



## Annual Report of Sustainability Values



**CROSS**<sup>®</sup>  
T E X T I L E S

**20  
20**





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DENIM FOR L

**About the Report**  
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**CROSS**  
TEXTILES

## About the Report

Last year, we published our first in-depth report on sustainability, which has been highly appreciated by the stakeholders. In line with our target to update and share our sustainability values via these reports every year, we proudly present the results for the fiscal year of 2020.

In order to report as transparent and accurate as possible, we've contacted all of our stakeholders, including suppliers, employees, and customers. This has helped us immensely to identify material issues and to learn more about our stakeholders' expectations and opinions. These are very valuable insights, and we thank you for that!

The report includes organizational operations from the Cross Textiles HQ located in Istanbul and our three manufacturing facilities. These facilities are based in Tokat and in Tekirdag, Turkey, and in Port Said, Egypt. The report also covers the operations and information of Cross Textiles' R&D and design affiliate companies.

The scope of this report has been determined by the various events that have impacted our company's sustainability values throughout the year. This report has been prepared in accordance with the GRI Standards: Core option.



You can contact us via [sustainability.board@crostextiles.com](mailto:sustainability.board@crostextiles.com) for any input associated with the Annual Sustainability Report or with us at Cross Textiles in general.

You can also find more information about us at [www.crostextiles.com](http://www.crostextiles.com)

## Chairman's Message



*The beginning of 2020 was a time in which all of humanity was looking for ways to cope with the pandemic and its vicious effects. It was also a time where businesses were forced to demonstrate their agility, flexibility, and strength.*

**As a leader of the denim garment industry,** we had to implement the best solutions that will provide us long-term durability, help us maintain and improve our sustainability standards, and increase our productivity while ensuring the safety and health of all of our stakeholders.

**We are proud to announce that we have successfully implemented the strategies and approaches that we believe will help us to achieve these goals.**

It's a fact that organizational success is no longer measured by increased profits, dividends or share price but rather by the value that our activities and outputs add to society and all our stakeholders.

***We believe that value added processes, effective value creation models, and sustainable products help us stand out. Our aim to lead continues.***

At Cross Textiles, we made it our mission to implement the best practices, deploy the newest technologies and cultivate the most sustainable approaches that will help us gain momentum and drive change within the industry.

***We gradually started our shift to industry 4.0 and continuously empower our employees via training programs that will help them remain agile and flexible with every development.***

From our customers to the locals where Cross Textiles operates, we offer environmental, social, and economic sustainability for every stakeholder across our value chain. **As to be expected from a company with such a wide span, we continue to support local economies while cultivating circular economy.**

We hope to make the most of the upcoming year, being able to provide more value-added processes, products, and relations to all of our stakeholders and wish everyone a healthy and safe year.

Sincerely,  
**Ömer KOLUNSAĞ**

## CEO's Message



*Cross Textiles is a family business with 82 years of experience. Throughout these years, our company expanded to international levels, and our brand acquired an industry-leading position. As our business grew, so did our family.*

**Being a family business means** accepting that every decision you make and every step you take will affect the thousands of people who make up your extended family within the company. So, when the pandemic started to spread its effects at an unprecedented speed, we have decided to give priority to the health and well-being of our family by evaluating the risks we face.

I believe that the 3-month closure, during which we have developed processes and preventive measures towards pandemic-safe working conditions, is an indicator of our commitment to our employees. While their health, trust in us and their sacrifice is incomparable, the strength of the Cross Textiles family comes from being able to take action against unknown risks.

As we stated to turn the pandemic into our advantage, it revealed new opportunities to us. During our shutdown, we kickstarted studies that helped us start operations in a completely new field. Yes, it's an area where it's difficult to obtain necessary permits and certifications but with determination, we managed to start producing medical masks and protective gear.

**Despite the challenges we encountered in the establishment of CRS Medical Textiles, we gained a huge success which we take pride in.**

***This success has enabled us to address a huge global gap in medical supplies and fight the frontline of this international war against COVID-19.***

Besides our successful emergence in this new field, the pandemic has also driven change in many of our processes, which we adapted with agility and utmost resilience.

**We deployed the newest technologies, cultivated the most efficient practices, and addressed the increasing need for improved communication with all of our stakeholders. We adapted the best of measures that will help us keep our production lines running, customers satisfied, and, most importantly, employees safe.**

During all these adjustments, we never once compromised our sustainability approach. As of day one of our establishment, we made it our mission to offer the best product from a socially, environmentally, and economically sustainable perspective. Thus, as we recover from the adverse effects of the pandemic, we maintain the importance we give to sustainable practices and processes.

