



**SUTEKS TEKSTİL
GLOBAL COMPACT
Communication on Progress
2019**



SUTEKS
GROUP

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Message From The President

Dear Stakeholders,

It is with great pleasure to present to you all our third annual sustainability report.

In 2019, we, as SUTEKS Group continued to provide best quality service to our clients and sustain solid and sustainable relations with our stakeholders.

We believe in the shared value and co-creation potential of participating in sector-wide as well as non-sector business initiatives. We are considered a one of the pioneers in the textiles industry in Turkey with regards to our organization, contributions and participations in nation-wide efforts.

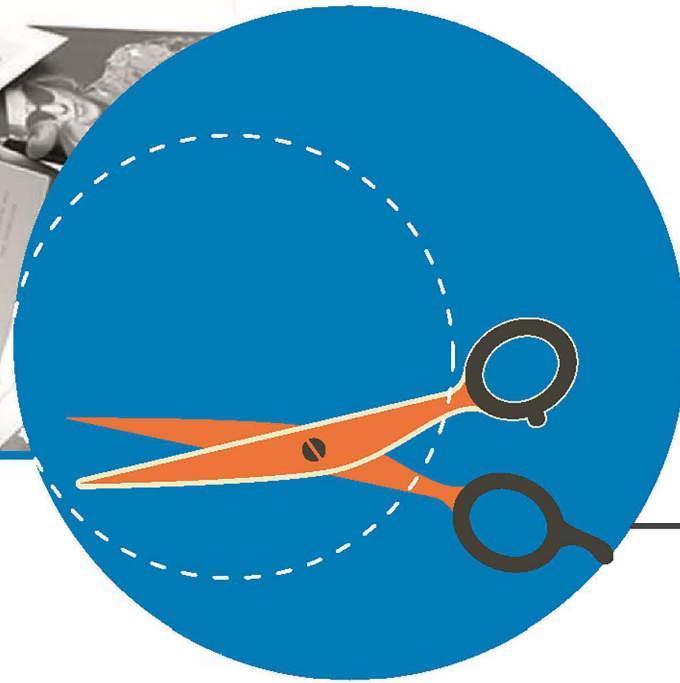
In 2019, with regard to our international efforts, we recently began to utilize innovative monitoring tools such as the HIGG 2.0 index, Sustainable Impact Partnership Programme (SIPP), Sedex Members Ethical Trade Audit (SMETA) and third party voluntary assessments, Fair Wear Foundation, that has enabled us to manage this risks and opportunities in a more comprehensive manner. We have recently been inspected and assessed by CERES, and our steps and activities have been proved to comply with the criteria of the Global Organic Textile Standard (GOTS) and Organic Content Standard (OCS) and we are also working with member of the Better Cotton Initiative (BCI).

We are committed to advancing our positive impact and diminishing our negative impact in the area of Human Rights, Gender Equality, Labor Rights, Environment, Anti-corruption at our core business level and through our supply chain through our daily operations, corporate strategies and policies and company culture.

Gender Equality is still the cornerstone of our company foundation.

YANINDAYIZ Association, founded in 2018, in which I serve as the Founding President, is the first of its kind in Turkey and among the very few associations worldwide, aims for gender equality by activating men's participation in the discussion. YANINDAYIZ, targets men and works with men; executes projects and awareness raising activities particularly on ending violence, the provision of equal opportunity in all areas of life such as education, health, labour force, domestic work.

We will continue to be a leader in this matter, in particular in a labour intensive industry such as textile and garment industry. We intend to share this report with all our stakeholders within our commitment on public disclosure. We welcome your input and comments to this report



Our Mission & Vision

- Satisfaction of Stakeholders and Customers
 - Perfection in Production Quality
 - Achievement of Ultimate & Sustainable Gender Equality In Workplace
- Commitment to the UN Global Compact & Women's Empowerment Principles

