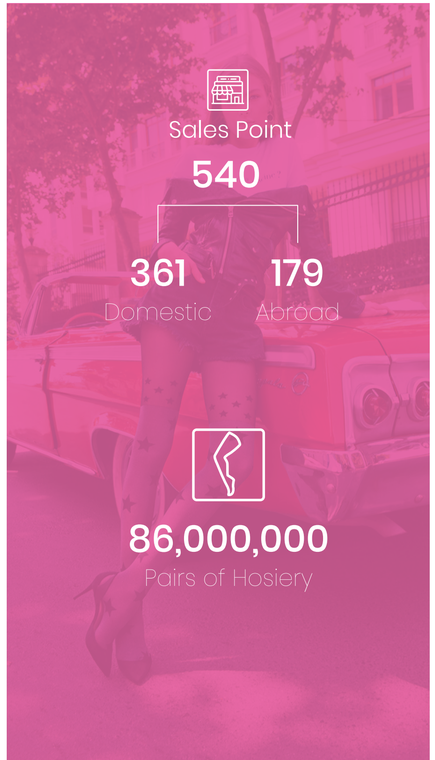
%78 Brand Loyalty

Baby Friendly Operation

Amount of exported Private Label:
18,000,000

Ranked 334th
Among the ISO-2018 Second Top 500
Industrial Enterprises

%99.6 Brand Awareness



MILESTONES

1984
Penti name was registered

1991
"Fit15" stocking production was achieved using LYCRA® fiber in thin hosiery successfully for the first time

1994
A new manufacturing plant in Çorlu was established

1995
The first slim-look stocking production was achieved

1999
The first Penti store was opened in İstanbul

2009
Penti Çorap was ranked 106 among Turkey's second top 500 industrial enterprises

2012
A partnership was entered into with Carlyle Group

2012
M&S Eco-Factory label was obtained

2013
Penti Çorap was included in Turkey's top 500 industrial enterprises

2014
TURQUALITY certificate was obtained

2016
The Inovalig award was received for the TPM - Lean Manufacturing

2017
ISO 9001: Quality Management System was obtained

2018

- THE "HR STAR" AWARD WAS RECEIVED
- THE AWARD OF COMPANY OF THE YEAR THAT CONTRIBUTED MOST TO WOMEN'S EMPLOYMENT WAS RECEIVED
- THE AWARD OF COMPANY OF THE YEAR THAT CONTRIBUTED MOST TO EMPLOYMENT WAS RECEIVED
- THE AWARD OF RESPECT FOR HUMAN WAS RECEIVED
- BRONZE AWARD WAS RECEIVED FOR THE BEST RECRUITMENT MARKETING AND EMPLOYER BRANDING PROGRAM CATEGORY
- ISO 14001: ENVIRONMENT MANAGEMENT SYSTEM WAS RECEIVED
- ISO 13485: MEDICAL QUALITY SYSTEM WAS RECEIVED
- STANDARD 100 BY OEKO-TEX® CERTIFICATE WAS RECEIVED
- BSCI: BUSINESS SOCIAL COMPLIANCE STANDARD INITIATIVE WAS RECEIVED
- SEDEX: SUPPLIER ETHICAL DATA EXCHANGE WAS PARTICIPATED IN
- AUTHORIZED ECONOMIC OPERATOR CERTIFICATE WAS OBTAINED
- LABORATORY ACCREDITATION CERTIFICATES WERE OBTAINED

Laboratory Accreditation Certificates

- Certificate of Accreditation
- Premier Accreditation Scheme
- F&F Laboratory Accreditation Certificate
- Laboratory Approval Certificate

02
CORPORATE PROFILE



CORPORATE PROFILE

Since our foundation, we have been continuing our manufacturing with the same enthusiasm we had in the very beginning improving our quality each passing day. Thanks to the interest from our consumers, we today have a **99.6% brand awareness** and **78% brand loyalty.** We carry out both our managerial and operational activities in our manufacturing facility located in Çorlu District of the City of Tekirdağ, and we continue to globalize and extend our sales network from there. **100% of our company shares** are owned by Penca Tekstil Çorap Sanayi ve Ticaret A.Ş. With our manufacturing capacity of **86 million hosiery a year,** we are the **top 3 companies** of Europe in the sector. As of today, we have expanded to 66 different countries in total with our products as Penti Brand or private label. We have now increased the number of countries, where we are on sale, to 29. Having conducted our managerial and operational network for years successfully, achieved a rank among the ISO 2018 second **500 big companies.** We aim to increase our success rating in future improving our network with our initial motivation and the experience we gained.

When there is a need for showing the ability to provide the product that meets the consumers' demands and the provisions of the effective legislation, and when in cases the goal is directed to increase customer satisfaction by implementing the system, including processes, efficiently for continuously improving the system and assuring the customer that the provisions of the effective legislation is complied with, Penti Çorap has set forth the terms needed to be met according to **ISO 13485:2016, ISO 9001:2015, ISO 27001:2013, ISO 14001:2015** standards based on the Integrated Management system it has established.

Our processes are defined as a 3-level structure of "Basic Business Processes", "Managerial Processes" and "Support Processes" within a system that will realize PENTİ ÇORAP Quality and Information Security Policies and goals.

STRATEGY AND POLICIES

Quality Policy

As Penti Çorap, we have established our vision on the concepts of power, trust, co-operation, courage and competition. We are proud of being one of the top 3 biggest hosiery manufacturers of Europe as a result of our customers' trust and support, and we strengthen and improve our presence in the international market on the way to being a global brand.

We develop our policies based on SWOT analyses carried out for the internal and external context to be understood. In this respect, we continue to work in accordance with our quality and information security policies.

Pursuant to our quality policy we accept and undertake to,

- Offer products that are suitable for the style and budget of consumer, timely and of desired quality, and harmless to human health and environment to meet the changing and improved needs of our customers.
- Produce and put on the market the products with the principle of continuous improvement and in compliance with national and international standards and legal requirements.
- Offer product and service, as the best business partner, that will provide the highest benefits to our customers to assure customer satisfaction as a company that makes important contributions to country's economy, that is aware of its social and environmental responsibilities, that embrace sustainability as a way of life and that is a leading organization in its sector

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Information Security Policy

As required by our management systems within Penti Çorap, we show the importance and care we attach to the quality of our products also to our information assets.

To secure the safety of the corporations and organizations we provide service and ensure the security of the information assets we use for services we provide is our primary goal. In this context, our relationships with our customers, governmental organizations and our suppliers are of high value. The continuity of the products and services we offer, privacy of the information we hold, and the integrity of the information assets of our customers or those within us are of high importance.

For this, we undertake to comply with the ISO 27001:2013 Standard, with customers' specific requirements, with all legal regulations and with other conditions related to our products and manufacturing.

Pursuant to our information security policy we undertake to

Ensure the security of the information assets of our customers, governmental organizations and suppliers we cooperate.

POWER	CONFIDENCE	COOPERATION	COURAGE	COMPETITION
We create opportunities for women to gain power in every area in the society	We hold our customers in the focus of all our organization and processes	We enjoy what we do, accomplish our goals through collaboration and team work	We encourage taking initiative, clear the way for in-house entrepreneurship	Our power for leadership and competition comes from continuous improvement

Breastfeeding Policy

In our organization, the "Baby Friendly Supportive Organization" program implementations stipulated by the Local Health Authority is adopted, and we support "BREAST FEEDING" as the main infant nutrition policy. Within the scope of this policy, breastfeeding mothers may participate in trainings that will be carried out in the workplace at determined times and use the Breastfeeding Room when they find necessary. Mothers-to-be in gestation period and mothers who gave birth are provided training by our workplace doctor about "BREASTMILK AND IMPORTANCE OF BREASTFEEDING, AND BREASTFEEDING METHODS". We deliver lectures to mothers-to-be and mothers about feeding their babies only with breast milk for the first 6 months and not giving them any other food or drink other than this unless medically deemed necessary, and recommend that they are to breastfeed their babies until the age to and beyond.

Metal Policy

As Penti Çorap, we exercise Metal Policy in our workplace to maximize the satisfaction of our users and minimize the complaints. We have cancelled the in-house use of all chemical materials as well as all metal compounds that may harm the users of our products. As for the metal materials used in production lines, we have them recorded.

In this regard, we ask all our guests and visitors, who step in the company, not to bring along any pins, staples, etc. with them in the factory area.

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STRATEGY AND POLICIES

Social Compliance Policies

As Penti Çorap, we undertake to act in accordance with the below stated global principles at all management levels.

Preventing Forced or Compulsory Labor

There will be no forced labor in our company and forced labor will not be tolerated under any circumstance.

Preventing Child Labor

Act in accordance with the procedure and principles of child and adolescent employment, and not to employ worker below the age of 18.

Discipline/Prevention of Ill Treatment and Harassment

Respect the personality and honour of every employee, avoid corporate punishment, and not allow verbal, physical or psychological harassment or violence.

