

Global Compact Report 2010

Entrance

Social Compliance

Corporate Social Responsibility

“People First”

"Never forget that your colleagues and employees are human beings just like yourself, and that it is your duty to treat them well".

This paternal advice rang in the ears of Yesim Tekstil founder Sukru Sankaya when he first started in business, and remains at the heart of the company's "People First" vision, its corporate culture and all its policies.

Entrance

With a total operation area of 325 thousand square meters in Bursa of which 144 thousand are indoor space and 181 thousand are outdoor and employing approximately 3,000 persons, Yeşim Tekstil manufactures apparel and home textiles.

Having started production in 1983, Yeşim Tekstil currently has a daily capacity of 50 tons in knitting, 100 tons in dyeing, 100 thousand meters in printing, 150 thousand pieces in apparel production and 100 thousand pieces in home textiles production. Apart from being one of the world's four largest integrated garment manufacturers having all processes available in-house under the same roof from yarn processing to the finished product, it is also among Turkey's largest employers.

Manufacturing for brands like Nike, Gap, Banana Republic, Old Navy, Zara, Pull&Bear, Massimo Dutti, Esprit, Hugo Boss, Burberry, Tchibo ve Schlafgut Yeşim Tekstil has products contract manufactured by enterprises in countries like Moldova and Egypt in addition to its in-house manufacturing.

In addition to its quality, the "People First" governing principle Yeşim Tekstil has been following since the day of its establishment and priority it has been giving to individuals have played an important role in the start of cooperation between Yeşim and famous brands. The social responsibility structure at Yeşim Tekstil has also been shaped with the "People First" approach. The advice that says "Never forget that those working for you are people and that it is your responsibility to behave well to them" given to Şükrü Şankaya, a now deceased founder of the company by his father constitutes the basis of Yeşim Tekstil's "People First" approach with the whole corporate culture built onto this approach.

Acting with awareness of its social responsibilities, the makes a social and economic contribution to its home country by creating thousands of jobs and aims to create a more prosperous and happier society by directly or indirectly contributing to the employees, community and environment. Having built its vision, mission and values in line with this approach, the company has greatly prioritized the rights and working conditions of its employees and related subjects and has continuously made improvements in these areas.

In order to audit and monitor its performance according to social compliance requirements in areas such as universal operations, environment, work health and work safety, which it has to follow in its production and ensure sustainable development, in 2004, Yeşim Tekstil established an in-house Department of Social Compliance. Combining its previous efforts in the field under the Social Compliance Department roof, the company had created its own social responsibility policy in the same year, circulating the policy text among its employees, customers and suppliers.

At the end of 2004, having filed an application in accordance with related requirements, the company was awarded the "social compliance certificate" by WRAP (Worldwide Responsible Accredited Production), an organization comprising a number of international apparel manufacturers. Advancing continuously in this field, in 2005 the company was awarded SA 8000, one of the most prestigious certificates in the world in the area of social compliance, becoming the first apparel manufacturer in Turkey to be awarded this certificate. This certificate has documented Yeşim Tekstil's efforts to implement the social compliance requirements not only in-house, but also at the facilities of its contract manufacturers and suppliers.

From that date on, awareness was promoted by informing contract manufacturers and suppliers on SA8000 and Global Compact at a variety of meetings. As a consequence of such efforts, SMS Tekstil, a company located in the province of Uşak contracted by Yeşim Tekstil to manufacture home textiles, has been awarded the SA 8000 certificate, one of the world's most prestigious certificates in social compliance, becoming the fifth company in Turkey to receive this certificate.

One of the 5 companies in Turkey currently holding this certificate, Yeşim Tekstil has advocated the efforts in the field on a number of international platforms, becoming a Turkey ambassador for social compliance. In 2007, Yeşim Tekstil was the only apparel manufacturer in the world to be invited to the conference marking the 10th anniversary of establishment of SAI (Social Accountability International) - the organization that has issued the SA 8000 certificate, held at the Harvard Club, New York, to share its good practice experience. Becoming one of the three companies to be included in exemplary case studies on the 10th anniversary report of SAI, the company has thus found an opportunity to advocate its efforts in the field on a global platform.

Later on, Yeşim Tekstil was invited as a manufacturer to the 13th Session of the General Conference of the UN Industrial Development Organization (UNIDO) due to its outstanding works. Participating in the General Conference Session as a panelist, Yeşim Tekstil representatives told the participants about Yeşim's sustainability standards of social compliance and efforts undertaken by the company.

In September 2006, Yeşim Tekstil signed the Global Compact in order to share all of its efforts in the field globally thus gaining a global network to share its "People First" approach constituting the corporate culture and its other applications, aiming to lead the textile and apparel industry in this perspective.

Yeşim Textile took a place in monthly bulletin of UNDP (United Nations Development Programme). Yeşim Textile took a place with the news about the "Corporate Social Responsibility Report" that Yeşim published in July.

In that report , which is sent to five thousand people in Turkey and to contact people from 165 countries, readers were asked to pay attention to Yeşim's works and a link was provided.

You can read that bulletin in which you can find our 2 posters as well from

<http://www.undp.org.tr/Gozlem2.aspx?WebSayfaNo=2109>.

An interview with Yeşim Tekstil CEO Şenol Şankaya has been published in a joint report prepared by UNGC (United Nations Global Compact), SAI (Social Accountability International) and CIPE (Center for International Private Enterprise). The interview, in which Şenol Şankaya spoke about Yeşim Tekstil's efforts in the social responsibility field, was included in the report shared by UNGC at the Global Compact Leaders Summit held in New York in June under the "best practices" category and distributed to participants of the summit coming from all over the world.

Based on interviews with CEOs of only six companies which are SA 8000-certified and have managed to bring such applications into accord with the applications of the Global Compact, the report offers practices of Yeşim as viewed by Yeşim Tekstil CEO Şankaya and commented by influential representative of the "social compliance concept". The report is accessible from the link below:

http://www.cipe.org/publications/papers/pdf/CIPE-SAI-UNGC_for%20web.pdf

The report is currently available on the United Nations' website to audiences worldwide.

http://unglobalcompact.org/AboutTheGC/tools_resources/labour.html

Yeşim Tekstil was among the few select companies from all over the world included in a video watched by all participants of the gala dinner of the summit under the best practices category. This has been an opportunity to share the social responsibility vision of Turkish companies with the rest of the world.

Believing its employees to be its most important asset, the company does its best to provide them with the best working conditions to ensure their work comfort and satisfaction. Facilities provided by the company include an extremely modern daycare capable of hosting 1,000 children, a medical room operating on a 24-hour basis, training and development programs supporting personal development and company events making the employees' social life more colorful.

Attaching great priority to the environment and community alongside its employees, the company employees the "People First" approach here as well. Aiming to involve its employees in these efforts, too, the company established an in-house "Social Responsibility and Environment" club in 2008. Aiming to shape the volunteering awareness through this club, in the same year, the company implemented the "Şükrü Şankaya Education Scholarship" project in cooperation with the Turkish Education Foundation (Türk Eğitim Vakfı), involving its employees, suppliers and stakeholders in the process.

Having been accomplishing projects in cooperation with a number of NGOs to give back to the community what it takes from it from the very day of its establishment, Yeşim Tekstil is especially involved in sports, education and environment-related projects.

In this report offering details on Yeşim Tekstil's social compliance applications and social responsibility projects accomplished from 2010 to this date, we also aim to share with you the company's vision on the matter.

The first part of the report contains details on our social compliance system and applications based on international standards as well as examples of such efforts that comply with the global compact principles while the second part contains information on volunteering projects we have implemented in line with our corporate social responsibility approach and works we have conducted in the framework of the "Green Factory" concept.

For more details, please visit our website at www.yesim.com

Our Vision

To become the model strategic manufacturing partner to the world's leading brands in both apparel and home textiles

Mission

*To be a pioneer in the textile sector, manufacturing top-quality products and making significant

investments both in qualified people and the latest technology.

- To ensure the highest levels of customer satisfaction.
- To protect the environment and foster environmental consciousness among staff, suppliers and the public at large.
- To fulfill our obligations to the community and always act in a socially responsible manner.
- To set an example for other companies by always putting "People first".

Our Values

- Achieve mutual & sustainable growth with our key customers and manufacturing partners
- Set the international benchmark for corporate responsibility in textile manufacturing
- Be an industry leader in innovation and implementing new technologies & processes
- Evolve our supply chain providing transparency and trust for our customers
- Continue to partner with our customers to shorten end to end production times
- Process oriented quality management system

Letter From CEO

Yeşim Tekstil is a company that has always led the industry by prioritizing social responsibilities since the very date of its establishment and conducted exemplary projects in line with its “People First” approach. Through work health and safety applications, management systems aiming to protect the employees’ rights, environmental efforts and social responsibility projects focused on embracing the community, which it has been implementing for years, our company has clearly defined its difference, developing into a manufacturer brand selected by world-famous brands.

Having been undertaking these efforts for years already, the company managed to integrate them into its work processes, basing these activities on an applicable and developable systematic in accordance with international standards and is monitoring them against continuous performance criteria. It is our priority at Yeşim Tekstil that each of our efforts and projects contributes first to our employees and stakeholders and then to the whole society in general thus ensuring sustainability. As a company aware of its responsibilities and manufacturing with respect to its employees, community and the world we live in, we are happy of the fact that these values of ours make us valuable in the eyes of our customers.

In 2005, our company was awarded SA 8000, the world’s most prestigious social compliance certificate. By obtaining this certificate, we have declared our commitment to satisfy and initiate necessary steps to achieve social compliance requirements not only at our facilities, but also at the facilities of our contract production and other suppliers. Our signature of the Global Compact in 2006, issue of a joint declaration with a number of global corporations in 2008 under the Financial Times initiative to mark the 60th anniversary of the signature of the Human Rights Declaration and signature of the declaration titled “Management is Women’s Right” in Turkey in 2009 are indicators of our commitment on the matter. All of the efforts we have undertaken for social responsibility have been extremely useful for us both inside and outside the company. Benefits of the efforts can be summarized as follows:

Benefits inside the company:

*We have started to more clearly highlight the commitment of our top management to the environment, community and governance reaching out to the employees.

*We have managed to increase our employees’ corporate loyalty and motivation through all the applications we have accomplished for them.

*The company integrated its corporate citizenship activities with work operations and encouraged the employees towards an increase in the positive social effects of the values chain.

*We have had an opportunity to demonstrate how we have operationally implemented written requirements on social responsibility and environment incorporated into our company’s mission and values.

*In-house applications for progress evaluation we have implemented have led to improvement in our performance in this regard.

* These good practices we have implemented in the social responsibility framework have brought us into contact with global brands and brought us new customers, thus leading to higher financial gains for our company.

Benefits outside the company:

*Making business with world-famous brands has opened us doors towards strategic partnership with them.

*The atmosphere of more transparency and trust has increased our company's esteem.

*The sustainability vision, strategy and implementation plan have provided a framework for the development of relations with all our stakeholders.

*Our cooperation has provided valuable learning opportunities for all our stakeholders.