About SUTEKS

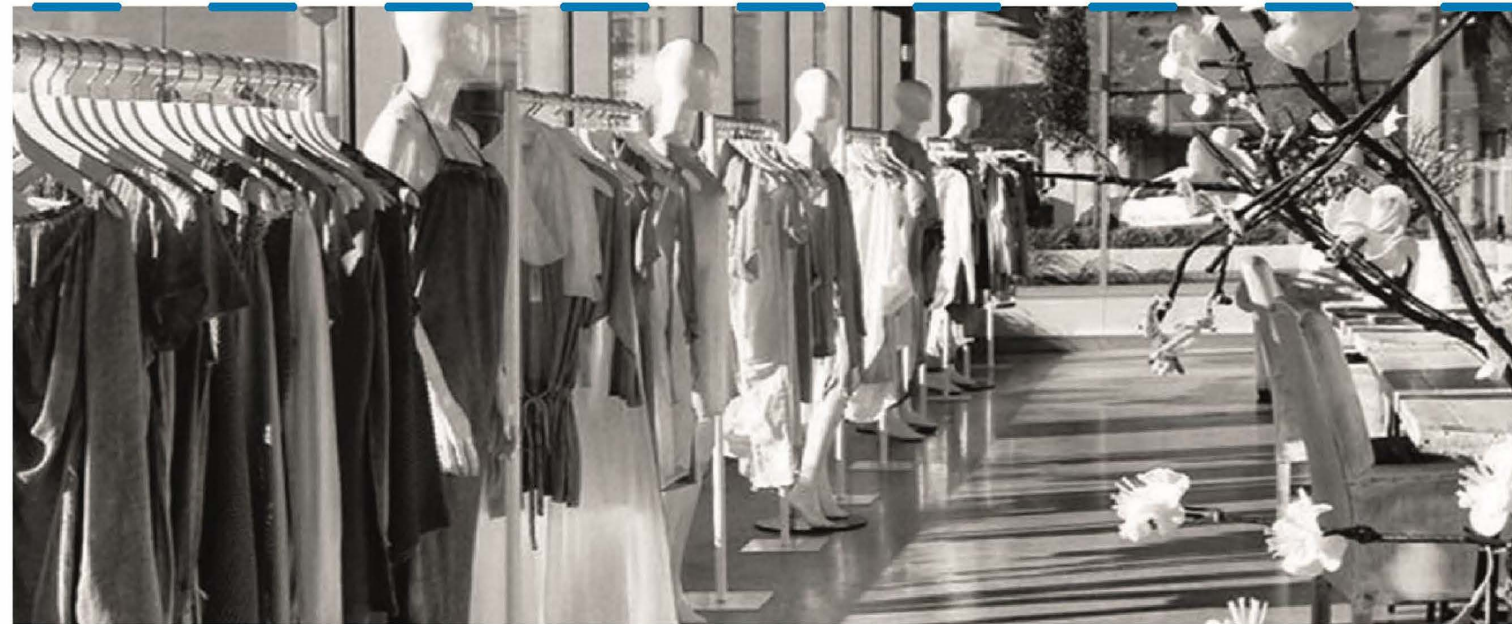
SUTEKS is an Istanbul based high-end international fashion producer founded in 1986 that is working mainly with partners in Belgium, Denmark, France, Netherlands, Sweden and the U.S.A through boutique chains, designers, brands and fashion retailers. Founded by prominent business executive and gender equality advocate Ms. Nur Ger, the company has established a customer base of very well known brands around the world annually. SUTEKS is also the first medium sized company in Turkey to join the Women's Empowerment Principles (2012) and was awarded by the Turkish Ministry of Labor and Social Security as a best practice in the category of "Gender Equality in Work Life" the subsequent year. In 2013, as the Founder and President of SUTEKS, Ms. Ger received an honor roll designation by the WEPs Leadership Group. Due to her active involvement in Women's Empowerment advocacy, Ms. Ger was appointed as the Business Advocate of WEPs in 2016. The company continues to grow based on The notion to exceed the dreams of the clients, customers, collaborators, investors and employees while never compromising core values and ethics based on the pillars of humanity, creativity, teamwork, professionalism and reliability. Furthermore, given the labor intensive aspect of the fashion industry, SUTEKS has integrated labor and human rights policies in it's core business and is committed to advance the up-taking of the principles around the world.

SUTEKS group has a brand under its umbrella; BRAEZ.

Launched in 1998 in Amsterdam, Netherlands, BRAEZ is an international confection brand, known for its collections consisting of the best natural colored fabrics in its industry. The brand provides comfort, freedom and elegance at all hours of the day, almost integrating with its customers' body with the clothes formed from lightweight fabrics. It meets up with fashion lovers particularly in the Netherlands, Switzerland, Greece, Spain, Sweden, Norway, Germany, Australia and USA markets.

Our Values

- Value given to the human-beings
 - Creativity
 - Teamwork
- Professionalism
 - Reliability
 - Transparency
 - Sustainability



Our History

2019

Nur Ger continues her role as the President of YANINDAYIZ Association. The Association actively executes projects and awareness raising activities, such as the gender equality trainings for private sector and Barber Shop Talks.