Ensuring Occupational Health and Safety

Adopt a proactive approach based on risk analysis, ensure the employees' participation in business applications, adopt a working system that attach particular importance to employees' occupational health and general health.

Freedom of Association and Collective Bargaining

Show respect to collective bargaining right of workers with their authorized labor union.

Prevention of Environmental Pollution

Comply with the effective environment legislation, prevent environmental pollution based on the environmental aspects and impact evaluation, and reduce pollution at the source.

Scheduling the Working Hours

Comply with the effective codes and obligations, act in accordance with voluntary overtime.

Wages and Payments

Make the payments determined by laws and collective agreements for normal and regular work hours and provide the employees with the social aids set forth in the collective labor agreement.

Preventing Discrimination

Employ people according not to race, language, religion, ethnicity, political opinion, color, pregnancy, age, marital status or sex but to their working skills, and furthermore, determine wages, social aids and promotions accordingly.

Comply with the Customs Legislation

Comply with all effective customs-related local and international legislations, take measures that agrees with these legislations and prevents the illegal shipment of the manufactured products.

Take Security Measures

Ensure that there are no goods without notice that will violate safety (narcotics, explosives, biologic material and smuggled goods) in loading.

Relationships with Suppliers

Evaluate the social compliance activities of the suppliers we do business with, monitor the results of the evaluation through action plans, and gradually scale up the social compliance level.

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GOVERNANCE STRUCTURE

In Penti Çorap, issues related to sustainability are observed at the level of Board of Directors.

Sustainability is an integrated aspect of Penti Çorap management approach and is a very strategic subject by virtue of the sense of management of the company. In Penti Çorap, the Board of Directors is the top authority and decision maker, and is responsible for reviewing all policies, strategies and goals. The Board of Directors manages all environmental, social and economic risks through Sustainability Committee in regular meetings. Sustainability Committee reports directly to the CEO. Sustainability Committee comprises of CEO, COO, System Process Development and IT Director, Factory Production Director and System Process Development Manager.

> For us, Sustainability is the basic component of the company strategy, and as Penti Çorap, we manage this issue at the highest level within our company.

Our Integrated Governance Mechanisms

Reviewing and steering the strategy	Reviewing and steering the annual budgets	Implementing the goals and monitoring the performance
Reviewing and steering the primary action plans	Reviewing and guiding the business plans	Supervising big capital expenses, purchases and disposals
Reviewing and steering risk management policies	Setting the performance goals	Monitoring and controlling the improvement regarding aims and goals for addressing climate-related issues

The Board of Directors, the highest decision authority of the company, is responsible for monitoring the impact of the sustainability issues, company strategy, portfolio review and investment decisions, and taking relevant measures. The Board of Directors is in the position of decision making on climate change, risks and opportunities with the support of Sustainability Committee.

Sustainability Committee works toward to reduce all Sustainability related risks together with sector experts. The Committee reviews the current situation regarding greenhouse gas emission, water-related risks, land management and social compliance, and performs GAP analysis to take action and informs the Board of Directors.

Top management, committees and their responsibilities:

COMMITTEE	RESPONSIBILITIES
Chairman (CEO) and Board of Directors	To determine the strategy, to evaluate the risks and opportunities, and to manage sustainability related risks
Risk Committee	To evaluate the risks and opportunities
Sustainability Committee	To manage sustainability related risks and opportunities

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GOVERNANCE STRUCTURE

Sustainability Committee was established to organise the methods and resources to determine short-, medium-, long-term goals and achieve these goals in accordance with the basic principles of Penti Çorap. Supported by the Sustainability Committee, the Board plays an active role in establishing the policy and governance regarding climate change issues. The Board of Directors manages all sustainability related risk through regular meetings by means of the Sustainability Committee. The Sustainability Committee Director reports directly to the CEO every 3 months.

The CEO, who is also the Chairman, is the senior executive and "responsible person".

Board of Directors and CEO

are responsible for finding resources and managing integrated governance mechanism for determining quality policy, evaluating the performance of the management systems, and improvements.

Sustainability Committee

is responsible for controlling and monitoring of sustainability-related targets and reporting them to the Board of Directors, and monitoring sustainability related issues such as expectations from suppliers and customers, expectation of locals, communication with stakeholders, greenhouse gas emission, legal risks and opportunities.

RISK MANAGEMENT

In our company, risks and opportunities are determined in accordance with the principles of creating assurance that the Integrated Management System may achieve its intended outputs, for developing desired effects, preventing or reducing undesired effects, and maintaining improvement. The inventory of the information assets provided in sections included within the organization is prepared according to the needs and expectations of concerning parties, threats and weaknesses on these assets are determined and risk regarding these assets are evaluated.

In Penti Çorap, the risk analysis evaluation procedure is exercised in manufacturing processes, which is carried out within the scope of ISO 9001:2015 and ISO 13485 so as to cover the risks that have impact on products, customers and processes related thereof, for determining the Risk Analysis activities and for developing the business process as per the continuous improvement cycle by carrying out required measures/improvements.

The Occupational Health and Safety related risks that may arise within Penti are analysed by the Occupational Health and Safety Specialist for the necessary actions to be taken. Management of risks regarding the operations within the company affecting products, customers and processes related to thereof is carried out according to ISO 31000 standard.

To evaluate the risks regarding climate change, we define the risks and opportunities of Penti Çorap to be of long-term to cover at least 5 years.

In Penti Çorap, management processes such as medium-and long-term goals, main principles and policies, targets and priorities, current situation analysis and performance measures are monitored by the Risk Management Procedure and Sustainability Committee.

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RISK MANAGEMENT

While evaluating risks, we define options and possible actions to develop criteria for accepting the risks, and for acceptable risk levels, organization's risk regarding Quality Management, solution offers for risks, degrees of the risks and processing the risks. Climate change and climate change scenario analysis are taken into consideration by the Board of Directors and Sustainability Committee, and we consider them during the decision-making process of the Board of Directors.

Penti Çorap's identification, evaluation and management processes for the problems related to climate change are adopted to be integrated into our companywide general risk identification, evaluation and management processes in an interdisciplinary way.

In our company, risk evaluation is carried out by the Risk Committee, and recorded in the Risk Evaluation Form based on the approval from the General Manager to be published.

- Factory Director
- Management Representative
- Department Managers
- Sustainability Committee
- Factory Quality Assurance Manager

RISK COMMITTEE

Supported by the Penti Çorap Risk Committee, the Board of Directors supervises the company's risk management procedures and their managements including climate change related risks. Risk Committee regularly reviews and updates the Risks Management Procedure in a way to ensure the functioning and effectiveness of the Risks Management Procedure to determine and manage the risks and opportunities.