By signing the Global Compact, we have undertaken to share globally all our projects and efforts that have been conducted for years. For us, this is the most crucial point in signing this agreement. Launched years ago by Şükrü Şankaya, a founder of Nergis Holding and our company with the "People First" motto, these efforts have been internalized and gathered under a corporate roof by us during the recent years. It is our purpose to share this approach and applications dating back to our corporate history in a global network by signing this agreement and lead the whole world and primarily the textile and garment industry on these issues. We at Yeşim Tekstil commit ourselves to continuing to perform our responsibilities towards our employees and the community, as we have so far always done.

Şenol Şankaya

CEO

SOCIAL RESPONSIBILITY POLICY

Our company; having adopted "people first" philosophy and signed the Global Compact; is aware of its social responsibilities and commits itself to the following;

◆ **Compliance with Laws and Workplace Regulations**

To continuously monitor laws and regulations, customer codes and voluntary Management System Standards and to act accordingly

◆ **Forced Labour**

Not to employ any worker that bounded by contract, by force or without consent

◆ **Child Labour**

Not to employ any worker under age the of 18 and respecting laws related with child labour & young labour

◆ **Harassment and Abuse**

Not to implement any corporal punishments, not to let verbal, physical or psychological coercion or harassment of any kind

◆ **Compensations and Benefits**

To respect normal or overtime working wages and social benefits described in laws, regulations or in collective bargaining agreement

◆ **Working Hours**

To comply with laws and regulations controlling working hours and seek consensus of the worker for overtime

◆ **Discrimination**

To employ workers based on the skills required to perform the job not according to their race, colour, language, religion, ethnical background, pregnancy, marital status or gender and refer to same criteria for compensation & benefits and promotions

◆ **Occupational Health and Safety**

To adopt a proactive approach based on risk analysis, to ensure that all employees are actively participating in implementation of health and safety procedures and to adopt a work system that gives priority to the general health of employees

◆ **Freedom of Association and Right to Collective Bargaining**

To respect the right of employees to bargain through their authorized union

◆ **Environment**

To reduce pollution at source and to prevent environmental pollution based on environmental aspect & impact analysis

◆ **Customs Compliance**

To respect all local and international Customs Laws and to adopt programs that will ensure these laws are respected and prevent any illegal materials to be transported

◆ **Security**

To ensure that no materials (drugs, explosives, biological substances or illegal goods) that may violate security are included in transboundary shipments

◆ **Supplier / Sub-contractor Relations**

To evaluate Social Compliance activities of its suppliers, to monitor evaluation results with action plans and gradually increase their Social Compliance level

◆ **Management System**

To implement, maintain and continually improve the Social Compliance, Health and Safety and Environmental Management Activities under the framework of SA 8000 Management System.

Şenol Şankaya
CEO

Yürürlük Tarihi: 02/08/2004

Revision No: 02

Last Revision Date: 2/December/2009

COMMITMENT:

Yeşim Textile;

Performs at every stage of its operations based on People First philosophy and commits itself to ten principles of the Global Compact covered in Social Responsibility Policy.

GOOD PRACTICES:

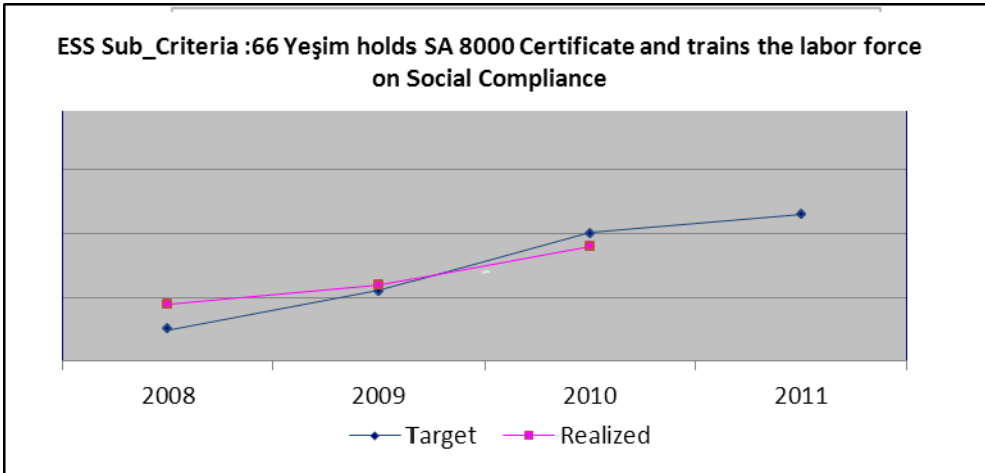
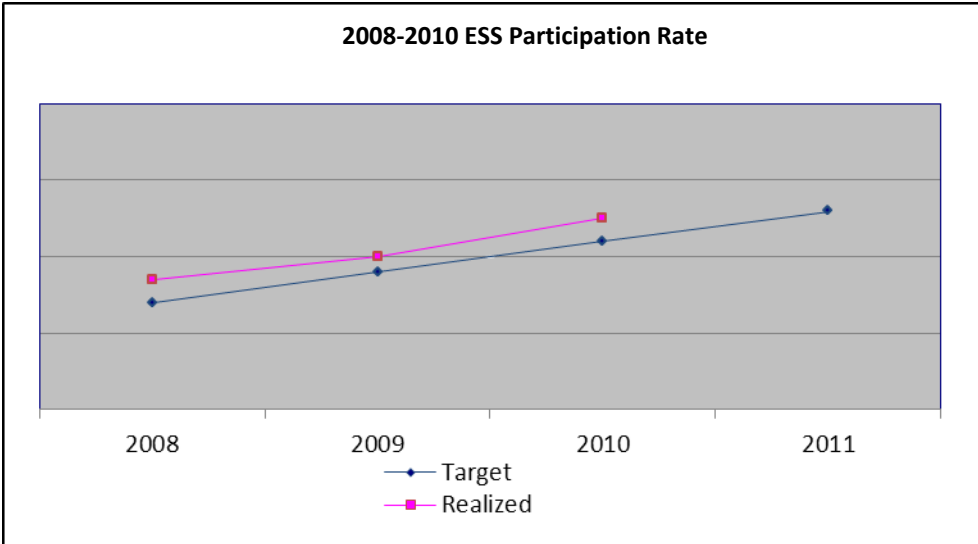
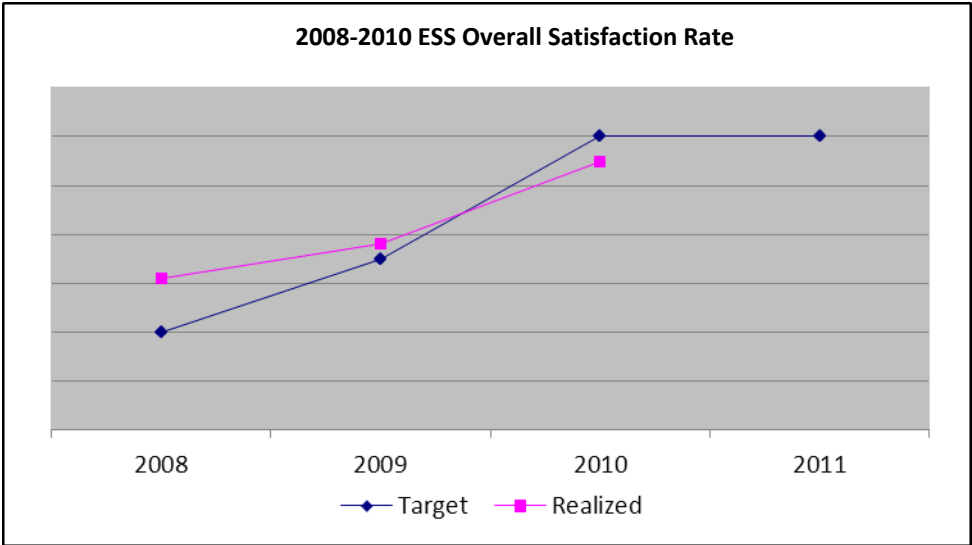
- 1-) Certified Social Compliance Management System based on SA8000 Standard
- 2-) Social Responsibility Policy communicated to the labor force in local language
- 3-) Global Compact commitment
- 4-) Periodical Employee Satisfaction Survey

KEY PERFORMANCE INDICATORS:

- 1-) Employee Satisfaction Survey – overall satisfaction score
- 2-) Employee Satisfaction Survey participation rate
- 3-) Employee Satisfaction Survey – criteria related to SA8000 certificate awareness

Reference Document : Social Compliance Manual; Social Compliance Manual for Sub-Contractors

REALIZATION AND TARGET:



COMMITMENT:

Yeşim Textile;

Has verified that there is no human rights abuse with third party SA8000 certification and follow-up audits.

GOOD PRACTICES:

1-) SA 8000 Certification

2-) December 9, 2009 Participation in UNIDO General Conference – Round Table on Social Compliance

3-) Participation in UNIDO / SAI / CIPE case study

4-) One of four SA 8000 certified enterprises in Turkey

KEY PERFORMANCE INDICATORS:

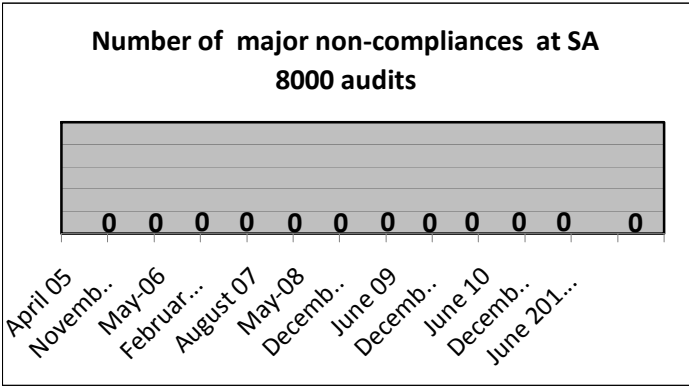
1-) Number of major non-compliance at external SA 8000 audits

2-) SA 8000 certificate continuation

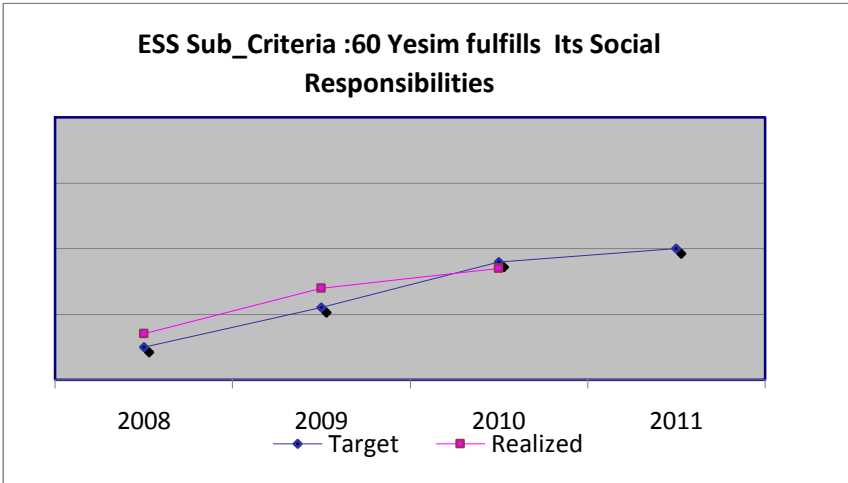
3-) Employee Satisfaction Survey – criteria 60 “YESIM fulfills its Social Responsibilities”