At Suteks, Customer-based organizational structure has been created.

2018

Our Founder and President Ms. Nur Ger continues to advocate for womens empowerment. She is the founding president of YANINDAYIZ association. aYANINDAYIZ Association, the first of its kind in Turkey and among the very few associations worldwide, aims for gender equality by activating men's participation in the discussion.

2017

Opening of BRAEZ İstanbul store. BRAEZ commits making a donation based on proceeds of sales of the Braez clothing to WEPs.

2016

Due to national and international recognition of SUTEKS as an exemplary model and Ms Nur GER's active involvement in gender equality advocacy, Ms GER was appointed as the Business Advocate of WEPs in Turkey. Our president Ms. Ger had the opportunity to explain the unique governance of SUTEKS to sustain gender equality at the annual summit of WEP's in New York which took place in March 2016.

2015

SUTEKS, signed a partnership agreement with UN Global Compact, the world's largest corporate sustainability initiative, to advocate for equality between women and men.

2013

Our Founder and President, Ms. Nur Ger receives an honour roll designation by the UN WEPs Leadership Group.

2012

We were awarded by the Turkish Ministry of Labour and Social Security as a best practice in the category of "Social Gender Equality in Work Life".

2009

We expanded our presence in European and US markets with our private special design collections.

2004

We began to add very thin and sophisticated woven goods into its production, alongside with its specialization in weaving and emerge into one of the most important companies in the industry.

1997

We re-strategized and re-launched the company as a ready-made manufacturer in the high-level fashion field

1989

Our current facility in Istanbul Kağıthane was purchased.

1986

SUTEKS was established by Ms. Nur Ger, producing and exporting knitted garments. Nur Ger's mother Mrs. Sevim Ger has been the biggest inspiration since its foundation.



Our Group has Customer- based organizational and a non-hierarchical structure where employees work as a team.

Our employees make up our management and makes all the strategic decisions together in which Ms. Nur GER supports the team as a coach.

Manufacturing quality and perfection has been achieved by integrating and personalizing universal values.

Furthermore, Gender Equality has formed the basis our Group as a continuation of Human Resources management.