RISK TYPE	RISK DEFINITION	RISK MANAGEMENT
Current Regulations	"The Regulation on Monitoring the Greenhouse Gas Emission" was published in the Official Gazette of Turkey on April 25th, 2012 / 28274 and came into force. Within the scope of the legislation, facilities carrying out the operations included in the Annex-1 of the Regulation, will be subjected to monitoring, reporting and confirmation process ever year Regular.	Penti Çorap is not in the scope of the regulation as it is under 20 MW as the installed power
New-to-be Formed Regulations	In February 2009, Turkey became a party to the Kyoto Protocol. In 2016, Paris Agreement in COP 21 made a commitment to governments to present their plans of reducing their national emissions. Ultimately, they decided to make efforts to keep the global warming below 2°C, and further limit to 1.5°C. As for Turkey, it signed the Paris Agreement on 22.04.2016. Turkey's goal is to ensure reduction of up to 21% in greenhouse gas emission by 2030.	Despite Turkey has signed the Paris Agreement and announced its commitment, Turkey has not allocated the emissions per sector. Furthermore, in 2013, Turkey was included in the Partnership of Market Readiness – PMR. In 2018 we integrated the greenhouse gas management system into our operations and started to calculate our Direct and Energy Indirect Greenhouse Gas Emissions on organization basis. It is expected our Board of Directors that an Emission Trade System will be established in Turkey within a 5-year time period
Technology	Transition risk arises from the difficulties sourced from climate change and switching to a low-carbon economy, and from new technological developments. This, in turn, may mean new investments and financial risks that Penti Çorap needs to evaluate and manage. Regarding the technological and low-carbon economic transition, we observe that our company may be affected by the Regulation for Emission Trade System and Monitoring Greenhouse Gas Emissions.	There are continuous energy efficiency studies carried out in our manufacturing lines. All our employees are encouraged to bring up ideas that will increase efficiency in manufacturing processes. In our manufacturing high amount of electrical and steam are consumed in texturing, weaving, dying, finishing and packaging processes. In all these processes, we maintain energy efficiency through our new technology and fully automated machineries
Legal Obligations	Implementation of possible "Carbon Tax" or "Emission Trade System" program in Turkey will bring along financial risks. Another risk measure on the other hand is the fossil-based energy prices. In Penti Çorap, Scope 2 energy indirect greenhouse gas emissions by purchased electricity comprises the 61.5 % of the total greenhouse gas emissions. Turkey's electricity country mix depends on the energy imported from other countries. Natural Gas is the second biggest energy source of Penti Çorap. Any regulatory change in fossil use will cause the energy inputs to change in.	Climate related legal risk is the risk that come along with a decision that may be impacted from climate change or a decision that may have an impact on climate change. Firstly, it may cause an increase in carbon prices, and accordingly in product prices in Turkey To cope with the effects of the climate change, we develop strategies to comply with the climate change that increase the flexibility not only in the company but also in our suppliers and service providers
Market Requirements	Low carbon or zero carbon product expectation from our customers occupies the first place among our market risks. There will be increase in manufacturing costs due to other financial effects of the market risks and changing raw material prices.	Sustainability Committee carries out the impact evaluation of the new market risks to assess the financial results. Customer and supply chain management strategies are developed to see the new expectations
Reputation	In Penti Çorap, changes in consumer preferences and increasing stakeholder concern or negative stakeholder feedback is considered as reputational risk. Penti Çorap takes place in the supply chain of Turkey's and world's leading brands that plan transition to lower carbon economy and lower greenhouse gas emission.	In the process of the evaluation of the impact of new market tendencies to evaluate financial markets, Penti Çorap investor relationships and customer relationships are continuously monitored
Supply Chain	Penti Çorap is positioned in a closer place to the supply chain and raw material manufacturers in the value chain of its products. Paris Agreement and the studies of keeping the Climate Change below 2°C lead to the expectation of recycled natural and synthetic fibre use. As required by the principle of transparency, our customers will start to request the environmental impacts generated during the raw material procurement, intermediate product manufacturing and shipment steps of our manufacturing process.	A serious water distress is expected to start in supplying raw material, particularly in textile sector, in 2050s when the effects of the climate change will start to be seen. This in turn will cause increase in raw material prices, and it also stipulated that Penti Çorap will have to face serious troubles regarding revenue and market share. For this reason, in Penti Çorap, we presently recycle and reuse water to reduce water consumption in washing baths, and we aim to reduce the number of chemicals used by 50%.

03

STAKEHOLDER ENGAGEMENT



STAKEHOLDER ENGAGEMENT

We define the groups that may have impact on our production process or that may be impacted from the processes as our stakeholders. We are aware that we need to be in collaboration with all our stakeholders for sustainable production. Our communication with our stakeholder continues transparently through different communication tools.

We maintain our communication with stakeholders at regular periods we determined or spontaneous. Within our understanding of transparent management, we observe the expectation and concerns of our stakeholders we exchange information with, and we design our management policy accordingly. We have grouped our stakeholders as internal and external stakeholders. According to this, while our internal stakeholders are grouped as employees and company management, we have grouped our external stakeholders as nongovernmental organizations, government organizations, certification organizations, public, suppliers, customers, and shareholders and investors. We have made survey studies to collect stakeholder opinions to determine the analyses with priority also in the reporting process.

Memberships in Associations

We are the member of various society and initiatives for the sake of communication within the sector. We contribute to the organizations of which we are member as part of the collective development. The societies of which we are member are listed as follows.

- Çorlu Chamber of Commerce and Industry
- İstanbul Chamber of Commerce
- İstanbul Chamber of Industry
- Turkish Clothing Manufacturers Association
- GS1 Turkish Foundation
- İstanbul Textile and Apparel Exporters Association
- Orta Anadolu Exporters Association

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Priorities of Stakeholders: We have grouped our stakeholders in the reporting process, and we obtained the heading that each of our stakeholders consider as key issue and their concerns by the method of survey study.

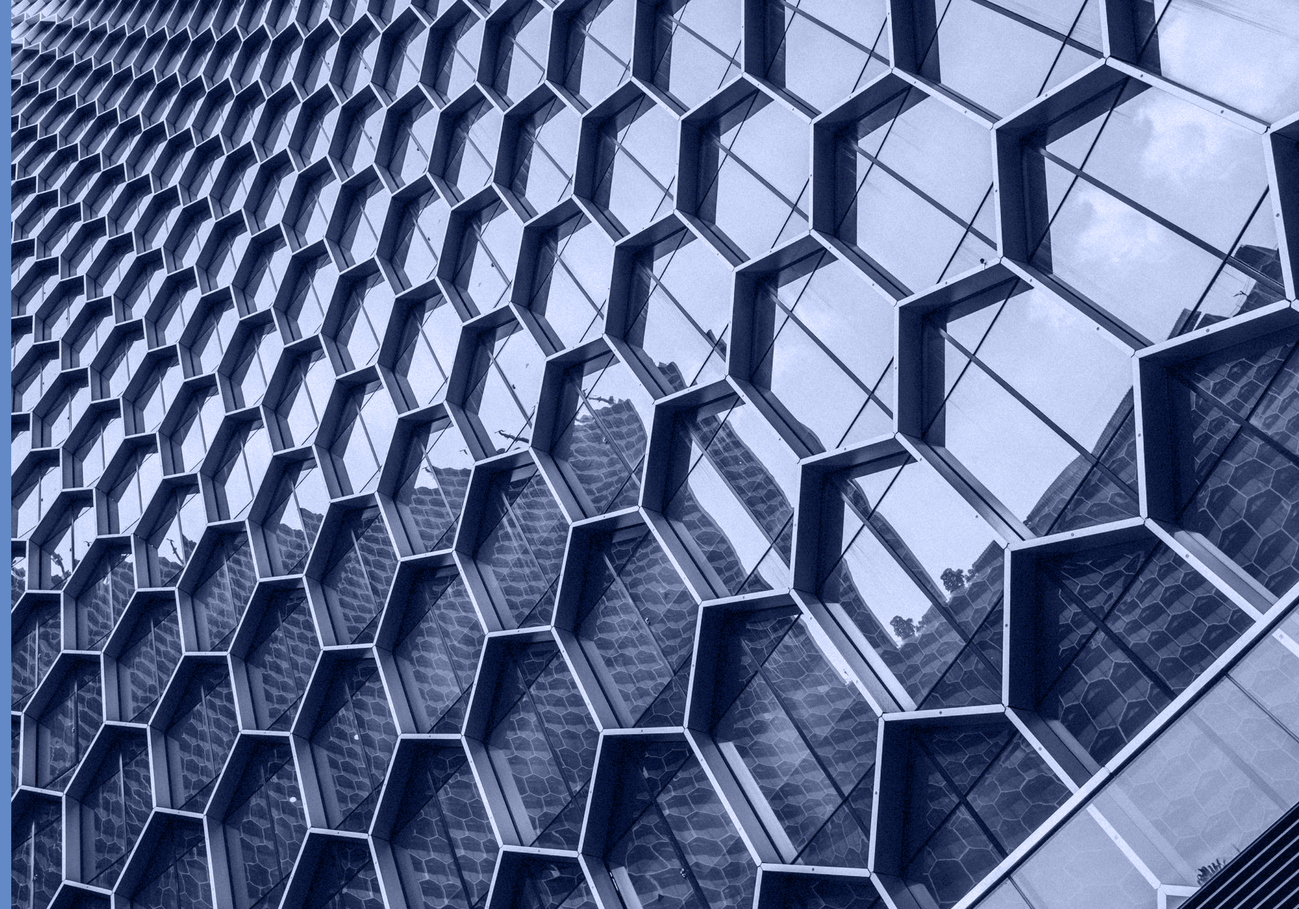
Priorities of the Company: We have determined issues with priorities and concerns for the company through feedbacks obtained from our senior executives.