***We continue to empower women with employment opportunities while maintaining our high ratio of female employees.***

We keep our strong stance for our ethical values, preventing child labor and forced labor across all Cross Textiles operations. We help improve and support local development in every location that we operate.

As always, we executed LCA's (life-cycle assessments) to measure our products' environmental impact while performing carbon footprint and water footprint calculations. All to optimize our production processes, explained in detail throughout this report.

We'd like to acknowledge the hard work of our extended family, meaning our beloved employees and we'd also like to thank all of our stakeholders for their patience, collaboration, and resilience throughout these unfortunate times.

Sincerely,  
**Ismail KOLUNSAĞ**

### Sustainability at Cross at a Glance

For 82 years, we've engineered solutions to provide more future friendly products and services. It should be said that during the main part of all those years, before science caught up with the reality of industrialization and what it means to the well-being of our planet and all of us that live here, we actually did things the very same way as we do today. Efficiency is directly connected to lower consumption of energy, chemicals, and raw material. Caring for our staff and having close, long-term, ties to our stakeholders was always there, because together we can create greatness, but individually we simply can not.

**Sustainability is in our nature.**

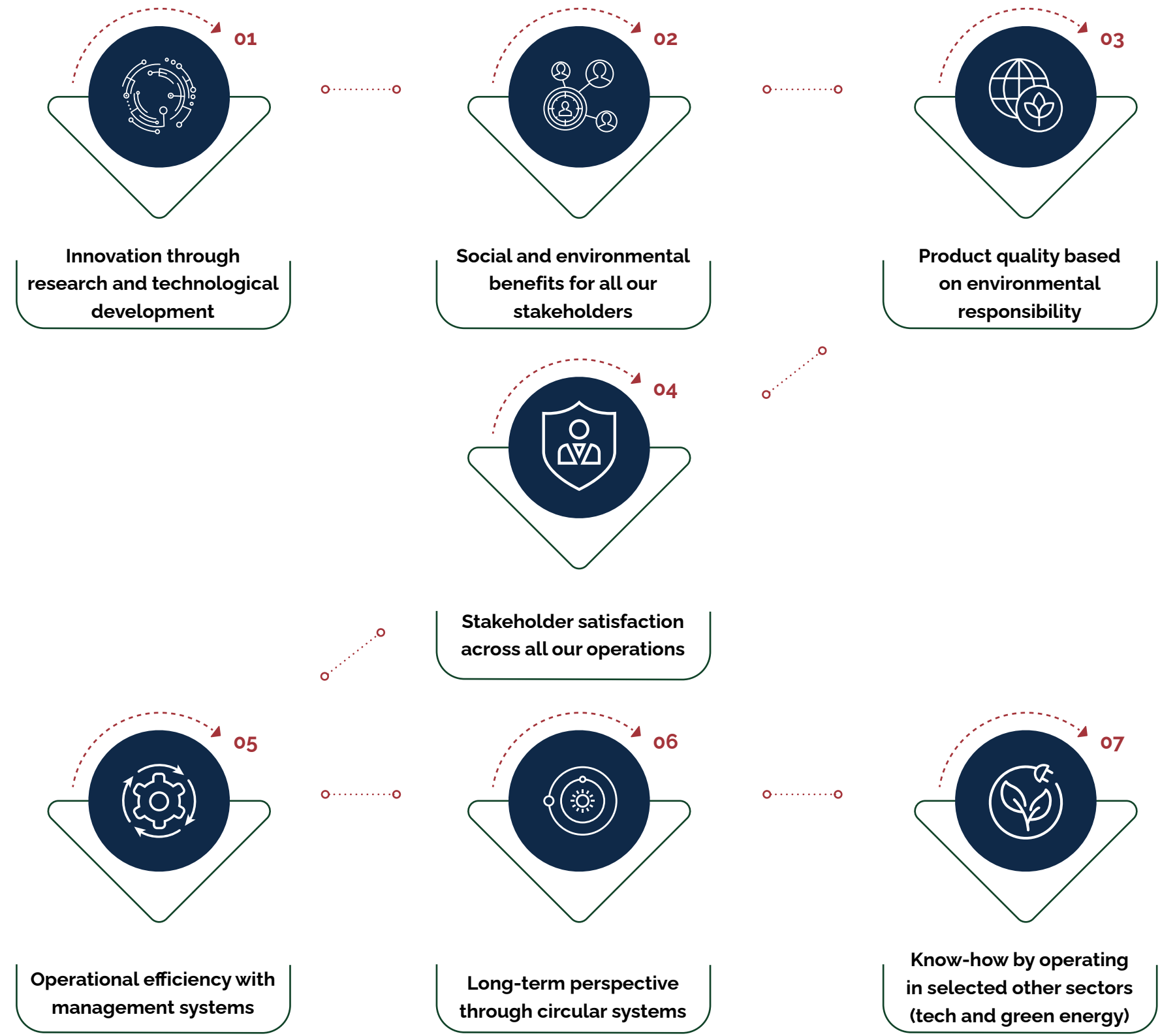
Today we continue to drive innovation and efficiency through adopting a circular mindset. It's not enough to do what's required. We aim to lead. Staying ahead in product development and not only complying, but driving social standards forward, we adapt to the ever-changing business requirements to ensure continuous growth.