SUTEKS WORKING GROUPS

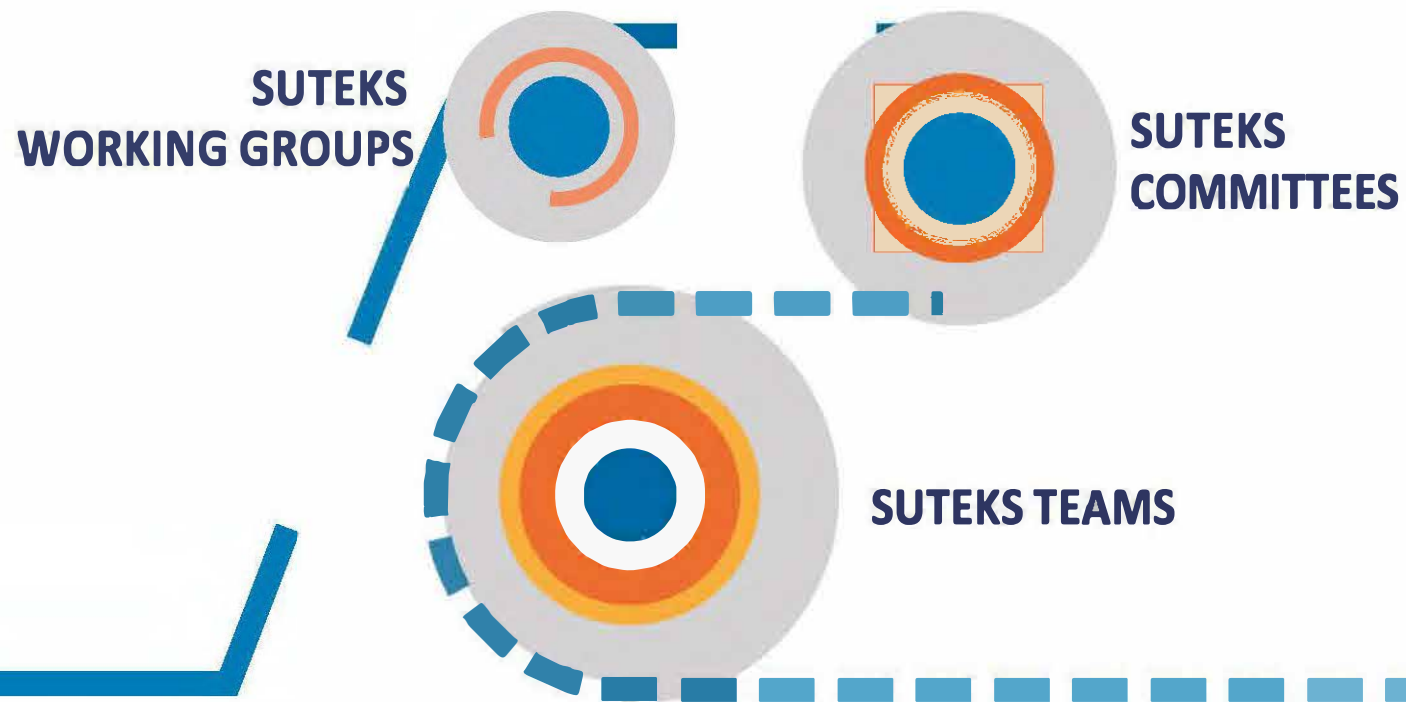
QUALITY MANAGEMENT SYSTEM COMMITTEE

SUSTAINABILITY COMMITTEE

CODE OF CONDUCT COMMITTEE

ARCHIEVE WORKING GROUP

SOCIAL ACTIVITIES WORKING GROUP



The Ten Principles

Human Rights

Businesses should:

- Principle 1: Support and respect the protection of internationally proclaimed human rights; and
- Principle 2: Make sure that they are not complicit in human rights abuses.

Labour Standards

Businesses should uphold:

- Principle 3: the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in employment and occupation.

Environment

Businesses should:

- Principle 7: support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

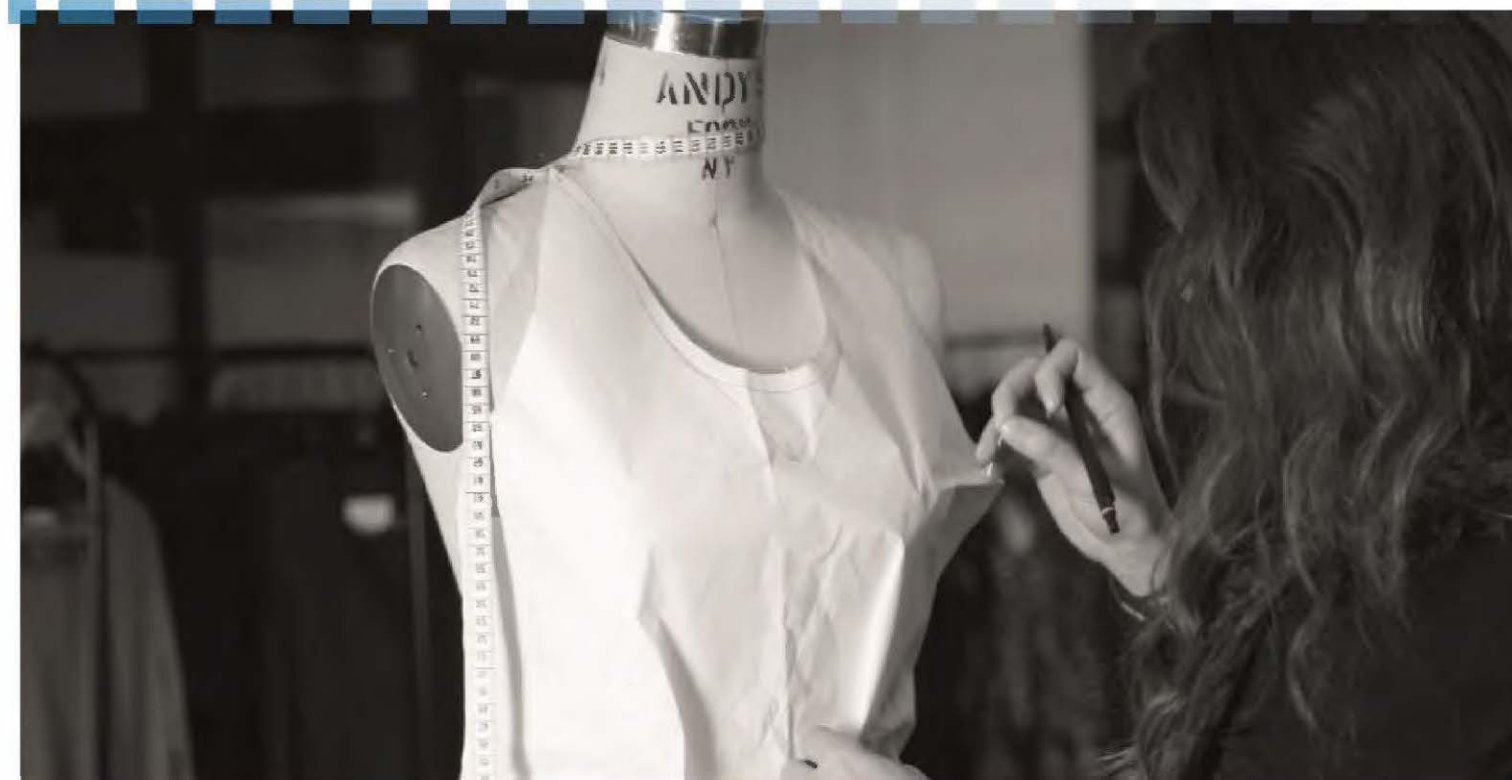
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Human Rights (Principle 1-2)