STAKEHOLDERS	COMMUNICATION PLATFORM	COMMUNICATION FREQUENCY	KEY ISSUES, CONCERNS AND EXPECTATIONS
Customers	Meeting, E-mail, Telephone, Text	Spontaneous	ISO 9001 / ISO 13485 Product and service quality, price and competitive offer, suitable product, timely delivery, satisfaction and complaint solution, specification, compliance with agreement and order terms, compliance with standard and authority rules, compliance with BS 7563 requirements, suitable communication channels
Suppliers	Meeting, E-mail, Telephone, Text	Spontaneous	Long term procurement agreement, timely payment, compliance with agreement and order terms, timely delivery
Government Organizations	Conferences, projects, face-to-face interviews	Monthly	Compliance with legal conditions and legislation terms, ensuring information safety infrastructure, ensuring the effectiveness and suitability of the system in inspections and controls, ensuring the continuity of the information Security Management System, ensuring business continuity, timely reporting of the events and breaches, carrying out openness tests and taking precautions
Society	Workshops, projects	Regular	Customer protection, ethical conduct, contribution to business volume and GNP
Certification Organizations	Inspections, face-to-face interviews	Regular	Compliance with national and international standards, generating Quality Management System and taking its effectiveness under control, and follow up and continuous improvement of Quality Management System performance, compliance with inspection expectations, timely closure of corrective actions
Nongovernmental Organizations	Workshops, projects	Regular	Support for lobbying works in accordance with social, cultural and legal goals, donation based on volunteerism and/or membership, Supporting people and organizations sensitive to their goals
Employees	Surveys, trainings	Spontaneous	Good working environment, work safety, health and security, training, promotion, appreciation, rewarding, future assurance
Company Management	Regular management meetings	Spontaneous	Sales and profitability, increase in market value of the organization, reputation of the organization, sectoral data, opportunities, budget and fund
Shareholders and Investors	Meetings, Operating Reports	Regular	Sales and profitability, a transparent management model

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MATERIAL SUSTAINABILITY TOPICS

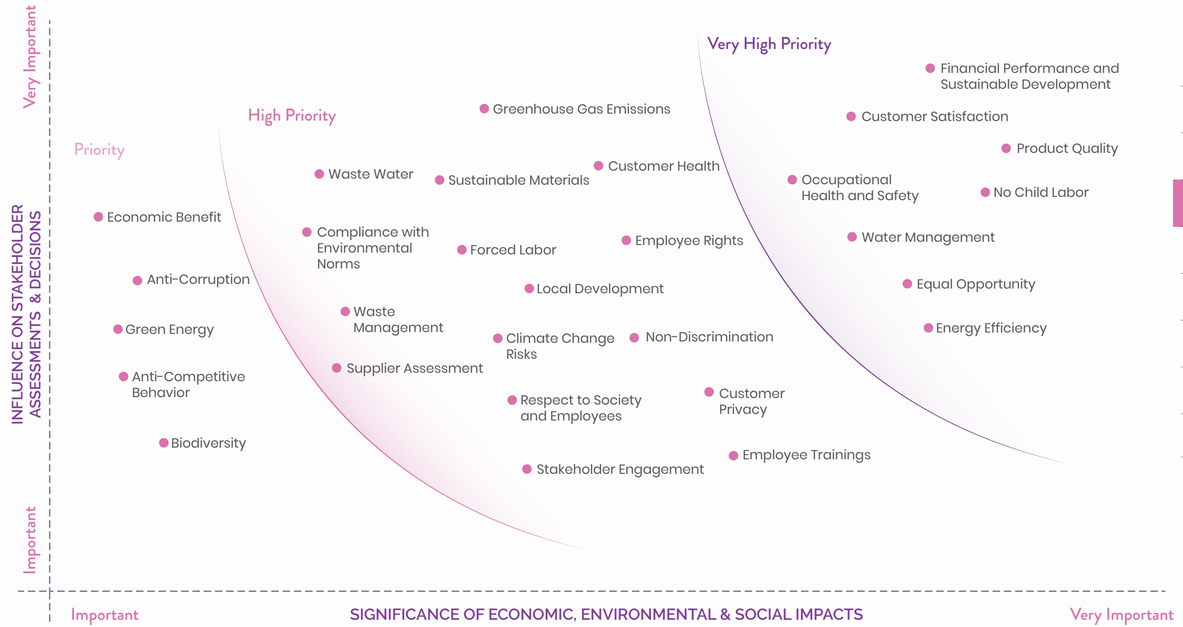


MATERIAL SUSTAINABILITY TOPICS

With our first sustainability reporting we prepared this year; we determined our priorities regarding sustainability topics through detailed works we carried out with our employees and stakeholders.

In the process, we placed the feedbacks we obtained as a result of the survey studies we conducted with both our employees, our internal stakeholders, and our external stakeholders on our materiality matrix. As a result of our studies, we addressed those topics in 3 main groups as priority, high priority and very high priority. In this respect, material topics considered during reporting are listed below. We share every topic with priority we determined using the sustainability approach with our stakeholders based on a transparency policy. In determining the topic, we, in addition to stakeholders' opinions, follow the global trends, and review reports and analyses, and make use of the results of risk and opportunity analyses we carry out.





05

ECONOMIC PERFORMANCE



ECONOMIC PERFORMANCE



We continue to improve our financial performance, which occupies the rank of very high priority for our company and our stakeholders, within a sustainable development plan. We continue to generate added value for our country for 68 years. In 2018, we performed hosiery sales of 37 million pairs domestically and 8.5 million pairs internationally. And we exported 18 million pairs of hosiery as Private Label. In addition to this, we developed a method for determining the points to be considered within the scope of Environment Management System, identifying the environmental impacts and taking precautions, defining the activity steps implemented for the execution of required awareness raising activities, and codes of practice thereof during the production taking place in our company.

To provide assurance regarding the fact that our company will achieve its environmental and economic goals, to ensure the prevention or reduction of undesired effects including the potential effects for the external conditions that will affect the organization, we predict and identify how the sustainability risk and opportunities that may occur in the processes will affect our economic performance.

Risks and opportunities associated with climate change are identified by Sustainability Committee at both assets and company level. The Board and Sustainability Committee make the initial decisions to evaluate and activate the climate change risks and opportunities in compliance with the policies and requirements stated in the management procedure.

We analyse the risks and opportunities that may arise in our value chain caused by the climate change.



We identified our primary risk that related to climate change as the ***Cost for Transition to Low Emission Economy*** in our direct operation in our value chain.

Transition process to be a company with lower emission is recognized as the company strategy of Penti Çorap; this is evaluated regularly by our Sustainability Committee and is discussed by the Board of Directors in the regular meetings held.

Currently the global energy sector is in the middle of an important transition process arising from the new technologies developed, change in consumer preferences and the efforts for reducing greenhouse gas emissions. We observe that the expectations of our stakeholders also increase along with the tendencies that support the low emission technologies. Although the global economic growth has weakened recently, we are aware of the number of the customers and companies that embrace low emission technologies.

Along with the fact that Turkey participated in the Kyoto Protocol in 2009 and that signed the Paris Agreement in COP21, the awareness regarding the reduction in greenhouse gas emissions and prevention of global warming started to settle more firmly. By Paris Agreement, they aimed to make the global temperature rise remain below 2°C, and to fix it at 1.5°C. In this respect, Turkey claimed to reduce the national greenhouse gas emission by 21% until 2030. Turkey is participating in PMR (Partnership of Market Readiness) in 2013 increased the possibility of an Emission Trade System and Carbon Tax in Turkey.

As Penti Çorap we closely follow all these global developments and global energy trends. Rising energy costs urge to tend to energy saving attempts in production and accordingly to reductions in greenhouse gas. In our manufacturing facilities our main energy source is electricity, and the Scope 2 emission in our greenhouse gas emissions sourced from electricity consumption corresponds to 61.5%.

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Local Development and Economic Benefit

We have now reached to the capacity of 86 million pair of hosiery a year in our factory we founded in 1994 in Çorlu District of the City of Tekirdağ. At a company of global level, we also contribute Çorlu district to be open the world. The greatest percentage of our 762 employees comprises of local people. Moreover, we present possibilities of internship to our youth, our future, to lead the way for them to gain experience in business life. We are proud of contributing to the development of local economy and to increase the welfare level of public by generating employment. We are aware of the importance of local development and we have included this issue in our material topic list in our materiality matrix. .

Anti-competitive Behavior

We continue our works to prevent anti-competitive which is included in our list of issues with priority for our Board of Directors. Any suspicion and breach related to the issue is inspected by our disciplinary boards. In our company, no act contrary to any competition or violation of monopolization was not occurred through 2018, which is covered by the report.

Anti-Corruption

The fight against corruption is among our primary issues. Our actions against anti-corruption, which leads to inequality and increase in the feeling of confidence, continues in every area. We work for ethical and fair manufacturing in accordance with our fight against bribery and corruption. Through our in-house internal inspections all cases proved to be rightful in every aspect and suspicious ones are reported to the necessary units, and our management accordingly take actions urgently.

Our employees, 100% of whom we define within risk potential, are regularly subjected to corruption risk evaluation in connection with their positions, and cases we consider to be defined as risk pursuant to our policy are reported to senior management. Stakeholders who are assigned at every stage of our manufacturing and sales process, particularly our suppliers, are obliged to comply with our policy of fight against bribery and corruption. We provide a hotline against corruption for our employees or our external stakeholders, who want to report a case, to use. Each notice is reviewed carefully, and if there is a breach, disciplinary punishments are inflicted within the limits of the law, or court are applied to.