Reference Document: SA 8000 certificate

REALIZATION AND TARGET:



| SA 8000 3rd PARTY AUDIT DATE | STATUS |
|------------------------------|-----------------------|
| April 05 | First Certificate |
| November 05 | Certificate Continues |
| May 06 | Certificate Continues |
| February 07 | Certificate Continues |
| August 07 | Certificate Continues |
| May 08 | Certificate Renewal |
| December 08 | Certificate Continues |
| June 09 | Certificate Continues |
| December 09 | Certificate Continues |
| June 10 | Certificate Continues |
| December 10 | Certificate Continues |
| June 2011 target | Certificate Renewal |



COMMITMENT:

Yeşim Textile commits to respect the right of employees to bargain through their authorized union

GOOD PRACTICES:

1-) Trade Union

- Yeşim Textile is the member of TEKSIF (one of leading union in textile sector) since December 1983
- Union representative's employment may not be terminated for any reason throughout the representation period
- It is voluntary to become a member to the union
- It is voluntary to apply for worker representative elections

2-) Social compliance – Environment – Health & Safety Committee:

- Committee consists of management representatives and elected worker representatives in accordance with local law
- Committee conducts periodical monthly meetings and meeting minutes are documented
- Union representative is the member of the committee
- Committee members bring up the proposals, concerns and wishes; evaluate the expectations and plan actions
- Annual pulmonary controls are done in January 2010 for all Yesim employees. Employees who are working especially with dusty and chemical substances are subjected to pulmonary controls for two times. ISGUM measured the working environment in terms of noise, dust, chemical usage and physical circumstances and as a result of this audiometry tests are done for all the employees who are working in risky areas.

KEY PERFORMANCE INDICATORS:

1-) Union Membership

2-) Compliance to Annual Action Plan of Social Compliance – Environment – Health & Safety Committee

REALIZATION AND TARGET:



No target is set; membership is voluntary.



COMMITMENT:

Yeşim Textile commits not to employ any worker that bounded by contract, by force or without consent

GOOD PRACTICES

1-) Voluntary employment:

- Candidates apply for employment with their own will
- Candidate accepts or rejects to be employed with his own will. It is documented in employee's personal file that his employment is based on his/her decision
- Only the copy of the ID is received; original copy may not be kept. Employee may not be transferred to another position without consent.
- Wages maynot be paid to third parties or agencies.

2-) Overtime:

- Overtime is voluntary
- Overtime payments are in compliance with local law
- Overtime data is monitored daily

3-) Grievance and Proposals:

- Employees may bring their concerns and proposals to the attention by grievance boxes, EHS Committee, supervisor or Human Resources in verbal or written form.

KEY PERFORMANCE INDICATORS:

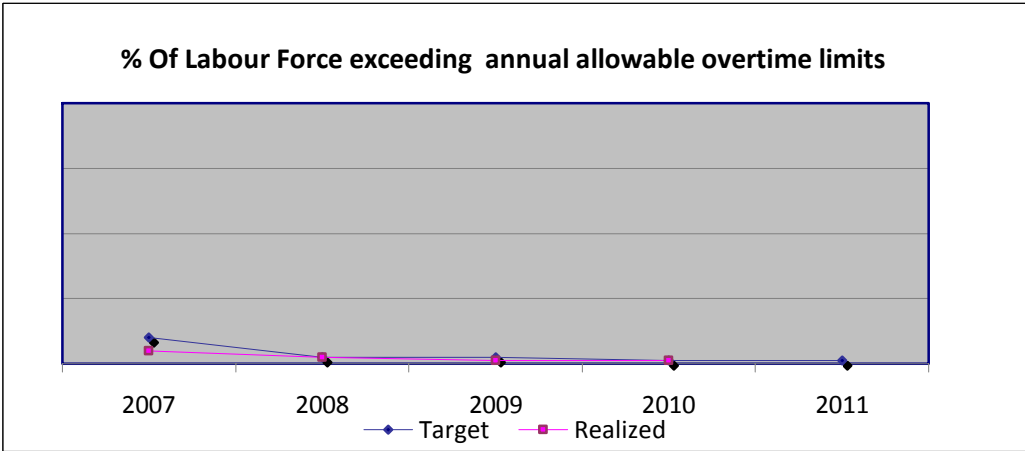
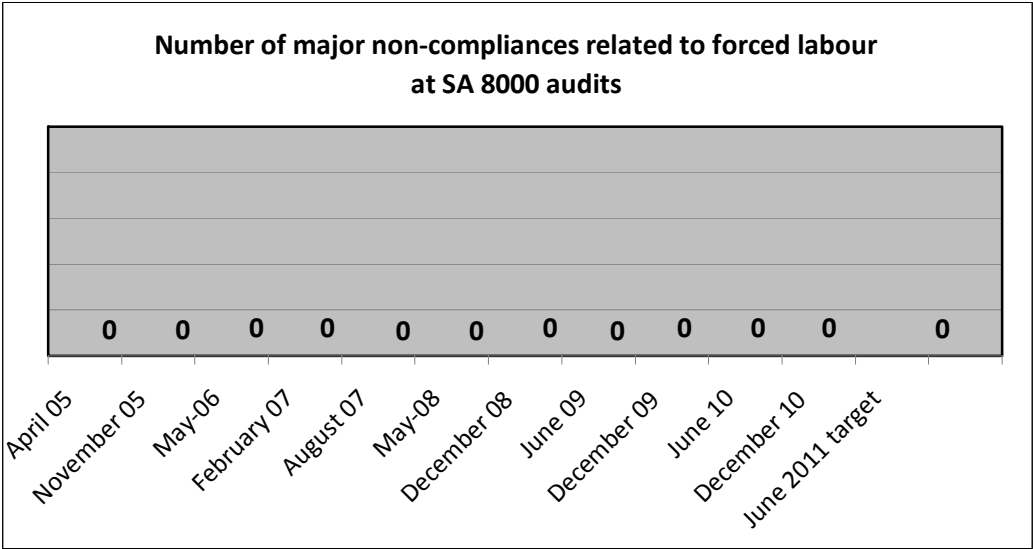
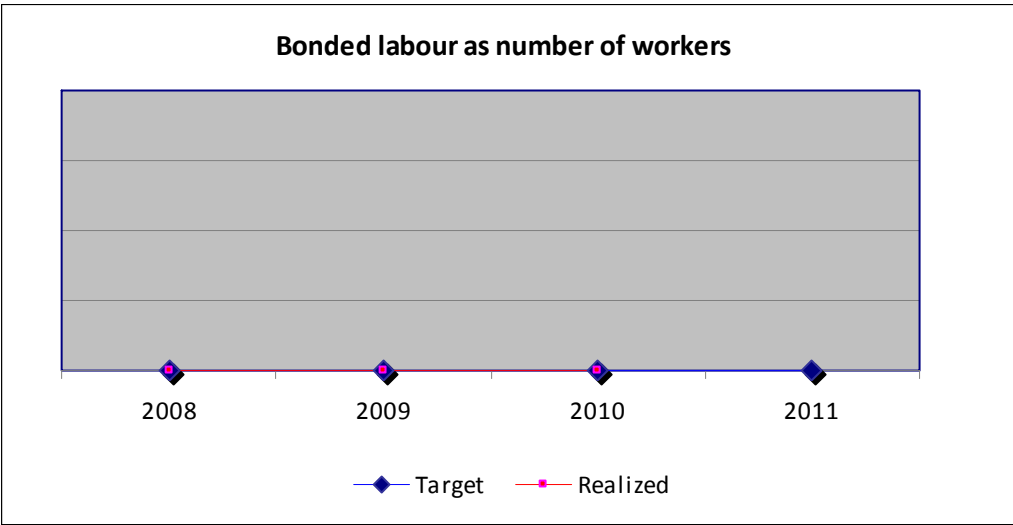
1-) Use of bonded labor (in the jail)

2-) Non-compliances related to Forced Labor at SA 8000 audits

3-) % of labour force exceeding annual allowable overtime (limit is 270 hours)

Reference Document: Prevention of Forced Labour Procedure

REALIZED AND TARGET:



COMMITMENT:

Yeşim Textile commits;Not to employ any worker under age the of 18 and respecting laws related with child labour & young labour

GOOD PRACTICES:

1-) Age of Employment:

Yeşim Textile does not employ child labor as well as young workers , under 18, because of shift based working regime

2-) In case of detection of child labor during internal or external audits:

- Child may not be removed from the site immediately; root cause of being at the site is investigated.
- Training and financial aid is provided until legal compulsory training is completed in case the child is within this age group
- Maynot be employed at night work and under circumstances which may negatively effect physical, mental and social well being of the child.
- Action plan for the child found at the site is monitored periodically

KEY PERFORMANCE INDICATORS:

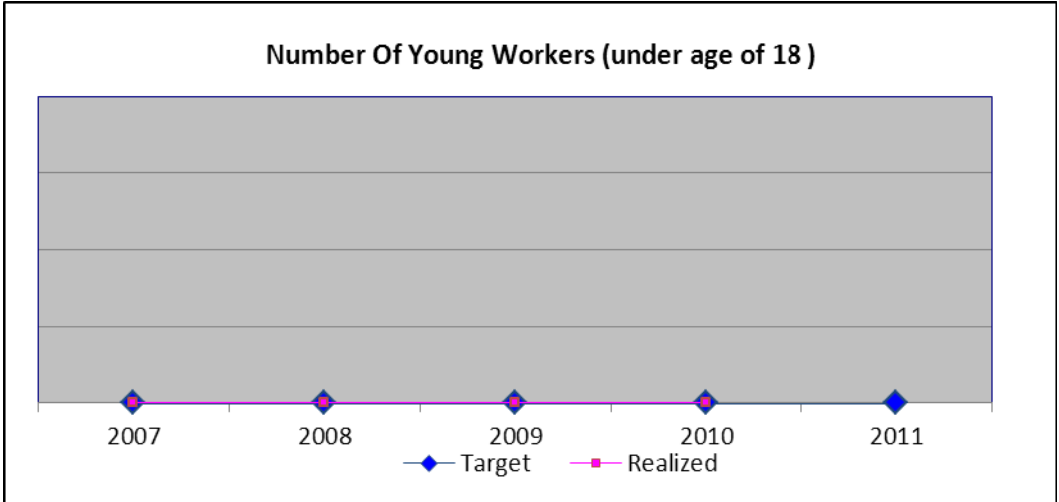
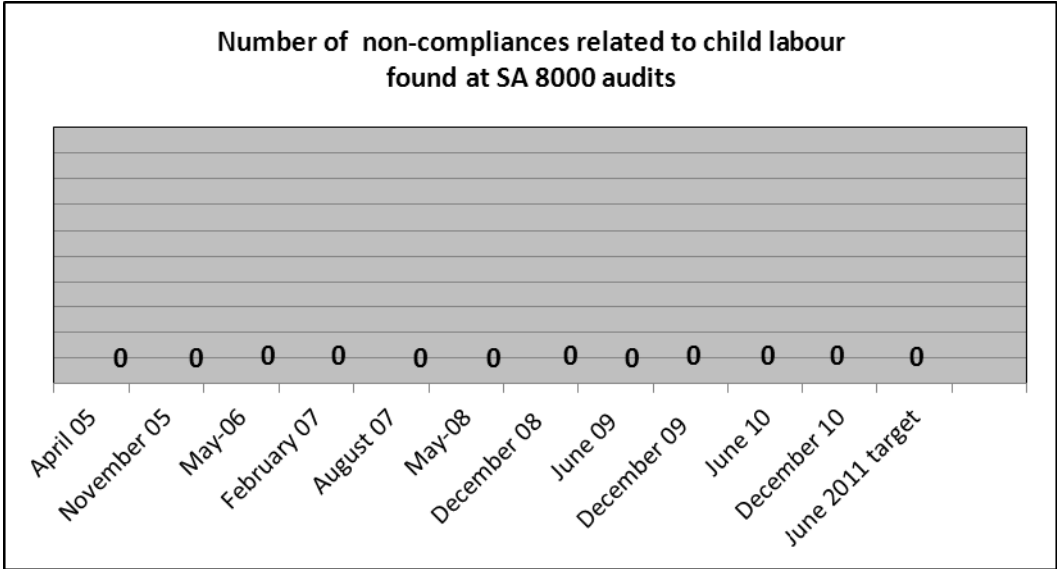
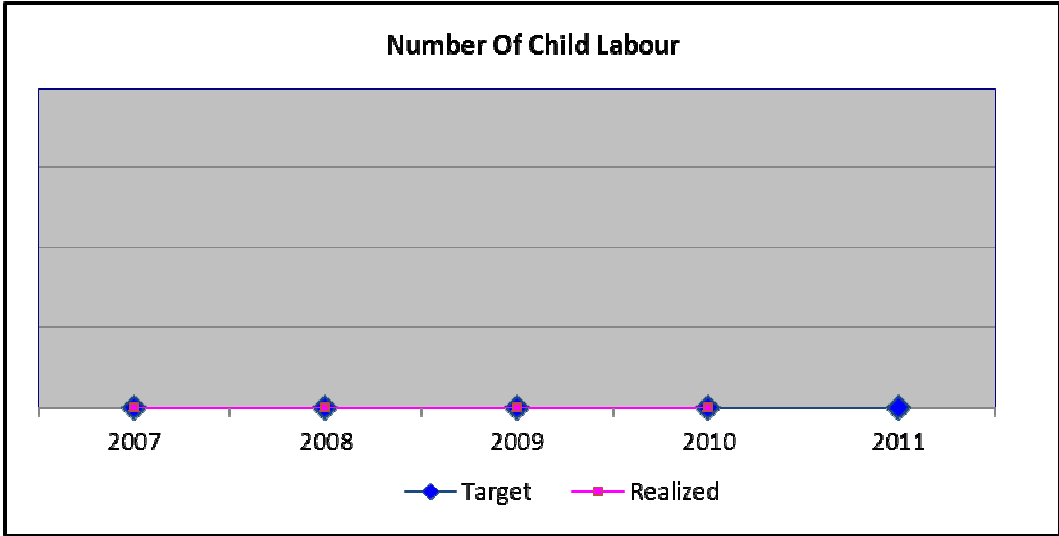
1-) Number of child labour incidences

2-) Number of non-compliances related to child labor during SA8000 audits

3-) Number of young workers

Reference Document: Prevention of Child Labour Procedure

REALIZATION AND TARGET:



COMMITMENT:

Yeşim Textile commits to ; employ workers based on the skills required to perform the job not according to their race, colour, language, religion, ethnical background, pregnancy, marital status or gender and refer to same criteria for compensation & benefits and promotions

GOOD PRACTICES:

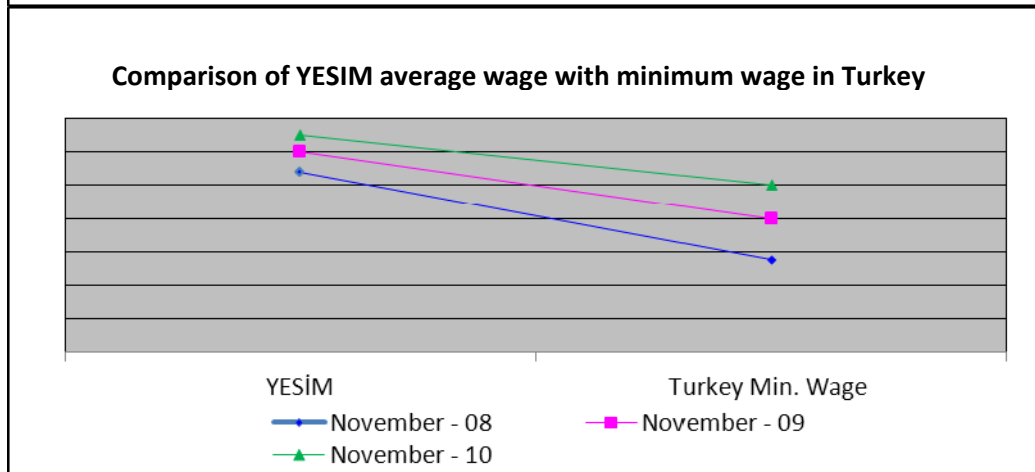
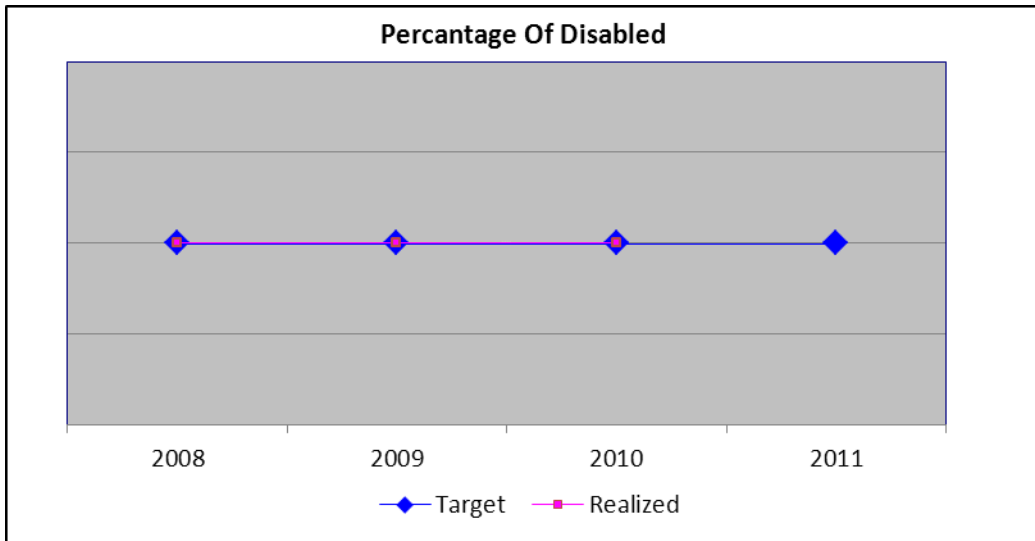
- 1-) Performance Management
- 2-) No information request that may be considered as discrimination on employment application forms
- 3-) Secured employment of union representatives throughout their representation period
- 4-) Male – female balance
- 5-) Day-care Center (promotion of women with young children and infants)
- 6-) Employment of disabled
- 7-) Wages and benefits;
 - Standard living wage is aimed which is higher than legal minimum wage
 - Data issued by the unions are accepted during standard wage calculation
 - Benefits other than wages are calculated based on real market values (food, transportation, shoe, apparel aids)
 - Daycare service is not considered as benefit although the service is at superior level.
- 8-) Wages: In order to be fair and equal HAY System is used for white collar where collective bargaining leads the wage system for workers.
- 9-) Benefits: All employees receives 40 kilograms of grocery at every three months; transportation and lunch is provided free of charge.

KEY PERFORMANCE INDICATORS:

- 1-) Percentage of disabled
- 2-) Rating of Employee Satisfaction Survey Criteria 11: “Managers of YESIM are equal to all employees without any kind of discrimination”
- 3-) Yeşim Textile average wage – Turkey minimum wage comparison

Reference Document: Prevention of Discrimination, Harassment and Abuse

REALIZATION AND TARGET:



COMMITMENT:

Yeşim Textile commits to ; reduce pollution at source and to prevent environmental pollution based on environmental aspect & impact analysis

GOOD PRACTICES:

1-) Risk Analysis & Environmental Aspect Determination

- Environmental aspects and impacts are determined
- Above analysis are conducted with a team consisting of members of all related departments
- Risk analysis are reviewed yearly or whenever a major change occurs in environmental aspects
- Annual improvement plans are based on risk and impact analysis

KEY PERFORMANCE INDICATORS:

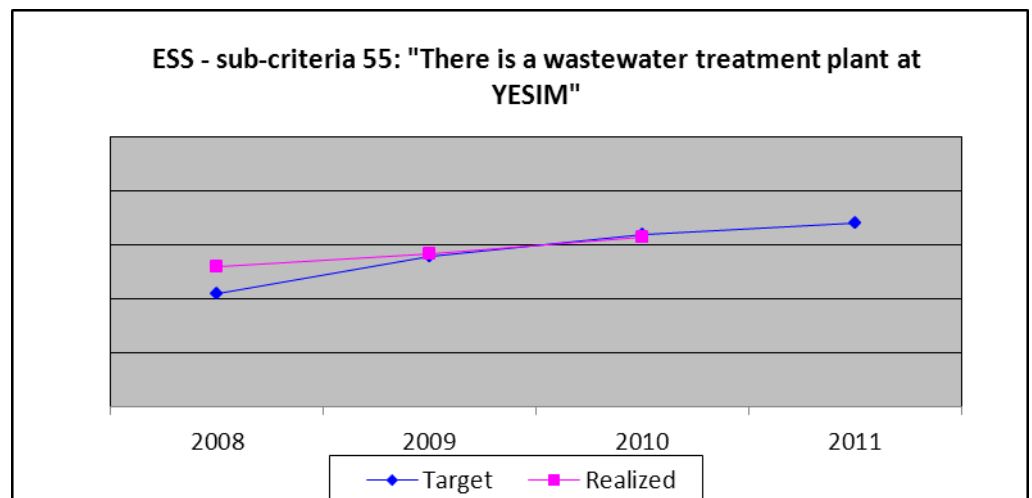
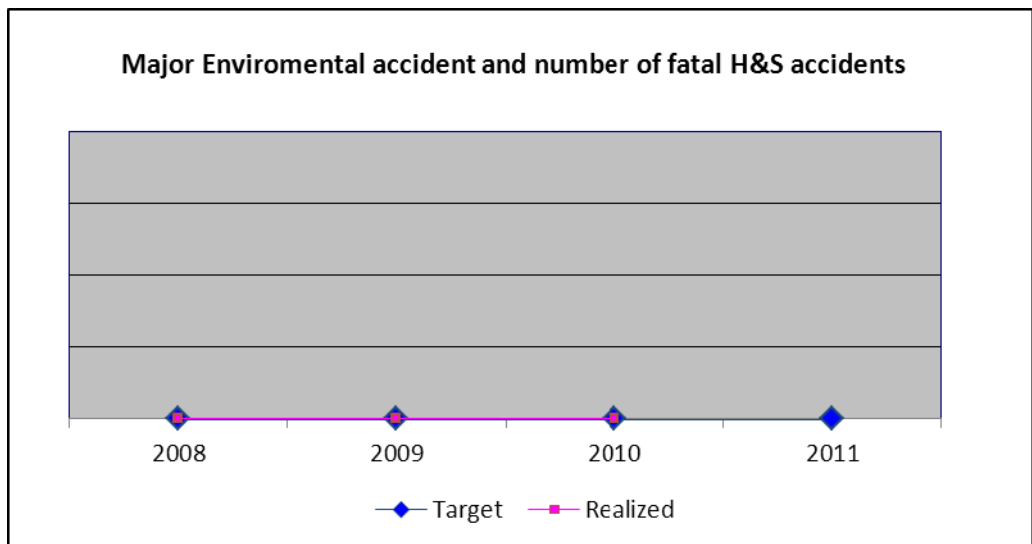
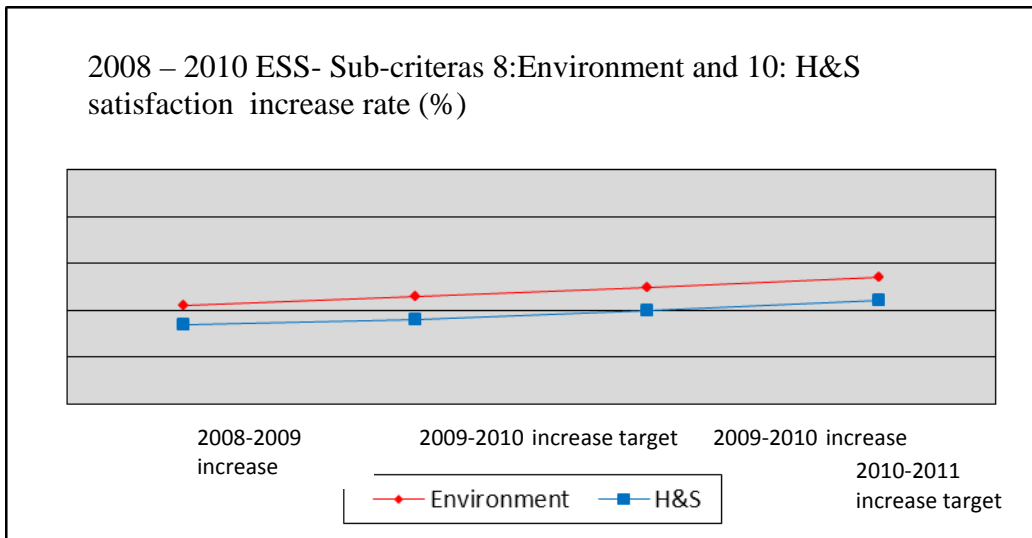
1-) Employee Satisfaction Survey Criteria 8 and 10; increase in satisfaction level

2-) Major environmental accidents of fatal occupational accidents

3-) Employee Satisfaction Survey – Sub-criteria 55: “YESIM has a wastewater treatment plant” perception level

Reference Document: Environmental Protection Procedure; Health & Safety Procedure

REALIZED AND TARGET:



COMMITMENT:

Yeşim Textile commits to ; adopt a proactive approach based on risk analysis, to ensure that all employees are actively participating in implementation of health and safety procedures and to adopt a work system that gives priority to the general health of employees

GOOD PRACTICES:

1-) Waste Management:

- Wastes are segregated at source; internally audited with participation of operations staff; stored and treated in compliance with local environmental laws
- Social Compliance and EHS refreshment trainings are conducted to all employees
- EHS awareness increase is targeted by internal newspaper, flyers and portal

2-)Cooperation with NGO's:

- Below trainings are completed by Search & Rescue Association of Turkey;
 - 3 hours disaster recovery and emergency preparedness (all employees)
 - 5 days – rescue and fire fighting (100 employees)
 - 2 days – emergency site management
- In cooperation with Bursa Municipal Government supported NGO “Local Agenda 21” YESIM has participated in “Recycle Friendly Schools Project” and supports trainings and collection of wastes at schools.

KEY PERFORMANCE INDICATORS:

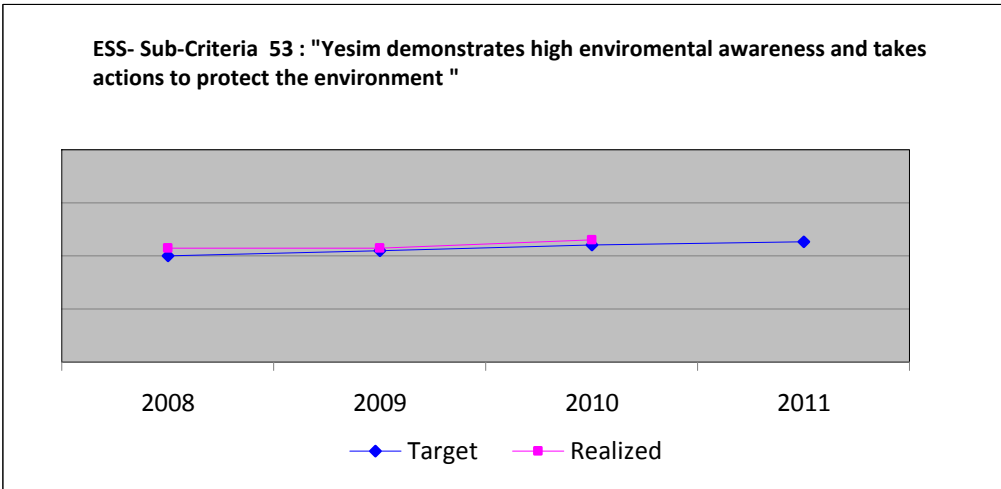
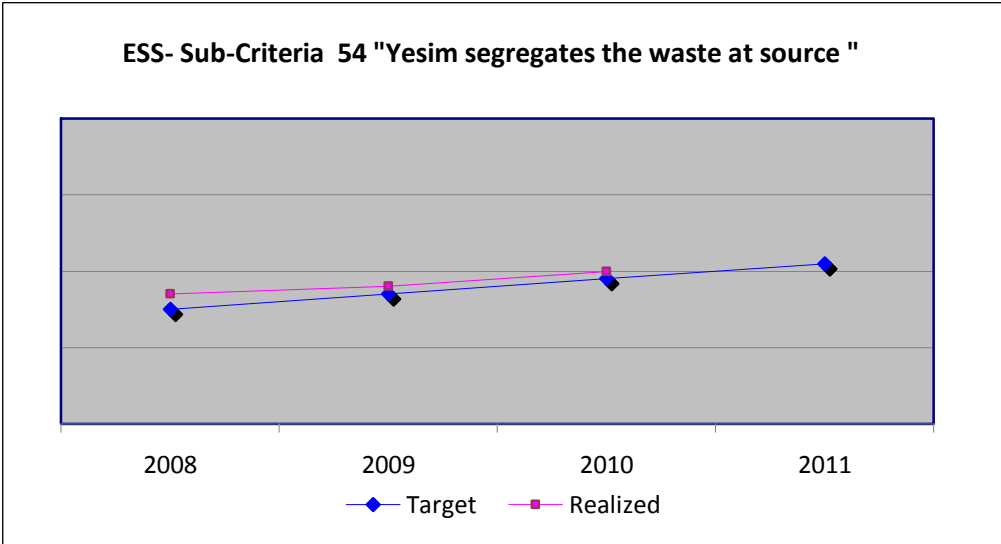
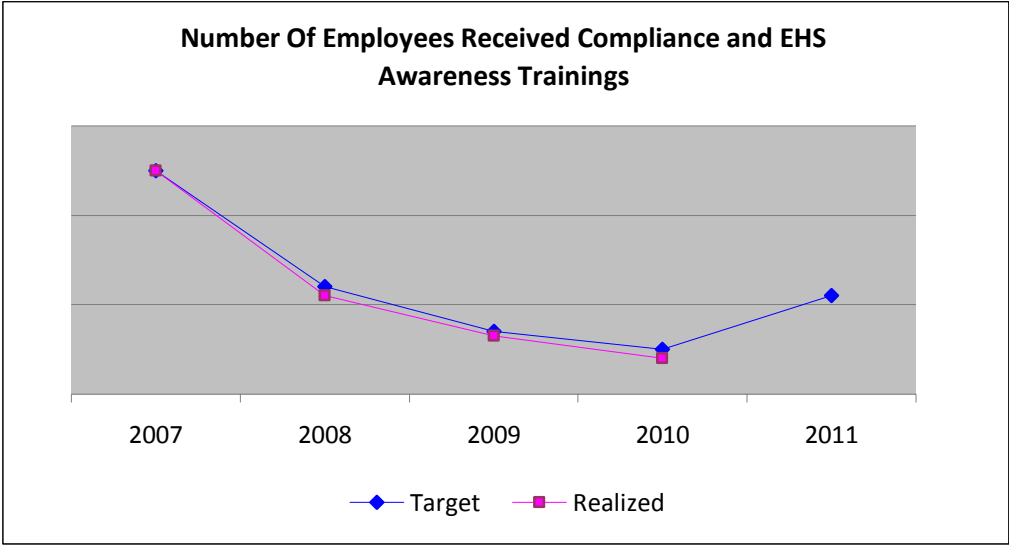
1-) Awareness trainings

2-) Employee Satisfaction Survey – Sub-criteria 54: “YESIM segregates the waste at source”

3-) Employee Satisfaction Survey – Sub-criteria 53 :”YESIM demonstrates high environmental awareness and takes actions to protect the environment”

Reference Document: Environmental Protection Procedure; H&S Procedure

REALIZED AND TARGET:



COMMITMENT:

Yeşim Textile commits to ; adopt a proactive approach to environmental aspects throughout its operations.

GOOD PRACTICES:

1-) Color removal at wastewater:

Color removal system has been added to the existing wastewater treatment system although there is no restriction in national regulations.

2-) Nike Water Program “Green Category” Award

Beyond all the criterias of local legislation about waste water program Yesim Textile approached the internatioanal criterias and deserved the Nike Green Category Award by revizing its systems and processes with the contribution of its employees in 2010.