Companies play a vital and integral role in supporting and respecting the protection of Human Rights. At SUTEKS, we have constantly evolving policies in tact to protect and observe our contributions to human rights. At SUTEKS Group, we go beyond ensuring that we are not complicit in human rights abuses through the monitoring and evaluation of our operations at all activity levels. As a major supplier to high-end brands and boutique designers, our clients expect us to provide our goods and services with exceptional quality while also measuring all our social development, environmental and corporate governance associated risks and opportunities.

We undergo continuous social compliance audits (Please see next page) by our clients who expect us to carry out a risk assessment of potential areas of human rights abuses. The safeguarding of human rights is imbedded in our corporate DNA, culture and working Environment. Over the decades, we have witnessed the transformation on the expectations by business to business and by civil society to business on ensuring this safeguarding and rather than a burden, we have found this as an opportunity for our company to trade responsibly and ethically in international markets across a broad range of countries and regions with very different and complex environments. Our early engagement and compliance accordingly enabled us to sustain a comparative advantage over the years to other producers and countries.

We understand the shared value and co-creation potential of participating in sector-wide as well as non-sector business initiatives. We are considered a one of the pioneers in the textiles industry in Turkey with regards to our organization, contributions and participations in nation-wide efforts. With regard to international efforts, we utilize innovative monitoring tools such as the HIGG index, Sustainable Impact Partnership Programme (SIPP), Sedex Members Ethical Trade Audit (SMETA), third party voluntary assessments, Fair Wear Foundation, that has enabled us to manage this risks and opportunities in a more comprehensive manner.



We were inspected and assessed by CERES, and our steps and activities have been proved to comply with the criteria of the Global Organic Textile Standard (GOTS) and Organic Content Standard (OCS).

Furthermore, we also play an active voluntary role in supporting and respecting the protection of international proclaimed human rights. In particular, we have been a major advocate of achieving Gender Equality and broader sustainable development goals. Since our inception, we have engaged closely with civil society organizations and our president Nur Ger as an active member of various CSOs, is a role model for both our company, the textile industry and for the women entrepreneurs in Turkey. We actively collaborate with several civil society organizations, some of which are TÜSİAD, TÜRKONFED, KAGİDER, TESEV and YANINDAYIZ Association.

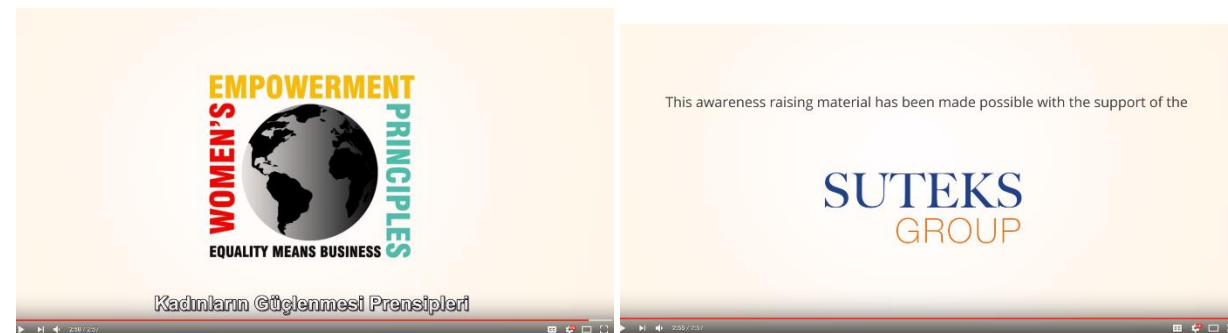
We also engage closely with international non-governmental organizational level initiatives such as the UN Women's Empowerment Principles (UN WEPs). We are one of the first SME signatories globally and the first in Turkey to the UN WEPs, a joint initiative of UN Women and the UN Global Compact.