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OUR EMPLOYEES

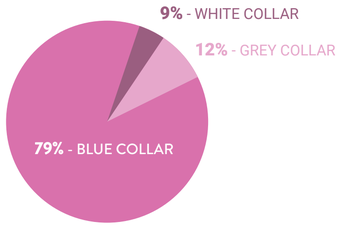


OUR EMPLOYEES

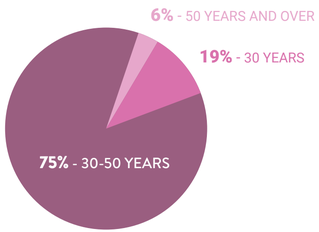
As per our company policy, our employees are one of our important stakeholders that have direct impact on manufacturing. We follow our directories we set in compliance with national legislation to protect the rights and freedoms of our employees. We approach to our employees with a point of view that is equal and prevents discrimination independent from any factor such as their political opinions, beliefs and the like in compliance with the professional business ethic. We observe the equality of men and women, and the number of our woman employees is considerably above the average of Turkey. We follow the policies we defined within the company and the national and international norms to prevent child labor and forced labor.

Of our total of 762 employees, 79% comprises of blue collar, 12% of grey collar and 9% of white collar. The greatest percentage of our employee profile falls in the age range of between 30 and 50. Our entire blue-collar employees work under collective labor agreements. This represents the 79% of our total employee number.

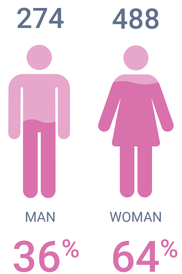
Employee Distribution



Employee Distribution by Age



Total Employment



Our working areas and job definitions are planned in compliance with human rights. Prevention of forced or compulsory labor, prevention of child labor, discipline/ prevention of maltreatment and harassment, determining working hours, wages and payments, prevention of discrimination and ensuring occupational health and safety are addressed within our social compliance policy, required risk analyses are performed and actions are taken accordingly. All our employees are part of these analyses.

For the continuity of the employment, our regular hiring every year continues, and our company continued to generate employment also in 2018. In our company, 107 new employees were hired within the reporting year.

Number of Employments in 2018

Age Range	Man	Woman
50 years and over	1	-
Between 30-50 years	14	56
30 years and below	7	29

Studies conducted by our Management and Human Resources Department were evaluated by neutral agencies, and 2018 was a year that the value we attach to our employees was abundantly rewarded. Our company was granted the awards of "HR Star", respect for human, the company of the year most contributed to employment, the company of the year most contributed to female employment, Best Recruitment Marketing and Employer Branding, as well as the Honour Award of Female Employment by the Çorlu Chamber of Commercial and Industry. Our company is honoured with the awards which we also consider as a feedback.

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POWER OF WOMEN

Female employee rate in our company was realized as 64%. Our company, which created products that women feel themselves better, also has a female employment percentage way above the average of Turkey.

With our baby-friendly policy, we provide support to help working mothers. We have planned our day care centres for all working mothers. Our working mothers that have children between the ages of 0-6 can benefit from the service. Our employees can leave their children to the day care centres in Çorlu where we have agreements between 07:00-19:00 on weekdays and between 07:00-17:00 on Saturdays. We cover the fees of day care centres and transportation (service) as Penti Çorap on behalf of our employees.

We believe that female employment will increase percentage of well-educated women. We provide scholarships to support the education of undergraduate daughters of our employees. We provide pre- and post-pregnancy flexibility to our female employees and their partners. Maternity leave, which is also secured by the labor law, is the right of our every female employee. They may plan, and divide, the duration of this leave pre- and postnatally as they wish as their states of health permits.

Number of people on gender basis who took parental leave in 2018

PATERNITY LEAVE
26
MALE EMPLOYEE

MATERNITY LEAVE
21
FEMALE EMPLOYEE

Percent of back to work of those who took parental leave

PATERNITY LEAVE
100%
MALE EMPLOYEE

MATERNITY LEAVE
85%
FEMALE EMPLOYEE

EMPLOYEE SATISFACTION

We are aware that the personal development and satisfaction of our employees is the assurance of our future. We are creating a working environment where our employees have trust in their managers, are proud of the job they do, and work with their colleague in a team spirit.

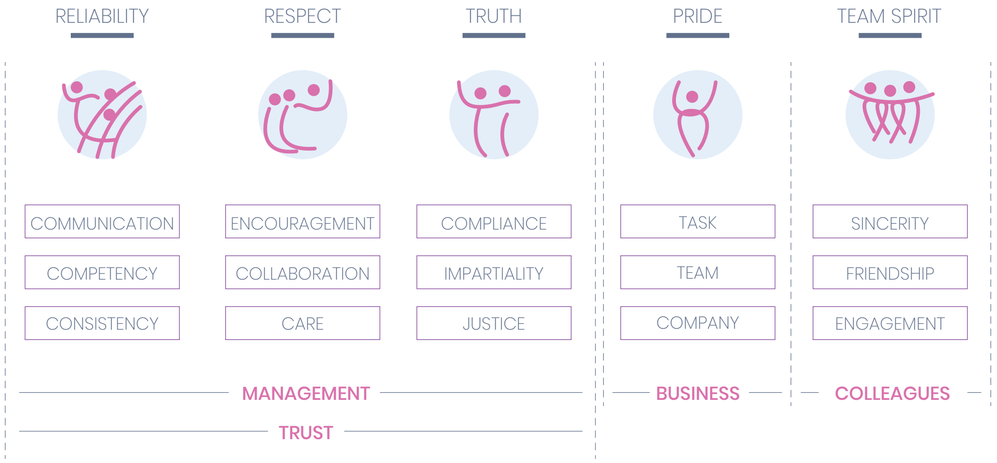


- We improve mutual communication and increase confidentiality with a particular importance on competence and consistency.
- Ideas of our every employee is important for us. Throughout the business processes, we consider any feedback, and collaborate in due regard to improve our processes.
- We reinforce the sense of justice, and approach to each of our employee's impartiality.
- We provide the opportunity of the rightful pride of our products to our employees who are aware of their contribution to our services.
- We actualize the projects that will develop a sense of sincerity and togetherness among the employees to improve the team spirit.

"Penti Çorap is pleased with carrying out its part and more regarding the issues of strengthening the women, sex, and male-female equality. Our management and human resources continue to develop our policies with this motivation."

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GREAT PLACE TO WORK MODEL

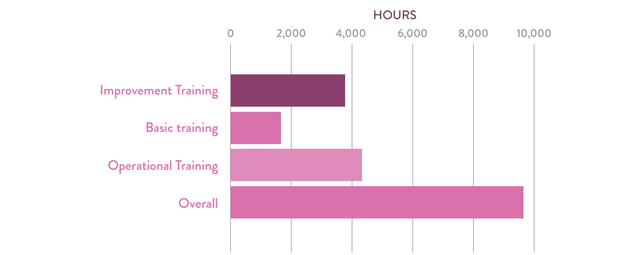


We conduct satisfaction surveys every year regularly for our employees. We also share our 2018 performance with our stakeholders. We compared the results of our evaluations, which we made with a high participation of 72%, with the previous year's values, Turkey average and with the companies that are included in the best employers. The overall satisfaction rate of our employees was shown to be higher than Turkey average with 73%. Furthermore, our results were obtained also separately for 5 main breakdowns of our satisfaction survey. Our employees feel safe at a ratio of over 70%. Following the assessment of our 2017 results, necessary actions were taken, and high rate improvement was observed in many criteria in 2018.

TRAININGS

We continue our company trainings without slowing down to catch up with the current technologies, maintain efficient manufacturing and sustainable working environment. With operational trainings, technical staff are given machine side trainings, machine use instructions and business trainings. Other than that, we provide our employees orientation, workplace health/safety, first aid, fire, environmental management, etc. trainings we call basic trainings. When deemed necessary, we outsource training service on specific subjects for our development. In 2018, we delivered our employees a total of 9,508 hours training with 1,384 hours thereof being basic training, 4,292 hours operational training and 3,832 hours improvement-directed training. The average training hours per employee took place as 12.5 hours.

TRAININGS





07

OCCUPATIONAL HEALTH AND SAFETY

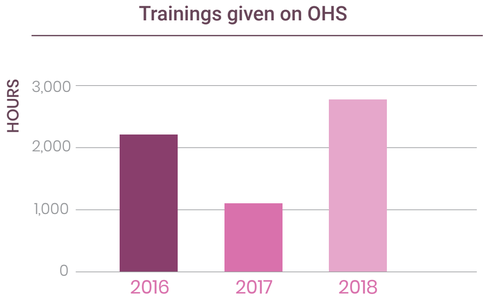


OCCUPATIONAL HEALTH AND SAFETY

Continuous improvement of the working environment is one of the issues with priority for Penti Çorap with respect to increasing the motivation of our employees and their efficiency. Instructions required for ensuring the occupational health and safety in the workplace and for continuous improvement of the working environment were created, safety rules were determined and put into practice. Instructions implemented covers all activities and employees within the facility. Laws, legislations and regulations related to the sector and working areas are monitored and their requirements are affected. As the company, we follow the legislation on Occupational Health and Safety (OHS) we developed within the company.