The difference to when we started in 1939 is that growth today, once the social and environmental areas are covered, is not firstly a matter of monetary profit. Today, we look at growth with a totally different perspective. Social profit that benefits all stakeholders and ultimately our planet is what truly matters.

**Long-term is our backbone.**



### Our Values & Vision



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**About Cross Textiles**  
(13 - 20)



# About Cross Textiles

## Our History

Our first textile company was established in 1939 in Adapazari, Turkey, named Şık Makas Giyim Sanayi ve Ticaret A.Ş. Starting off as a men's suit manufacturer, our company has executed its operations in Istanbul in the following years. In 1970, we entered the world of denim, taking advantage of the learnings we had gathered. From there on we developed our know-how on manufacturing denim garments and washing.

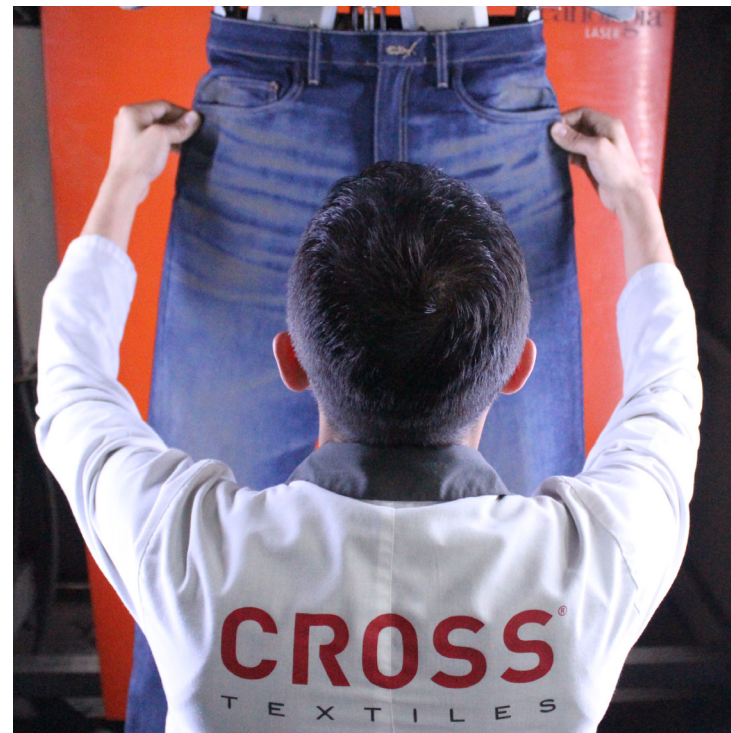
In 1997, we established "Cross Textiles." Since then, we are continuing to support Turkey's social and economic growth from our headquarter in Istanbul and our three integrated facilities in Corlu, Tokat, and Egypt.

In addition to textiles, we are also present in the tech business with our company in the Yıldız Technical University's Technopark. To further strengthen our contribution to society we also produce green energy through our hydroelectric power plant in Ankara.