WEPs Activities of SUTEKS Group

In 2016 the President of SUTEKS Group Ms Nur GER was appointed as the Business Advocate of WEPs. The main goal of her role was to raise awareness for gender equality among Turkish business world and for WEPs to gain more signatories from Turkey and still has been keeping her works in this field.. In this context, SUTEKS Group prepared informational leaflets, an animated video about WEPs* and plaques for CEOs of signatory Companies to create brand loyalty and raise awareness.

We set up an internal team of four members, solely responsible to work on WEPs and support the administrative tasks that function under the umbrella of Global Compact Women's Empowerment Working Group in Turkey.

Thanks to collaborations with several Business Organizations including TURKONFED, TÜSİAD and KAGİDER, the number of WEPs Signatories from Turkey increased from 40s to more than 305 in 2019.



* <https://www.youtube.com/watch?v=JlMlup7pao4>



Ms. Ger at Annual Conference of WEPs in New York.

We understand the role that such enterprises can take in promoting the empowerment of women in the workplace, marketplace and community at the core business level within the value chain of the apparel industry. Beyond serving as a leading good-case example domestically, we bring added value to major global brands and designers whom we supply to because we are conscious of our potential gender equality impact. We constantly inform our clients and stakeholders about our efforts and encourage them to be part of the change. The textiles and apparel industry is human labor intensive and impacts directly the quality of life of employees and their immediate household members. Beyond ensuring safe working conditions and equal pay for equal work, we continuously invest in our employees through professional, vocational as well as non-formal educational trainings and empower them to develop themselves. We have a strict non-discriminative policy and dedication for supplying equal opportunities. We respect the fundamental human rights of our employees, suppliers and partners and ensure that there are systems and mechanism in place for open communication and dialogue. We also provide discounted and pro-bono access to legal services to all our employees to ensure that they are aware of relevant laws and regulations.

SUTEKS Group actively collaborates with Global Compact Turkey local Network and supports the “ Women’s Empowerment Working Group”. Our President Ms. Nur Ger represented SUTEKS Group in the execution Committee of the working group between 2016-2018 In 2018 February, SUTEKS Group hosted the four day “ Gender Equality Training for Private Sector Companies”. Moreover, SUTEKS is the main financial sponsor for the “ Training Kit” developed by Global Compact Turkey, UN Women and UNFPA.

By 2019, We have been conducting a project by the name “Gender Equality Trainings in Our Sustainable Supply Chain” to raise awareness about gender equality and sharing the data on SDG best practices portal.

In addition to SUTEKS Group’s work on WEPS, our President Ms. Nur Ger is the Founding President of YANINDAYIZ Association. YANINDAYIZ Association, initiated by Ms. Ger, is the first of its kind in Turkey and among the very few associations worldwide, aims for gender equality by activating men’s participation in the discussion. YANINDAYIZ targets men and works on expanding awareness, ending violence against women and educating men. In addition, YANINDAYIZ executes projects on increasing women’s employment, balance in household chores and equality of educational opportunity.

As SUTEKS Group, we have also been supporting socially disadvantaged groups in our society. In 2019 we contributed voluntarily with donations to several NGOs including KAMER and Nesin vakfi.

We understand that a corporate policy statement sets our direction and gives the overall goals for a company in a certain area of activity. We uphold our commitment publicly through our “Human Resources and Employee Management” and “Ethical Management” corporate policies for which we provide training on to all our employees in their on-boarding period. We are in continuous consultations with all our employees during this phase and request their input on any changes in these main policies.

Should any changes be made, we discuss these matters from the on-set in our weekly management meetings before a proposal is made to a Board Member. We included a reference and statement of support to upholding the UN Declaration of Human Rights within our “Human Resources and Employee Management” corporate policy.

At the global value chain level, we recently launched our “Responsible and Ethical Trading” Code of Conduct and supporting Corporate Policy Statement that we developed based on the Ethical Trading Initiative (ETI). Here, we included a separate and additional article on non-discrimination as well as gender equality. Essentially, rather than a separate Human Rights policy, we have consciously included it in our Responsible and Ethical Trading corporate policy and statement instead because we want to continue to play an active advocacy role.