The relevant department managers are responsible for determining the standards agreeable with the Code and regulations of Occupational Health and Safety related to working environment, requesting the necessary sources and implementing them. Realizing the sources is ensured by the top management. Furthermore, relevant deficiencies and demands are discussed and resolved in the Quality System Review meetings of the Management. The physical factors: lightening, heating, cooling, ventilating, safety, cleaning and hygiene of the environment required for product compliance are ensured. Working environment is inspected through internal inspections and is continuously improved.

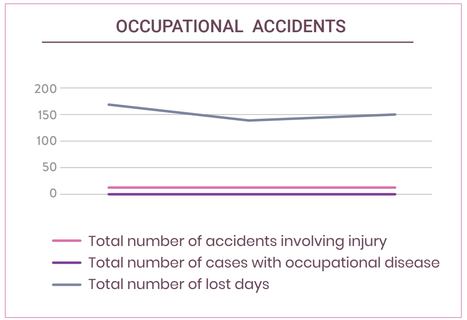


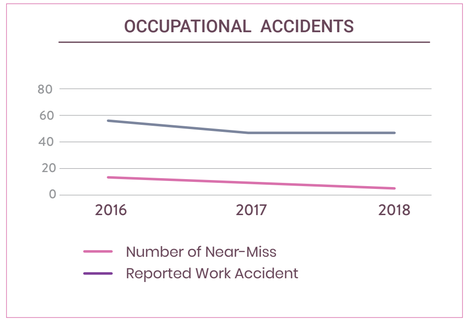


These trainings addressed basic issues such as first aid as well as specific subjects such as carpal tunnel syndrome according to the needs of our employees.

Occupational Health and Safety is very important for the safety of our employees and for the sustainable manufacturing. Awareness on this issue is kept active through signs, indicators and trainings. Occupational health and safety of each employee is the priority for us. Our ongoing trainings on OHS continued also in 2018. Our employees were given total of 2,219.5 hours OHS training.

OCCUPATIONAL HEALTH AND SAFETY





The number of near miss occurred within our company, accidents took place and effects thereof are also recorded and regularly shared with authorized organizations. We thus try to minimize the risks of accident using the obtained data. Through the internal audits carried out in our company, risks for any accident or health problem is addressed, and required preventive measures are taken.

Measures taken are reported to our employee s in detail, and our employees are warned using visuals in the company. In our company 8 near-miss incidents and 48 work accidents occurred in 2018. There occurred 11 accidents involving personal injury, total of 1 occupational disease and total of 149 lost days.

The TPM (Total Productive Maintenance/Management) procedures are practiced within our company for the continuity of productive manufacturing and taking required measures. We try to reach our goals of **"Zero-accident, scrap breakdown, short stop, cleaning"** with this process we carry out with the top management and all our employees. Through continuous improvement in manufacturing processes, we minimize the work accidents and create a company culture with an insight of participatory management. We succeeded to increase our 2018 OHS risk score by 17% compared to 2017 with the improvements in manufacturing processes.

DATA WITHIN THE SCOPE OF FACTORY TPM WORKS-2018

Number of group kaizen	761
Number of Before/After (B/A) kaizen	3,118
Number of suggestions given	5,262
Anomaly Tag (Fuguai Tag) removal percentage	94.8%
Number of One Point Lessons (OPL)	771
Number of Q-Check points	162
OHS Risk score 2015	469,944
OHS Risk score 2016	175,944
OHS Risk score 2017	144,920
OHS Risk score 2018	120,000

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08

SUPPLY CHAIN



SUPPLY CHAIN MANAGEMENT

We cooperate with many suppliers from raw material production to our end-user products. Our supply chain is considered in 4 main steps and we carry our controls in detail throughout all processes: as raw material supply, manufacturing, transportation of raw materials and delivery to customer. Therefore, this approach enables us to minimize the uncertainty within all processes; we do produce lower cost products, we do increase our managerial performance, and we do respond to any negativity most rapidly and take action. In the reporting year, we got 49% of our supply from local companies, while the remaining 51% from other companies.



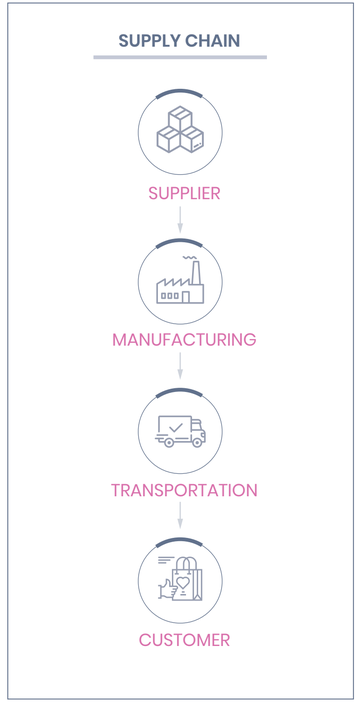
Within the scope of supply chain, we consider our suppliers in 5 main groups as Yarn, Accessories, Packaging, Dye/Chemicals and Indirect Purchase. Pre-evaluation and Operational Risk Assessment are conducted for new suppliers, prior to procurement of goods and services that affect the product and service quality. We carry out the inspection of all our approved suppliers by our Purchasing Department through Penti Online with our raw material suppliers being inspected once a year. During our inspections, we also pay attention to and assess the compliance of our suppliers with environmental norms.

49%
Local Supplier

66
Different Countries

540
Stores

Operating in total to 66 countries as Penti brand or private label, our company is now in the position of having reached the front doors of our customers with its total of 513 stores, 362 of which being in Turkey. We manage our global supply network by means of the m anagement system we have developed and reflecting our lower cost manufacturing on our products and we offer the highest quality to our customers at the lowest price.



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SUPPLY CHAIN MANAGEMENT

BSCI

With the increased speed of consumption, the number of companies and accordingly the competition has now increased rapidly. Manufacturers continue production under inconvenient working conditions that are against human rights and freedoms and unsustainable to meet the increasing demand at low costs and make high profits. Our conscious clients are uncomfortable with this situation, and they would like to ensure that there is not any exploitation of worker on the product they consume. We observe and share the sensitivity of our customers in this regard. Within this context, we are a member of global cooperation which proves that we systematically improve our working conditions based on the BSCI (The Business Social Compliance Initiative) standard and adopt a social compliant production plan. Our many social compliance policies such as working hours, work compensation, prevention of child labor, freedom of union membership and environmental safety policy were inspected by third-party independent organizations within the scope of the standard and found suitable.

SEDEX

We have reinforced our policy, which we follow in our supply chain and which complies with ethical values, by having registered in SEDEX platform in addition to BSCI standard. By being in the non-profit SEDEX network, we continue our improvements in a continuous collaboration with other members. During the SEDEX inspection, criteria such as our working conditions, employee rights and freedoms, product and production line compliance are inspected regularly, and we continue our improvements in these areas.

AUTHORIZED ECONOMIC OPERATOR CERTIFICATE

Our company has the Authorized Economic Operator Certificate which is given by the T.C. Ministry of Commerce. Generating added value through exports, our company has the status of an operator authorized by the Ministry of Health to prevent the setbacks experienced in the customs clearance process and prevent our consumers to lose their valuable time, and to accelerate the processes.

We measure our hazardous chemical discharge levels using 'Environmental Emission Tool' developed by Bureau Veritas

We declare our company's sustainability performance by means of the Higg Index developed by Sustainable Apparel Coalition. We manufacture in compliance with the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), the European Commission Directive of 1907/2006.

We choose only suppliers which do not use the unpermitted chemicals of alkylphenol ethoxylates and formaldehyde.

We give priority to do business with the supplier companies that have BLUESIGN, OEKO-TEX, EcoPass and GOTS certificates.

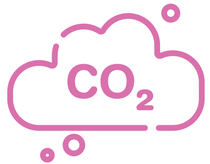
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ENVIRONMENT



ENVIRONMENT

Environmental responsibility is one of the pillars of the sustainability approach at Penti Çorap. Being aware of this, we closely follow the national and international environmental norms and fulfil our responsibilities since our foundation. For being able to measure our environmental impacts and take required actions to reduce the impacts, we improve our manufacturing process continuously and monitor every unit process. Based on the works we performed, we have calculated or company's corporate carbon footprint for the year of 2018.



We have calculated our corporate carbon footprint based on

2018

activities

During the waste management stage, we record all our waste types. Efficient use of energy is considerably important both in an economic sense and for generating less environmental impact. At Penti Çorap we develop and carry out energy efficiency projects continuously.

To prevent the pollution in the receiving water and leave a cleaner world to the next generation, we discharge in compliance with the national standards by our own wastewater treatment plant in our company.