3-) Automation at dyehouse chemicals and dyestuff feeding system:

Converting Automation system has decreased workers exposure to chemicals and lowered the chemicals and dyestuff released to wastewater

4-) Recycle fabric production

5-) Organic fabric production

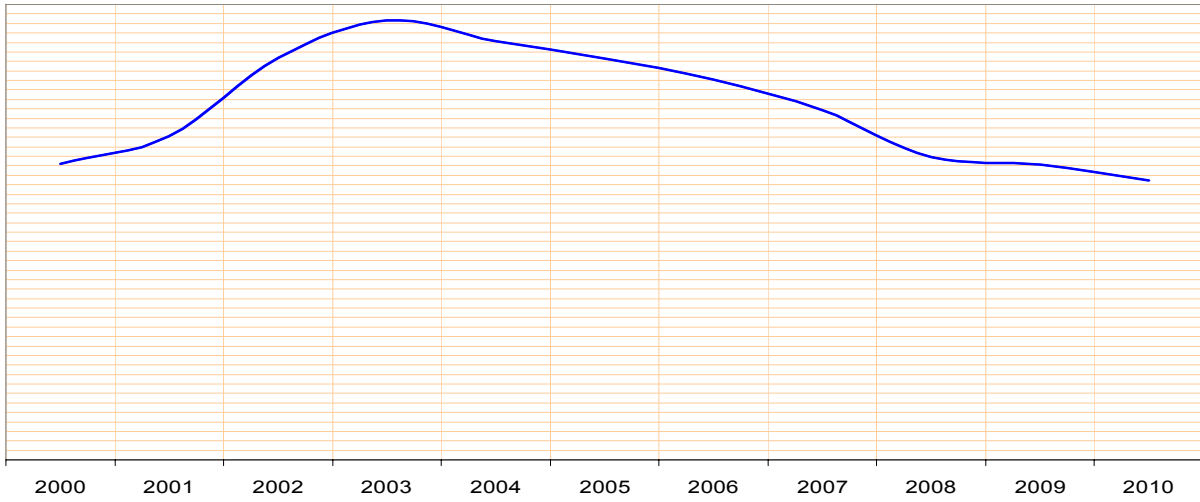
KEY PERFORMANCE INDICATORS:

1-) Natural gas, electricity and water consumption

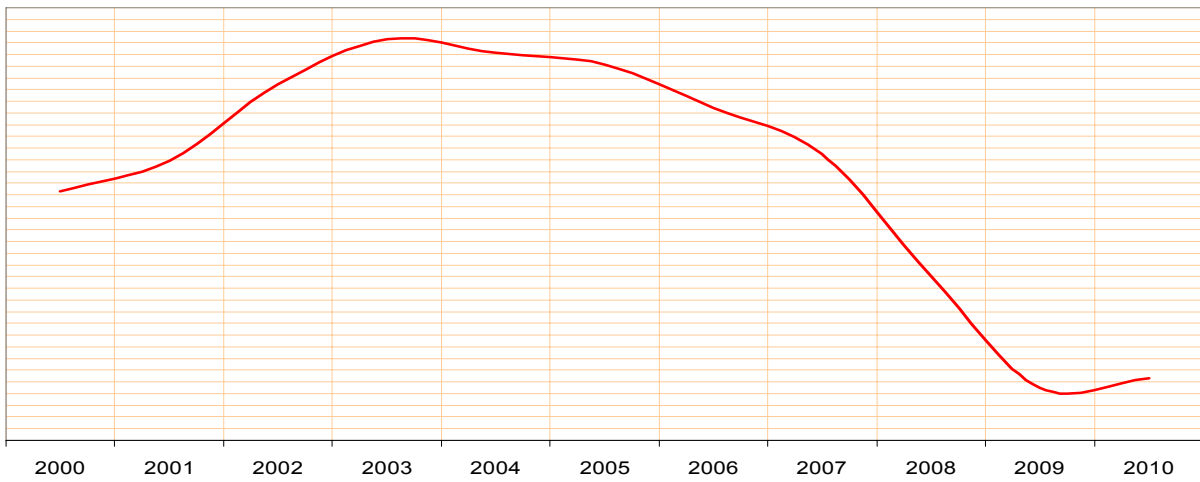
Reference Document: Environmental Protection Procedure; Health & Safety Procedure

REALIZED:

Electricity Consumption (Kw)



Natural Gas Consumption (Kw)



Demineralized Water Consumption (m3)



COMMITMENT:

Yeşim Textile commits to respect all local and international Customs Laws and to adopt programs that will ensure these laws are respected and prevent any illegal materials to be transported and to ensure that no materials (drugs, explosives, biological substances or illegal goods) that may violate security are included in transboundary shipments

GOOD PRACTICES:

1-) Third party CTPAT audit and certification(Customs and Trade Partnership Against Terrorism)

Reference Document: Customs and Security Procedures

Corporate Social Responsibility

As Yesim Tekstil gives priority to giving back what it takes from society within a highly developed sense of Corporate Social Responsibility, the company has realized numerous voluntary sector projects. Beyond those voluntary projects designed mainly for the firm's own employees, the social responsibility projects supported by Yesim Tekstil within the context of its own corporate objectives and missions can be grouped onto three categories.

1-Our Employees

2- Sport

3- Enviroment

4- Education

Our Employees

Employing 3,000 persons in-house and providing jobs to approximately 10,000 persons considering its partner companies, Yeşim contributes to social prosperity and happiness, which the corporation regards as the most important principle of social responsibility.

In order to contribute to the personal and social development of its employees and add more vividness to their lives, Yeşim Tekstil has established social activity clubs. Involved in various clubs thus established, Yeşim employees volunteer to organize a number of different activities. In particular, interviews and meetings with specialists organized through the clubs contribute to the personal development of Yeşim employees.

Our Clubs

- *Woman and Child Club
- *Sport Club
- *Innovation and Technology Club
- *Social Responsibility and Environment Club
- *Travel, Entertainment , Art and Cultur Club
- *Futurizm Club
- *Pozitive Thinking Club
- *Fashion Club

Awareness-oriented training activities organized through our clubs

Environment and Social Responsibility Club

Short 20-minute training sessions have been provided to Yeşim employees (500 persons) by the members of the Social Responsibility Club. The objective of such training sessions held for the employees on the operation sites was to create awareness of “Social Responsibilities and Volunteering”. **(March-April 2010)**

Interview session with architect Çelik Erengezzgin titled “Environment-friendly approaches in architectural structures” on the World Environment Day **(June 2, 2010)**

Ladies’ and Children’s Club

Meeting with dietician Gözdem Başarır titled “Healthy Nutrition and Weight Control” **(January 20, 2010)**

Meeting with ladies’ orchestra conductor İnci Özdil titled “Role of the woman in the society and in arts” **(March 8, 2010)**

Meeting with MD Çiğdem Yıldız titled “Children’s Developmental Disorders and Autism” **(May 14, 2010)**

Meeting with psychologist Şebnem Çoban titled “Keeping children away from violence and providing sexual education” **(October 15, 2010)**

Meeting with MD Afşin Çulhaoğlu titled “Heart attack risk and what needs to be done to prevent it” **(October 20, 2010)**

Meeting with MD Nuray Kitapçioğlu titled “Gynecological diseases and pregnancy” **(December 9, 2010)**

Chess classes have been provided by volunteers from Yeşim for one year to children at Yeşim Daycare Center.

Innovation and Technology Club

Meeting with Ömer Özkan, the author of “Changers of Paradigm” (*Paradigma Değiştirenler*) on the characteristics of successful people **(February 18, 2010)**

Meeting with instructor Zeynep Özçelik titled “Creating thinking and innovation” **(March 11, 2010)**

Meeting with instructor Gökhan Karatoy titled “Think different and make a difference” **(September 29, 2010)**

Futurists’ Club

Meeting with futurist Ufuk Tarhan titled “Future forecasts and futurism” **(March 24, 2010)**

Meeting with Microsoft executive Münir Kundakçı titled “Future and technology” **(June 29, 2010)**

Positive Thinking Club

Meeting with Prof. MD Lütfü Özkan, Head of the Radiation Oncology Department at Uludağ University and ONKO-DAY President Füsun Önen titled “Role of Positive Thinking in Defeating Cancer” **(April 06, 2010)**

Meeting with Funda Ölez titled “Correct Breathing and Its Importance” **(June 04, 2010)**

Yesimspor Club

Yesimspor Club was founded on 24th January 2003 in order to provide wider possibilities for sporting activities for the young people of Bursa, and to nurture the team's own basketball players of tomorrow. Yesimspor has enjoyed considerable success in Bursa, recognized by numerous awards and medals obtained at national level.

www.yesimspor.com

Honors

2003 – 2004 Season

A-Team: 3rd after group semi-finals in the Regional League
Young men's team: 4th in Bursa
Young team: Bursa champions
Boys' team: Bursa champions and 3rd in Turkey
Adult men's team: EBBL Group Champions

2004- 2005 Season

Young men's team: 2nd in Bursa
Young team: 3rd in Bursa
Boys' team: Turkey champions
Young boys: Bursa champions
Boys' team: Bursa champions

2005-2006 Season

A-Team: 8th after Play Off
Young men's team: 2nd in Bursa
Boys' team: Bursa champions and 4th in Turkey
Boys' team: 2nd in Bursa and 4th in Turkey
Young boys: Bursa champions

ELEMENTARY SCHOOL YOUNG ATHLETES' TURKISH CHAMPIONSHIP (2006)

2006-2007 Season

A-Team: 8th in group
Young men's team: 2nd in Bursa
Boys' team: 2nd in Turkey
Young boys: Bursa champions

2007-2008 Season

Boys' team: 2nd in Bursa

Boys' team: 1st in Bursa and 8th in Turkey

2008-2009 Season

2nd place in Bursa Domestic League Under-15 Category

1st place in Bursa Domestic League Under-13 Category

2nd place in Bursa Domestic League Under-12 Category

YOUNG-AGE ATHLETES' TURKEY CHAMPIONSHIP (2009)

2009-2010 Season

2nd in Bursa in the adolescent and young athletes category

Sukru Sankaya Football School

Through moral and material support given to the Sukru Sankaya Football School set up by the Bursaspor Professional Footballers Association, hundreds of children have been given the chance to play sports under professional conditions.

In this regard, a quota has been provided in the summer 2010 season for 30 children of Yeşim employees who have been given opportunity to attend **Şükrü Şankaya Summer Football School** free of charge.

Environment

In addition to its social compliance obligations, Yeşim Tekstil volunteers to undertake and conduct a number of efforts in the framework of its social responsibilities. Yesim Tekstil has contributed to environmental projects together with TEMA, a globally respected NGO in this field.

Joint projects with TEMA

- 1-Twin Village Project - Sukriye Village – 2000
- 2- Sukru Sankaya Commemoration Forest - 2006
- 3- Friends of Recycling Schools Project – 2007
- 4- Let's Avert Global Warming – 2007

- 5- TEMA advertisements published free of charge in the corporate magazine *Önce İnsan* (People First) (2009-2010)

Twin Village Project-Sukriye Village

In the context of the “You Should have a Village Too” project launched by TEMA, we adopted one of Bursa’s impoverished villages “Sukriye” and with a 180,000\$ donation helped to revive fast disappearing farming and animal husbandry in the village. We still keep in contact with the village.

Şükrü Şankaya Commemoration Forest

We established a memorial forest on the outskirts of Bursa in the name of the late Sukru Sankaya, one of the founders of Nergis Holding. Care and maintenance works conducted by parties responsible for the forest are being monitored.

Awareness Efforts

Articles aimed at increasing environment awareness are published in each edition of the corporate magazine. In that respect, an advertisement by TEMA has been once published free of charge in 2010 to promote awareness.

World Environment Day Celebrations

In scope of the World Environment Day on June 5, Yesim Tekstil has organized a variety of events to draw the employees' attention and increase their awareness to the importance of environment.

2009 • Green Party (An environment-themed celebration has been held by employees under the motto “wear green, come to the green party”. Awareness-oriented activities have been organized in scope of the celebrations that included a Green Factory exhibition and environmental contests and competitions.)