We understand the cultural, social and economical complexities of Turkish enterprises, especially family owned SMEs as well as micro-enterprises and are committed to voluntarily inviting our business partners to join our efforts as we continue in our sustainability journey. Our ultimate aim is to ensure that our suppliers and partners also uphold universal principles, but rather than forcing this adoption upon them, we seek to create a channel for mutual experience sharing and capacity development. Moreover, we are a leading example on gender equality engagement with other groups within our sphere of influence such as industry and trade unions, local communities, customers as well as government and society more broadly.

At SUTEKS Group, we understand that a strong commitment to human rights from senior leaders is a pre-requisite for embedding human rights into a company’s operations and activities. In addition to the Founder and President, Ms. Nur Ger’s leadership on achieving Gender Equality, we have an “Employee Management Committee” , “ Quality Management Systems Committee” and an “Ethics Counsel” in which any human rights related issues and matters can be raised directly. We ensure all employees are paid fairly and in industry standards. We ensure that all employees work in safe and sanitary work conditions with minimum health risks. All employees receive a private health insurance plan along with the national social security plan. We have policies and trainings to avoid workers from workplace harassment, including physical, verbal, sexual or psychological harassment, abuse or threats.

The decision-making structures as well as grievance and suggestion boxes create the necessary whistle-blowing channels for reporting human rights concerns or seeking advice and follow-up mechanisms. Our Employee Management Committee monitors that a checks-and-balances system is in place to ensure consistency with human rights commitments and obligations. Social compliance audits also ensure that we continuously monitor and improve our processes.



Labour (Principle 3-6)

We support fundamental labor principles and the decent work framework in our company and in all countries we work with. Our core policy upholding the labor principles can be found in the "Human Resources and Employee Management" corporate policy which all employees are required to read, receive an orientation training on and sign during their on-boarding.

As specified in our Ethical and Responsible Trading Corporate Policy and Code of Conduct, the equal and fair treatment of our employees and that of our business partners is central to our existence. It also ensures no forms of forced and compulsory labor occurs.

Our dedicated Employee Management Committee meets monthly and is responsible for raising and addressing any concerns or recommendations from our employees. This Committee works closely with the Sustainability Committee.

As per ILO's adoption of Convention No. 182 In 1999 consolidated the global consensus on child labor elimination and as per our Ethical Code of Conduct, in no way we allow child labor. We have clear policy in place to ensure that it doesn't happen and a policy that guides us to act in the best interests of the child if it should.

We respect and support freedom of association and the right to collective bargaining, though we currently do not have any employees that are members to any union. We associate this fact with our ability to firstly provide a pro-employee environment where views can be vetted and secondly due to our attractive numeration and benefits package.

The benefits package involve a private health insurance plan and a sharing of the SUTEKS's annual profit. The Profit Sharing System is outlined in our policies and communicated to all the employees in quarterly SUTEKS Management Meetings, which all company employees participate. All decisions regarding the work place and working regulations are taken with the employees' participation

Training is of high importance in SUTEKS company culture. Our employees are given regular trainings on health and safety, legal laws and legislations, human rights, anti-harassment, Code of ethics and team building. We ensure our employees receive necessary practice and guidance to improve their knowledge and capacities, stay coherent with the industry standards and have a chance to develop their skills. Trainings such as health and safety, Code of ethics, legal legislations, human rights and trainings related to job requirements and performance are exclusively funded by SUTEKS. For other trainings regarding personal development, SUTEKS compensates a significant amount that is necessary.

SUTEKS HR Policies state the amount SUTEKS would compensate and employees are encouraged to take this opportunity and develop their skills as part of company's life long learning approach. Especially for English language learning courses, SUTEKS commits to covering 90% of training costs and favors women employees.

In 2019;

Total number of employees: 68

Number of Women employees: 29

Number of Male Employees: 39

Total number of hours for female: 636 hrs

Total number of hours for male: 741 hrs

Subject of trainings: (in hours)

Gender Equality Training by YANINDAYIZ: 24 hrs

English Speaking Course: 24 hrs.

Effective Communication Training: 24 hrs

OHS Training :32 hrs

Social Compliance Training : 6 hrs

Quality Assurance Training : 8 hrs

Computer Skills Training : 15 hrs

Human Resources Management Training : 100 hrs

In 2020-2021 period, we will enhance these numbers, adding more variety in our corporate trainings, ever empowering our team with the necessary tools.