All our environmental works are carried out according to ISO 14001: Environment Management System. We have published our Environment Management System Handbook to run the processes in a controlled manner. The purpose of the handbook is to describe our company's current Environment Management System, define the duties and responsibilities of the staff who are to exercise the system, ensure that the employees become conscious about the Environment Management System and effectively participate in the established system, and get them involved in the process of increasing the productivity, to create general procedures for all operations that constitute the Environment Management System, and show our ability to offer suitable service to our clients. PENTİ ÇORAP Environment Management System covers all operations within the scope of carrying out designing, manufacturing, whole and retail sale and related foreign trade, clearance managerial and administrative organizational activities, all services/products Penti Çorap offers to its customers, and all Penti Çorap suppliers.

Our operations of identifying risks and opportunities, integrating these into the Environment Management System processes and the way of evaluating these operations are described in the Environmental Aspects and Risk Assessment Procedure. In this context, our company carries out planning of the following issues:

Important environmental aspects

Compliance obligations

Management of risks and opportunities

In addition to following the ISO 14001 standard, our company shows its motivation on fulfilling its responsibilities regarding the environment also by obtaining Eco-Factory Certificate and OEKO-TEX Certificate.

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ECO-FACTORY CERTIFICATE

In 2012, our company was awarded the "Eco-Factory Standard" certificate which only a limited number of companies have in Turkey, and it continues to be one of the representatives of the Eco-Factory system. Eco-factory certificate is given to companies pursuant to the "Plan A" program developed by Marks&Spencer. The main philosophy of the program is to be able to carry out a sustainable future based on the motto of "There is no Plan B for our planet".

In this context, our company acts within a framework of a planning regarding to a sustainable manufacturing and delivery. Within the scope of the developed plan, energy-related arrangements are performed, potential for energy efficiency are determined and related projects are carried out. Based on the waste and water management plans, it is aimed to reduce the consumption and inform our employees on this issue. Our water recycle system installed within our company and the quality of the discharged wastewater are controlled regularly at the certification step.

We have an authorized project manager in the company to ensure the continuity and control of the projects. As per the job definition, our manager draws up reports for compliance with the Eco-Factory standards. In addition, our company follows the sense of ethics which Marks&Spencer, the social pillar of certification, follows.

Plan A DOING THE RIGHT THING

Bu ürün, enerji tüketimini azaltan ecofactory statüsündeki fabrikamızda üretilmiştir.
This product is made in an eco-factory where energy usage is reduced.
TÜKÇEV

OEKO-TEX CERTIFICATE

Considering the human health, the quality of the products we produce is our priority as a garment manufacturer. Our entire supply chain and manufacturing process operate in accordance with this priority. We are proud of having proved our safety in this field internationally through STANDARD 100 by OEKO-TEX® certificate, and we guarantee that the hazardous raw materials defined in the standard list are not used in our products. We provide information to our customers about the certificates we follow and comply with by means of the relevant labels attached on our products.

OEKO-TEX®
CONFIDENCE IN TEXTILES
STANDARD 100



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Greenhouse Gas Emissions

Our world now faces the danger of global warming as a result of human causes such as rapid industrialization and increase in the consumption of fossil-based energy sources. Therefore, territorial managements and relevant authorities takes measures to reduce the accumulation of the gases, which recognized as greenhouse gas in Kyoto Protocol, in the atmosphere. At Penti Çorap we actualize comprehensive works to fight against the climate change and global warming.

We have calculated the Corporate Carbon Footprint for the year of 2018 which is set as the base year to measure our greenhouse gas emissions. We have obtained the ISO 14064-1 standard for our greenhouse gas inventory, we calculated our Direct Greenhouse Gas Emissions (Scope 1), Energy Indirect Greenhouse Gas Emissions (Scope 2) and Other Indirect Greenhouse Gas Emissions (Scope 3) using the Operational Control Approach.

Per ISO 14064-1, we have also developed a Greenhouse Gas Management Procedure at Penti Çorap, in order to ensure that carbon footprint can be carried out using the same method every year. Considering the results, we have obtained in our first carbon footprint base year, we have created base data for upcoming years.

We started calculating our greenhouse gas emissions in 2018 however, we were already providing emission reductions as a result of our energy efficiency studies.

With the greenhouse gas emission calculation method according to ISO 14064-1, we will be able to see the percentage of reduction of these energy efficiency studies.

With the fact that the fossil resources in our world are gradually decreasing, our company has started to search for new and sustainable resources and tries to take the necessary precautions.

In this context, thanks to our energy efficiency studies carried out in 2018, we achieved an 11.98% reduction in our greenhouse gas emissions according to the business as usual scenario.

Penti Çorap 2018 Corporate Carbon Footprint

Scope 1 Emission	=	5,129.79 tonnes CO_2 equivalent
Scope 2 Emission	=	8,180.53 tonnes CO_2 equivalent
Scope 3 Emission	=	102.27 tonnes CO_2 equivalent
TOTAL Emissions	=	13,412.59 tonnes CO_2 equivalent

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Sustainable Materials

We conduct our environment management system transparently with our sensitivity for the environment embracing the philosophy of leaving a better and cleaner world to next generations. We inform our employees regarding waste reduction and reuse, our main goal, through the trainings we arrange, and collect the recyclable wastes separately by the method of collecting at source and to send them to the recycling. As for our wastes that is not suitable for reusable or recyclable, we do prefer the most environmental disposal methods. We conduct our environment policy pursuant to the ISO 14001: Environment Management Systems. Based on the Plan-Do-Check-Act (PDCA) model, we practice and maintain the control of the waste management plans developed in-house and continue to make required improvements.

The importance of the resource consumption is vital for sustainable production. At Penti Çorap we are aware of our vital resources and we do monitor the amount of the raw materials consumption annually. 2% of our total raw material consumption in 2018 is supplied from recycled sources.

2018 Raw Material Consumption

Metallic Yarn	7,564 kg
Elastane Yarn	158,000 kg
POY	766,103 kg
FDY (Fully Drawn Yarn)	296,717 kg
DTY (Drawn Textured Yarn)	632,640 kg
Single Cover	175,024 kg
Polyester	54,320 kg
Cotton	62,500 kg
Recycle Fibres	37,270 kg

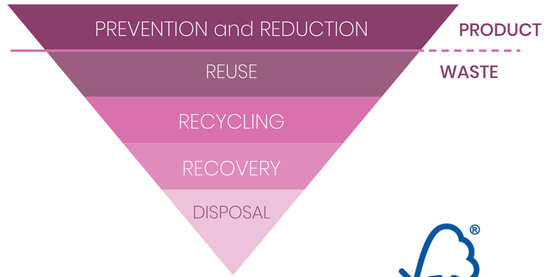
Recycled Materials

2016	1,449 TONNES
2017	1,539 TONNES
2018	1,351 TONNES

Our company can carry out production with FSC package label and recycled nylon manufacturing upon request from customers. In addition, we started to manufacture products from recycled polyester, and our recycled cotton-manufactured products are now marketed.

We reduced the number of various chemicals we use in our production stage from 140 to 70. We are planning to reduce this variety even further to 50.

In order to increase the energy efficiency, we are working on projects where we can utilize excess steam and solar energy in the greenhouse to be built at Penti Çorap manufacturing plant.



Waste Management

We collect our waste at the source and record the waste type and amounts. We are able to perform a very effective solid waste sorting. With the measures we take and awareness projects we developed in the company, we accomplished to reduce the amount of our hazardous waste by 13% and the amount of non-hazardous waste by 12% we generated in 2018 compared to the previous year. To reduce resource use and sustainability of the resources is a priority at Penti Çorap. In order to provide circular economy to perform our duty, we deliver our waste to the sorting facilities and monitor the end-of-life of the wastes.

In 2018, 56 tonnes of plastic were recycled.

"The Directive on Control of Hazardous Wastes" prepared separately for the management of hazardous wastes that require to be stored distinctively is followed. Contaminated wastes, waste batteries and cells, florescent lamps and bulbs, waste cartridges and toners and wash waters containing chemicals generated during the operations of our company are stored separately and dispatched to contemporary waste area of the plant within reserved boxes and barrels. At the later stage they are sent to licensed treatment companies according to waste type. We monitor the recycling and disposal processes of hazardous wastes after they left our company using the waste follow up forms that pay attention to every detail. In 2018, 41 tonnes of hazardous waste were generated in our company which was operated and disposed of in accordance with the national legislation.



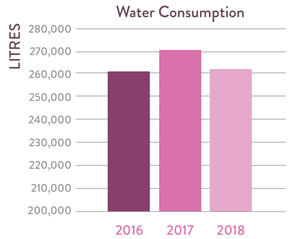
Non-hazardous Waste	
2016	60.1 tonnes
2017	60.2 tonnes
2018	60.1 tonnes

Hazardous Waste	
2016	54 tonnes
2017	47 tonnes
2018	41 tonnes

Water and Wastewater Management

The need for water gradually increases as a result of increasing world population, and water contamination as a result of industrialization. Access to clean water and protection of the environment gradually becomes more difficult each passing day. As required by our corporate company values, we fulfil our responsibility water security since the day we started manufacturing, and we follow national and international legislations.