- Panel discussion themed “Why Yesim Tekstil is a Green Factory”
- An animated cartoon session for 6-year old kids from the daycare to increase environmental awareness

The Green Party event was organized for the second time in 2010, helping promote the environmental awareness.

Forestry Week Activities

Daycare center teachers and kids’ parents planted saplings of fruit and pine trees at Yeşim Tekstil’s play park on March 17, 2010 as a part of the Forestry Week Activities.

A group of 6-year-olds from Yeşim daycare center was taken to a tour of the Forestry Museum and were told about the love of trees.

Environmental Awareness in Production

Yesim Tekstil does everything it can with every product it produces to lesser the harmful effect of the life cycle of its products on the environment.

For this reason we are trying to develop alternatives which use fewer resources, recycle some products, and reprocess other products to make them more reusable. The organic production done by our company since 2001 was certified by an international organic production institution in 2006. In response to requests from our customers we have produced fabrics from organic cotton, as well as from yarn made from bamboo and offered them to our customers under the Yesim Organic brand.

Yesim buys all the inputs used in its manufacturing processes from companies that have a proven record of environmentally-conscious manufacturing certified by international authorities. Yesim Textile is also Öko-Teks 100 certified, guaranteeing that no substance used in manufacturing Yesim's products is hazardous to human health

The Brands “Yeşim Organic” and “Yesim Recycle”

One of the first companies in Turkey to manufacture recyclable cotton fabrics, Yeşim Tekstil has patented its environment-friendly recyclable and organic fabrics manufactured under the name “e-fabric”. Upon the successful finalization of the application filed by the company last year, the brands “Yeşim Recycle” and “Yeşim Organic” have been officially registered as owned by Yeşim Tekstil starting from 2010.

Environment friendly leather fabric from Yeşim

Yeşim Tekstil has added yet another item to the list of smart fabrics it manufactures relying on advanced technologies, a fabric that looks like leather. Taking advantage of technologies, with this step, Yeşim has managed to manufacture leather fabric so fashionable this season without harming a single animal.

Intensively using advanced technologies in its manufacturing processes, Yeşim Tekstil has added leather imitating fabrics to its list of smart fabrics manufactured for the first time in Turkey. Closely following global trends, Yeşim will now manufacture leather, which is so popular in this season, without harming a single animal.

Paper Recycling Campaign

Yesim has started a company-wide campaign to collect used or discarded paper for recycling, and has had special recycling boxes made to store the paper collected. Used or discarded paper is collected in these boxes in different areas of the Yesim complex. Since 2010 Yeşim has been sending papers to recycling and in 2010 Yeşim has prevented 13.000 trees from being cut down by sending 777 ton of paper to recycling.

Green IT

Corporations nowadays increasingly consume more and more energy. Thousands of computers, datacenters, printing units and equipment used to cool all that require megawatts of power. Technologies have now been improved to use natural resources more efficiently. Virtualization technologies, low-consumption PC's and new cooling systems for data centers have made it possible for corporations to make their IT infrastructures more environment-friendly.

Yesim Tekstil's IT Achievements

- Green IT efforts started at Yesim with the launch of the BLADE server, which requires less space, energy and air conditioning.
- Environment-friendly DELL Vostro products and LCD monitors have been preferred in computer hardware purchasing to support the Green IT efforts.
- The redesigning of the system room is planned for better compliance with standards and to get it one step closer to the Green IT model.
- The company started disposing its electronic waste through certified recycling companies (Exitcom and Doga Entegre), making another step on the environment-friendly path.

Wastes

- Used vegetal oils collected at canteen.
- Used vegetal oils given without cost to licensed recycling companies.
- Oily rags are collected separately from other wastes at maintenance departments. Disposed at cement factories or disposing facilities (IZAYDAS).
- Oily rags are sent to IZAYDAS (national waste disposing facility).
- Contaminated barrels, chemical containers, IBC's are sent to hazardous waste area (temporarily) from chemical and dye preparing areas.
- Contaminated barrels, chemical containers, IBC's are transported to licensed recycling facilities by licensed transporting companies.
- Fluorescent lamps are collected in safe containers and separated from other wastes.
- Send to IZAYDAS and waiting for the acceptance. Fluorescent lamps are temporarily stored at waste storage area.
- Used electrical equipments are collected in labeled containers at waste storage area.
- Applied to a licensed recycling company and the application has accepted.
- Waste electrical equipments are collected at the hazardous waste storage area.
- When the waste quota gets full, electrical wastes are sent to the licensed recycling company.
- Medical wastes are taken by the licensed vehicle of local waste company (ERA)
- Collection of waste batteries 122 kg batteries are collected (8 months)
- Collection of waste cartridge 298 kg cartridge are collected (1 year)
- In 2010 136 ton of plastic waste are sent to recycling.

Education

Yesim Tekstil, which founded the Sukru Sankaya Primary School and Anatolian High School founded, provides moral and material assistance every year to support the educational work of these establishments.

Sukru Sankaya Education Scholarship

Yesim Tekstil launched a joint project with the Turkish Education Foundation. The project provides educational support to university students with the "Sukru Sankaya Education Scholarship."

With this project, Yesim Tekstil provides support to its workers, suppliers and customers for education and works to create awareness of volunteerism.

A number of income-generating efforts have been undertaken for this purpose within the foundation in 2010. Such efforts included the following:

1- A new project was launched within the TEV Sukru Sankaya Scholarship program titled "HAPPY DAY FLOWERS". Launched with the mottoes "Each flower will bring a happy future" and "TEV and Yeşim Tekstil hand in hand for better education" and open for participation by Yeşim Tekstil employees, all residents of Bursa as well as all Yeşim stakeholders, the project generated funds amounting to TL 11,675 through flowers sent to weddings, opening ceremonies, engagements, birth celebrations, birthdays, anniversaries and other festivities as well as in congratulation for achievements.

2- Information on the efforts has been provided to associations and NGOs such as the Bursa branch of TÜGİAD (Turkish Young Business People's Association), Uludağ Exporters' Union, Bursa Young Business People and Industrialists' Association, Bursa Business Ladies' Association (BUIKAD), Bursa Public Relations Association, Bursa Advertisers' Association, Sukru Sankaya Sports School, Bursa Amateur Athletic Clubs' Federation, Bursa Branch of the Association of Active Soccer Referees and Observers of Turkey and Bursa Branch of the Association of Soccer Coaches of Turkey as well as private sector corporations such as Vardarlar Tekstil and Nerfe Tekstil. Memoranda of understanding were signed with such institutions and organizations that chose to support the fund. From now on, those institutions and organizations will send their special-day flowers through TEV, with a donation amount send to the TEV Sukru Sankaya Fund upon each transaction.

3- "Yolculuk" published by Kamil Koç and "Mavi Yeşil" published by BursaGaz, Bursa's most popular periodical magazines, have published advertisements relating to the TEV Sukru Sankaya Scholarship. The magazines have been sent to approximately 20 thousand recipients with the advertisements published once in Mavi Yeşil and thrice in Yolculuk.

4- Contacts were established with the tabloid press of Bursa for the advertising of the TEV Sukru Sankaya Scholarship and cooperation agreements have been reached. Magazines Bursa Weekly, Park Magazin and Elit have published special news reports on the scholarship program and distributed advertisement cards with the magazine copies free of charge. A total of 3,500 cards have been distributed around Bursa, promoting the "Happy Day Flowers" project and the fund.

5- Short 20-minute training sessions have been provided to Yeşim employees (500 persons) by the members of the Social Responsibility Club. The objective of such training sessions held for the employees on the operation sites was to create awareness of "Social Responsibilities and Volunteering". **(March-April 2010)**

6- TL 23,000 has been collected as a result of a variety of income-generating activities held inside the company and supported by the employees. The raised funds were transferred to the TEV Sukru Sankaya fund.

Sharing with the community

Önce İnsan (People First) Magazine

Each edition of the Önce İnsan (People First) magazine, Yeşim Tekstil's corporate periodical, tells about and advertises an NGO to promote the awareness of social responsibility. Moreover, NGO ads are published in the magazine free of charge to promote NGOs in the society.

In the editions of our magazine published throughout 2010, all related activities of Yeşim concerning this issue have been reported on, e.g. the Vienna meeting of the UN Industrial Development Organization (Önce İnsan magazine, edition 69) and Global Compact Summit held by UN, SAI and CIPE (Önce İnsan magazine, edition 73).

Physical copies of Önce İnsan, a magazine published since 1997, reach 9,000 people that represent Turkey's world of business. Available for its readers online since 2009, the magazine now reaches out to a much larger audience with its social messages. The magazine is available at www.onceinsan.com.tr.

Önce İnsan Journal

Circulated only among Yeşim employees, the journal is published three times a year in 3,000 copies. Each edition covers news and last updates relating to environment, social compliance, occupational health and safety and volunteering projects to promote social responsibility awareness.

Website

The "Yeşim Tekstil Social Responsibility Activity Report" and Global Compact report are made public via Yeşim's website.

e-bulletin

News of Yeşim Tekstil's update to the Global Compact report and of the interview with Yeşim Tekstil CEO Şenol Şankaya published in the joint report prepared by UNGC (United Nations Global Compact), SAI (Social Accountability International) and CIPE (Center for International Private Enterprise) were announced via an e-bulletin sent to the company's customers, suppliers and contractors (the e-bulletin is also available at the www.yesim.com website).

Sharing with Contract Manufacturers and Suppliers

Awareness was promoted by informing contract manufacturers and suppliers on SA8000 and Global Compact at a variety of meetings. As a consequence of such efforts, SMS Tekstil, a company located in the province of Uşak contracted by Yeşim Tekstil to manufacture home textiles, has been awarded the SA 8000 certificate, one of the world's most prestigious certificates in social compliance, becoming the fifth company in Turkey to receive this certificate.

Sharing on the Local Platform

Yeşim Tekstil's social responsibility activities, environment-friendly production operations and commitments made in the scope of the Global Compact report have been shared by Yeşim executives on a variety of platforms.

Presentation titled "Innovation and environment-friendly production" delivered to Textile Engineering students at Uludağ Univeristy (**April 2010**)

Presentation titled "A Return to the Nature in Production and Green Factory" delivered to the students of Faruk Saraç School of Fashion (**December 2010**)

Sharing on the National Platform

In an information letter he shared with people in the Global Compact network in Turkey concerning the Global Compact Leaders Summit in New York, Turkey Global Compact National Network Representative Dr. Yılmaz ARGÜDEN wrote: "A sustainable business model sample case from Turkey has also been presented at this important summit. In addition to being presented at the summit as the best example, Yeşim Tekstil's SA 8000 practices and its integration with the GC were also included in the report distributed to the participants. Presenting the example of only six companies worldwide including Yeşim Tekstil, the report was also a good opportunity to display Turkey's efforts undertaken in this direction."

Sharing on the International Platform

With its social compliance efforts officially acknowledged by the SA 8000 certificate, Yeşim Tekstil was invited as a manufacturer to the 13th Session of the General Conference of the UN Industrial Development Organization (UNIDO) due to its outstanding works. Participating in the General Conference Session as a panelist, Yeşim Tekstil representatives told the participants about Yeşim's sustainability standards of social compliance and efforts undertaken by the company.