Environment (Principles 7 9)

SUTEKS is committed to sustainable textile industry and in minimizing the impact of its activities on the environment. We understand the importance in reducing the environmental footprint of textile products both for the sustainability of our business and for the future of our planet. We are committed to making constant improvements in this continuous road to sustaining our resources.

Our environment policy actively promotes recycling both internally and amongst our customers and suppliers. In our supply chain we pay special attention to the impact on the environment and communicate it thoroughly with our suppliers.

We comply with all relevant environmental laws and legislations and follow international legal frameworks for guidance on improvements. In SUTEKS, we source and promote a product range, taking the environmental impact into account, of both production and distribution. We are willing to reduce our negative impact to the environment and are vigilante in our operations.

Moreover, in accordance with our customers, we have in place policies and due diligence measures that will enable us to reasonably assure that products and components supplied to us contain conflict minerals that are Democratic Republic of Congo (DRC) conflict free. The mining of these minerals and the metals created by them, such as tantalum, tin, tungsten, and gold, has been partially co-opted by militant groups which are reported to engage in human rights abuses to mine these materials and use the proceeds to finance armed conflict in the region.

Our environmental policy also includes the use of hazardous chemicals in sense of Best Chemical Management Practice. To avoid the use of hazardous chemicals in production and minimize their adverse impact to our environment, we implement a chemical management system in our operations.

This includes vigilance in purchasing, using and storing chemicals, necessary information and regulatory awareness. On this we follow the lead of our customer, H&M, for following and updating ourselves with the current regulations and lists of hazardous chemicals.

We measure our electric, water, natural gas consumptions on regular basis. We declare these measurements through the HIGG Index each year and H&M Performance Data once in three months to our customers and try to improve these numbers annually. We also have our three main production units track their energy consumptions and follow the same reporting procedure, making sure we install a value chain approach in our environmental policies.

Our offices have still been undergoing renovations . We have made and are making necessary changes to decrease our energy consumption such as LED lighting systems, inverter and drying machine in toilets.

We pay special importance to recycling in our offices, making sure our environmental commitment exceeds our production processes and is followed in all areas. Starting from 2016 we started tracking the amount we recycle in our offices. In following years we plan to organize trainings on environmental impact, delivering our environment commitment to all our employees.

In our supply chain, we prefer local suppliers as to support the local community and lower our carbon footprint related to logistics. Both on an employee level and in company logistics, we plan our business in a manner to avoid excessive travelling and transportation. We understand that each effort in attaining a low carbon footprint is vital for sustainability.

Anti-Corruption (Principle 10)

We refrain from and commit to work against all forms of corruption within our direct and indirect areas influence. We have a zero tolerance policy, which is stated in our Code of Conduct.

Approved by our Board, after an extensive consultation with our entire team that conducted an expansive review of the Ethical Trading Initiative's Base Code (ETI Base Code), our Code of Conduct provides the foundation for which we remain more committed than ever to be a responsible company with the highest standards of ethics in the global fashion and apparel industry.

As a high-quality producer company, we realize that our impact goes far beyond our core business operations and that we can also play an integral role in raising the capacity of our own suppliers and their subcontractors in advancing universal principles in the areas of human rights, labour standards, environment and anti-corruption.

Given that SUTEKS is an established, well-known and respected enterprise, we realize that by leading by example and leveraging our broad network, we can spur collective action not only in the domestic textile industry which is Turkey's second largest sector but in the broader context as well.

We have extensive know-how on the sector and a deep understanding of the dynamics of the international trade systems and global value chains. In important emerging markets like Turkey, the SUTEKS Group is a rare gem that has voluntarily committed to working with smaller suppliers. As a flagship SME, we pride ourselves in pioneering such efforts.

Our Code of Conduct outlines the requirements we place on all our suppliers and their subcontractors for which we expect them to work toward full compliance with the Code in its entirety. We plan to fully disseminate this information to our subcontractors over the coming years and employ a value chain approach. We also pay special attention that our employees understand and learn about our Code of Conduct starting from their orientation trainings.

Our Code of Conduct covers the nine areas of the ETI base code, with the addition of the following; Legal Work Authorization, Environment and Ethics. Moreover, as one of the first signatories of the Women Empowerment Principles in Turkey, we commit to enforce these principles in all our affairs.

Besides our functional Ethics Council and an ethics complaint mechanism work, we also have grievance- suggestion boxes that is used effectively in our main subcontractors

Finally, SUTEKS has never been involved in or received any indication of being involved in corrupt activities.



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