We treat the process wastewater and domestic wastewater generated by process in the biological treatment facility located in our plant under conditions even better than the national wastewater discharge limits.



In 2018, total of 9,898,000 litres wastewater was recycled



Water has direct impact on both our direct operations and our supply chain. In our manufacturing facility located in Ergene basin, water is our essential natural source for the continuity of our manufacturing and is evaluated within Penti Çorap risk analysis. Within the scope of continuity of water safety and risk analysis, we use WRI Aqueduct Water Risk Atlas as the basic water stress indicator. According to this indicator, Çorlu District Ergene Basin water stress is defined as ">80%, Extremely High".

Water stress: This is an indicator that shows the capacity, or deficiency, of a fresh water source in meeting human and ecological demand.

Energy Management and Efficiency

We are aware of the importance of energy management for a sustainable environment and the world. We regularly report our energy consumption data monthly and annually, and in the light of this data, we carry out our projects on energy efficiency. The fact that the projects we develop are awarded by international organizations shows that our policies are created in accordance with actual targets.

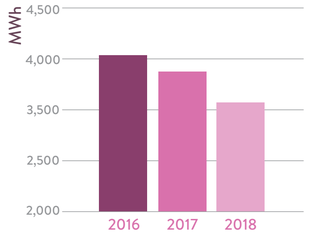
We record our energy expenditures, and we can thus quantitatively see the result of the goals we set for energy efficiency. In our company we use electricity, natural gas and fuel oil for energy.

In 2018, we reduced our energy consumption by 7% compared to 2017 and by 12% compared to 2016.

The successful quantitative results we get encourage us for the years to come.

> *We are aware that the largest percentage of our contribution to global warming and to the climate change is caused by our energy consumption. Therefore, we are monitoring the company's carbon footprint amount and performing greenhouse gas inventory. Being a holistic concept, taking also indirect greenhouse gases caused by indirect energy consumption has also been considered.*

Total Energy Consumption



Biodiversity

Biodiversity may be defined as the variety in life forms in terrestrial, nautical and other water ecosystems. For the ecosystems to be able to maintain their lives, it is essential to protect and maintain this variety. The fact that the basic parts of the ecosystem come closer to be destroyed or that they are destroyed may cause the system, which also includes people, to be completely destroyed. As a company we are aware of this and taking precautions.

We are trying to minimize our effects within our field of activity. We control the water we use throughout our production processes, and the wastewater, solid waste and air pollutants we generate pursuant to national and international norms. In the wastewater treatment plant, we discharge to the empowered receiving water bodies, solid wastes are stored according to their types and sent to relevant recycling and disposal facilities, and our air emissions are minimized using filtering methods.

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SOCIETY



Society, one of the most important pillars of sustainability approach, and relationships with society are addressed in the report under subheadings of "customers", "communication" and "human resources".

Customers

To learn the customer requirements, requests and expectations, the concerning departments, primarily the Top Management and Sales & Marketing Department use all existing relevant tools and media. During our communication with customers, we consider all customer feedbacks including taking order and product information, contracts, and changes in orders and customer complaints. In this context;

- ***We ensure that our customers have knowledge about our products and prices by means of promotional tools such as product catalogues, price lists, customer calls, exhibitions, recommendations and webpage.***
- ***Our customer may always reach to our sales representatives using communication sources.***
- ***We make contract negotiations with our customers we contact. We arrange providing-receiving information and calls. When necessary, we set joint working environment with our customers.***
- ***We closely follow the tenders announced by governmental organizations getting into details.***
- ***Customer complaints and recommendations are recorded using different communication sources, and required actions are taken.***

We use the information we obtained from customers through the record and follow up system we established as basic input for continuous improvement of products and processes, maintaining the product quality and customer satisfaction at the highest level.

Customer Satisfaction

At Penti Çorap, we have established the integrated management system to be customer focused. In this context, we primarily identify the expectations and needs of our customers. Then we create solutions suitable for our customers' expectations to maximize their satisfaction. We put forth to what extent these goals are accomplished using continuously monitored performance indicators and periodical customer satisfaction measurements. We create our basic principles based on the fact that using our customers' expectations as a base, balancing and meeting them.

We also attach importance and analyse the recommendations and satisfaction of our internal customers, that is, our employees. To ensure customer satisfaction, our company describes the needs of our customers regarding products and services clearly in offers and specifications.

As a company that always gives particular importance to customer satisfaction, we maintain our works in this field according to the Customer Satisfaction and Complaint Management Procedure we identified. Our customers can easily reach detailed information about our products by means of ways, such as, our catalogues, customer calls, exhibitions and webpage. Our customers may reach our sales representatives, who are ready to help, in accordance with their needs using different communication ways. We collect complaints and recommendations through telephone, fax or email, and we enhance our service quality according to feedbacks. We are proud of not getting negative feedback from our customers, to whom we are supplier, in 2018, the reporting year. Besides for the customers' privacy We have created an environment of confidence for both parties through mutually signed privacy agreements. No case related to customer privacy happened during the reporting period.

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Communication

Penti Çorap Top Management systematically communicates Quality and Information Safety Policies, goals, quality system inspection results, key messages, course of events, decisions and activities planned for future to employees using communication channels. To ensure communications, we use the following channels in Penti Çorap:

- Management Meetings for Reviewing Quality System
- Other (about subjects such as manufacturing, quality, orders, etc.) meetings
- In-house correspondences, faxes, announcements
- Audio-visual electronic communication media such as Internet, email
- Employees' recommendation system
- Trainings

Communication with Locals

Our company attach importance to communication with local people who are affected by any activities we carry out. Every activity that we conduct and develop for environmental impact assessment is opened to the views of local people and improvements are made according to the feedback received. In addition, our activities are regularly inspected by local official institutions.

Human Resources

Penti Çorap Management embraces the training of our employees, developing their awareness and competence, and increasing effectiveness and productivity as its main responsibility. To fulfil this responsibility, we use continuous training and personal development planning, determining power and responsibilities, recognizing accomplishments, research on employees' attitude and satisfaction, assessing employee recommendations, improving communication and accelerating knowledge share, developing team spirit and encouraging teamwork as tools.

Effective use of these tools, ensuring their continuity and coordination is the responsibility of our Management Representative. Needs related to improving the abilities of all employees who have impact on business success, product quality and customer satisfaction of Penti Çorap are determined, planned and actualized according to the Training Procedure we have prepared.

Minimum experience and training requirements of our staff who perform works that affects product and service quality is defined in their job definitions, and we recruit staff according to these criteria. By ensuring regular training, we evaluate competence levels, and always keep it at top level.



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Competence, Awareness and Training

It is one of the responsibilities of the Senior Management team to determine and improve the competence of our employees to increase the effectiveness and efficiency of our organization. For this we primarily determine what the needed competences are in accordance with our company's Information Safety Policies and our goals, then we determine the existing competences and implement improvement plans for areas open to improvement. Competences of our staff are defined separately for different department and management levels. We measure how well the competences of our staff, who have impact on product quality, comply with the company expectations and with requirements of the job they undertake using suitable methods.

We have clearly defined the power of our staff, who deal with the processes that manage and confirm quality, in their job definitions. Determining the competences of our staff work in departments is left to our managers in accordance with our business objectives. Departments may determine these competences for their staff in a way they deem accordant depending on their fields of activity and may make request for training from the Human Resources department to determine these competences. We carry out the processes of determining and measuring competences, determining, planning, actualizing and keeping the records of the needs for training including new recruitments, in accordance with our Training Procedure.

We defined the competences for our staff, who conduct jobs that affects product quality, in the HR training module in TPM Management System. We regularly carry out trainings to increase the competences of our employees. We store our records for training received, learning and skills in staff files with our Human Resources Department to evaluate the effectiveness of the trainings we arrange.

In the process of drawing up the annual training plans in our company, we evaluate the trainings related to Information Safety (IS) within the same framework. We provide training all our employees, who have or may have significance impact on IS during their operations, on legal regulations related to their work items, policies and goals of the organization and IS-related risks of the operations they carry out.

Our objective in training and awareness raising activities is to continuously improve the system by enhancing the IS awareness and insight. During the planning and detailing our trainings, we follow processes according to responsibility, ability, competence and knowledge level, the impact and risks of the operations. We assess our employees, who will undertake tasks that may have significant impacts on IS, with respect to their qualifications required for learning, training and experience. We give training to new employees about the IS management and importance thereof. The contents of the training given in our company are as follows;

- Creating awareness about IS management system
- Policy
- Importance of complying with procedures and IS conditions
- Structure concerning business continuity and emergency, responsibility and actions to be taken in such situations



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GRI CONTENT INDEX

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



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	102-49	Since this report is published for the first time there are none.
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	102-51	Since this report is published for the first time there are none.
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