An interview with Yeşim Tekstil CEO Şenol Şankaya has been published in a joint report prepared by UNGC (United Nations Global Compact), SAI (Social Accountability International) and CIPE (Center for International Private Enterprise). The interview, in which Şenol Şankaya spoke about Yeşim Tekstil's efforts in the social responsibility field, was included in the report shared by UNGC at the Global Compact Leaders Summit held in New York in June under the "best practices" category and distributed to participants of the summit coming from all over the world.

Based on interviews with CEOs of only six companies which are SA 8000-certified and have managed to bring such applications into accord with the applications of the Global Compact, the report offers practices of Yeşim as viewed by Yeşim Tekstil CEO Şankaya and commented by influential representative of the "social compliance concept". The report is accessible from the link below:

http://www.cipe.org/publications/papers/pdf/CIPE-SAI-UNGC_for%20web.pdf

The report is currently available on the United Nations' website to audiences worldwide.

http://unglobalcompact.org/AboutTheGC/tools_resources/labour.html

Yeşim Tekstil was among the few select companies from all over the world included in a video watched by all participants of the gala dinner of the summit under the best practices category. This has been an opportunity to share the social responsibility vision of Turkish companies with the rest of the world.

Cooperation with NGOs

Community Volunteers' Society, Uludağ University Children aged 5 to 6 at Yeşim day care center have been trained on hygiene in the scope of "Germ Hunters", a social responsibility project managed by the group.

On-Ko Day (April 2010) A joint effort was undertaken with On-Ko Day, an organization managing anti-cancer projects. In the scope of the effort, employees were offered awareness-promoting training and wrist bands with printed positive thinking mottos were sold to generate income for the association with the proceeds donated for the treatment of cancer patients.

Uludağ Soroptimists' Club (December 2010) In the activity conducted in cooperation with the Status of Women Unit of the Bursa Governorate and Uludağ Soroptimists' Club, awareness was promoted among Yeşim employees through the distribution of flyers on November 25, the International Day for the Elimination of Violence Against Women. On the same day, Yeşim employees were offered a training session delivered by Muammer Durak, President of the Uludağ Soroptimists' Club.

ÜSİGEM (May 2010) By signing a memorandum of understanding with ÜSİGEM (Implementation and Research Center for the Development of Cooperation between University and Industry) of Uludağ University, Yeşim Tekstil initiating a cooperation that will be exemplary for the industry. An important step on the university-industry cooperation path, this memorandum has ensured a start in the exchange of information and experience between the two institutions. In particular, Yeşim Tekstil provides support in the preparation for professional life of future engineers.

Aid and Assistance Provided

Bitlis (January 2010) Apparel aid provided to a school in the province of Bitlis (January 2010) 1053 units of children's apparel were sent by Yeşim Tekstil as a New Year gift to school students in the village of Değirmenaltı, province of Bitlis.

Olmuksa (May 2010) 200 T-shirts were donated for the project titled 'Hand in Hand for a Green Step' conducted by the employees of Olmuksa International Paper Sabancı Ambalaj Sanayi ve Ticaret A.Ş., a company operating under Sabancı Holding, with the purpose of decreasing their personal carbon emissions.

BUIKAD (May 2010) 500 T-shirts were donated in support of female employment during the 4th Anatolian Female Entrepreneurs' Summit.

Achievements in 2010

Company with Highest Value Attached to Female Employment

Yeşim Tekstil received an award at the first award ceremony of this year recently held by the Bursa Association of Businesswomen and Executives (BUIKAD).

Awarded the “Company with Highest Value Attached to Female Employment” prize, Yeşim Tekstil sent Corporate Communications Director Dilek Cesur to receive the award on behalf of the company. Yeşim Tekstil qualified for the award owing to the 55% ratio of female employees, availability of an in-house daycare facility and organization by the company of a number of female-oriented social activities.

Award at the R&D Project Market

Yeşim Tekstil received the Innovation and Technology Prize at the R&D Project Market (Ar-Ge Proje Pazarı) Platform organized for the second time through cooperation between Uludağ Exporters’ Unions (UİB), Uludağ Textile Exporters’ Union UTİB) and BUTEKOM.

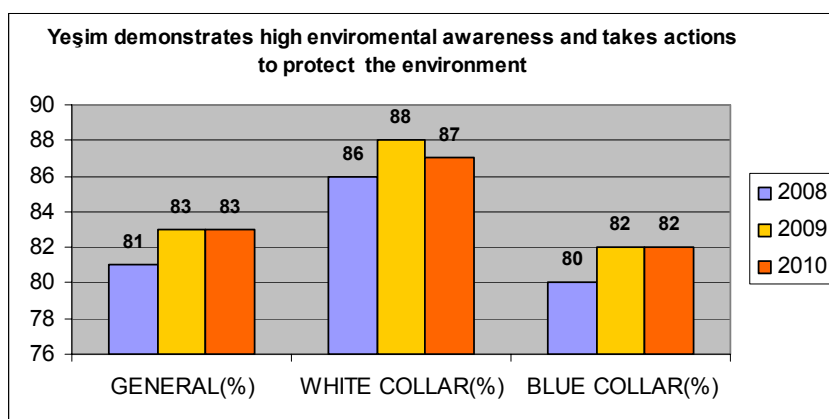
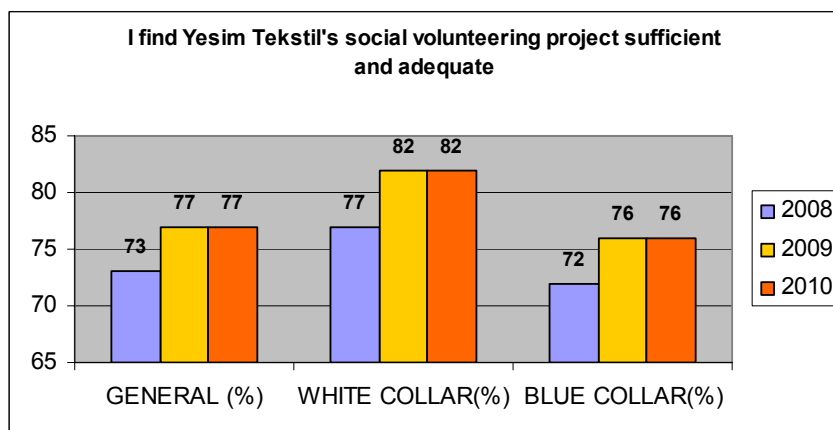
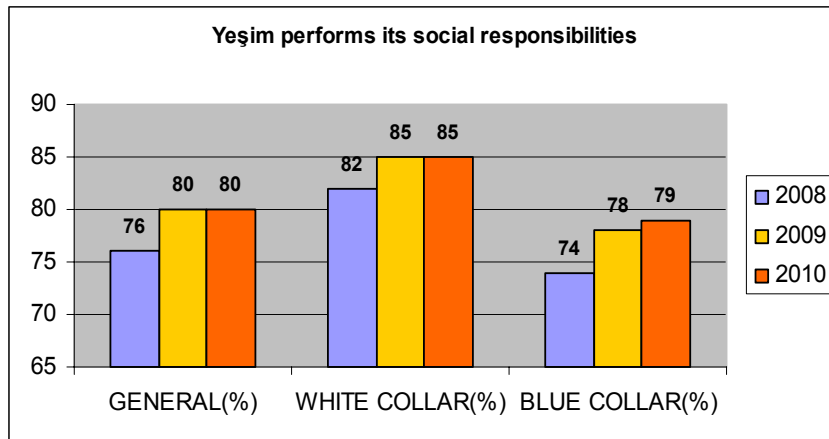
While Yeşim Tekstil was awarded the Innovation and Technology Prize at the event for its R&D efforts, the company was also presented as an example due to the importance it attaches to the subject and innovative efforts it undertakes

“Protect Award” from Burberry

Yeşim Tekstil was given the “2011 Protect Award” at the 2011 Manufacturer Meeting of Burberry, a leading global brand, held in London. Yeşim Tekstil was awarded this prize for its continuous improvement of working conditions, long-term commitments on environment protection and establishment of systems in support of such commitments, possession of the SA 8000 certificate, ethical commerce approach and efforts the corporation has made in protecting the brand name

Measurement

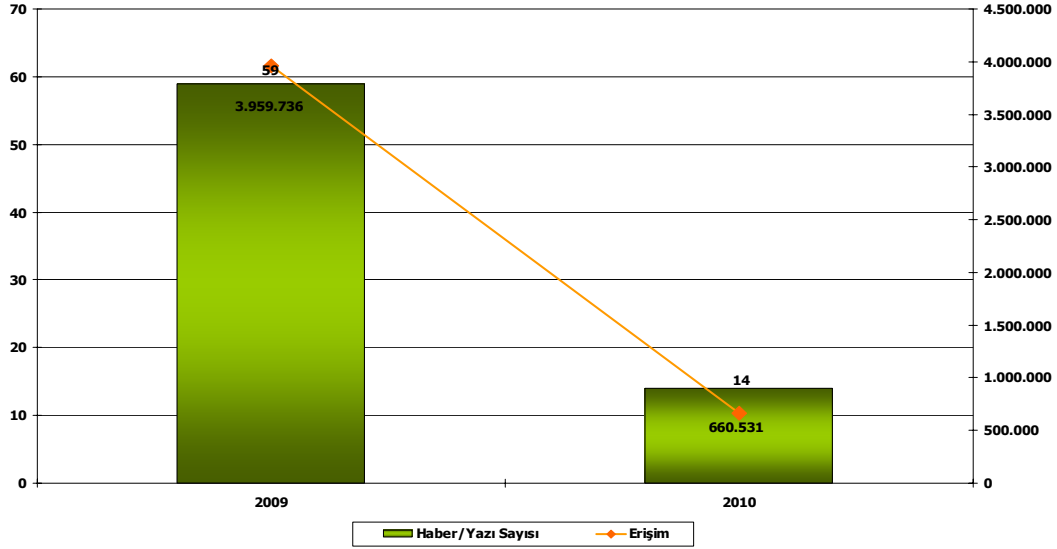
In an Employee Satisfaction Survey conducted among the company employees, the employees were asked how they perceived efforts undertaken by Yeşim Tekstil on social responsibility, volunteering and environment. A comparative graph showing data of the years 2008, 2009 and 2010 has been provided below.



Social Responsibility in the Press

Yeşim Tekstil also conducts a measurement of news that appear in the press on social responsibility and environment.

In 2010, 14 news reports were followed that contained reference to Yeşim Tekstil, SA 8000, social responsibility, social compliance and the Global Compact. Such reports reached an audience of 660,531 persons. A comparative table for 2009-2010 has been provided in attachment.



Reputation score of the news reports

According to the analysis of the reputation perception score of the news reports that refer to it, Yeşim Tekstil has been observed to be positively perceived by the readers mostly as an environment-friendly organization distinguished by its environment-friendly products. Yeşim Tekstil was covered in 66 news reports in 2010 that referred to the environment and the green factory concept.

Subjects that followed the environment in the reputation score ranking at the social perception level were education, health, sports and arts & culture.