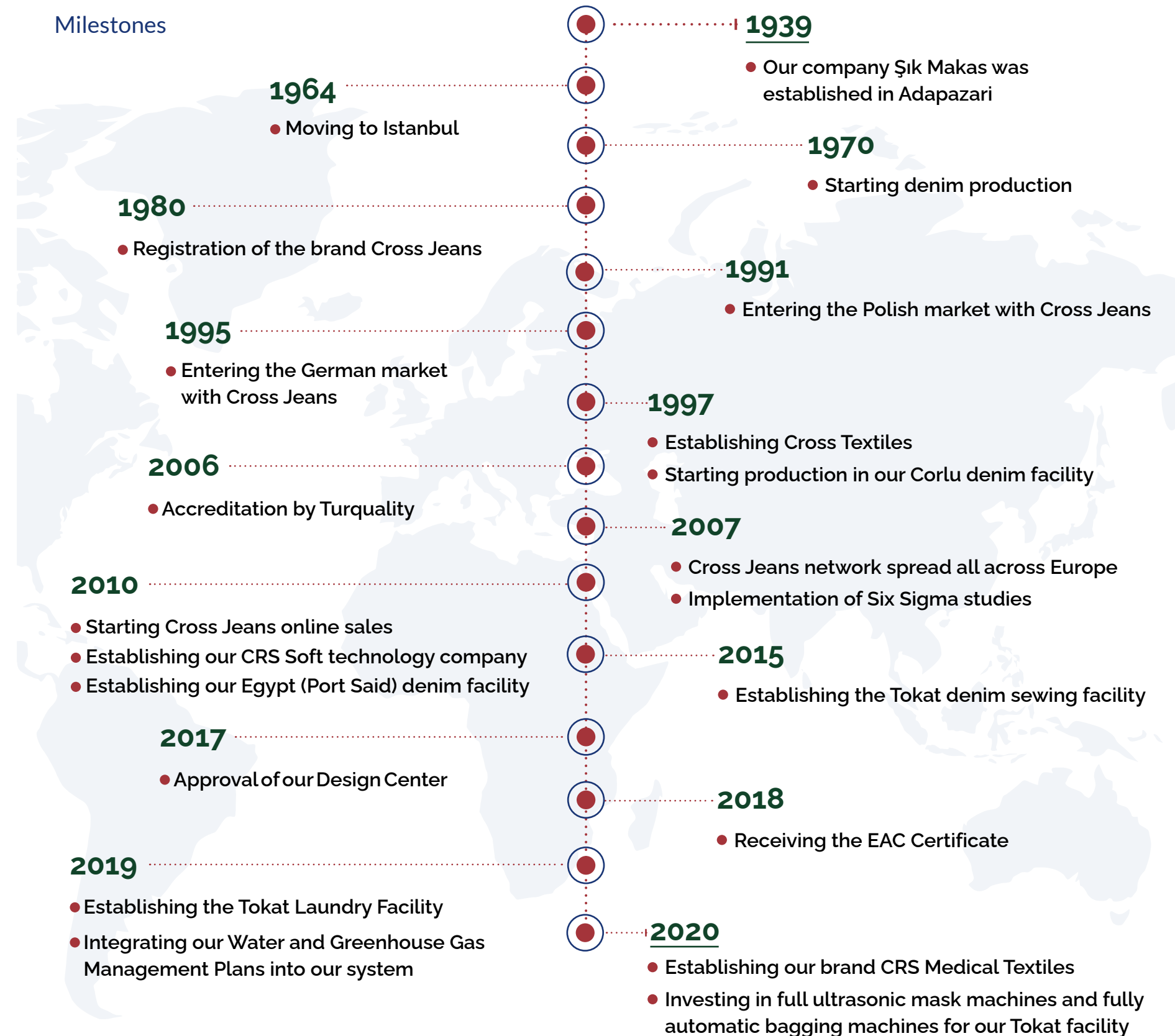
We've created a strong presence in Europe, especially in Germany, Poland, and Czechia, with our brand "Cross Jeans" and a comprehensive retail network. By being located in Turkey, with its geographically central position, we have an international customer base formed by many of the most prestigious brands.

All of these aspects help us contribute to the social and economic development in Turkey by creating responsible employment opportunities. Our total turnover in 2020 was nearly 130M Euro making us an industry leader, as the textiles export data states Cross as the biggest denim exporter within Turkey.

We maintain the principles and practices that have supported our growth through the years and made us a leader in denim, always keeping our social and environmental responsibilities a priority.



## Milestones



## Scale and Scope of Operations

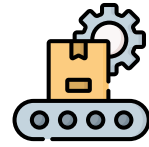
The Numbers Speak for Themselves



**~7000**  
Employees



**82 Years**  
of Experience



**100.000 sqm**  
Production Area



**Supplier of the**  
**World's Leading**  
**Denim Brands**



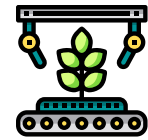
**1st** in the **Denim**  
and **5th** in the  
**Garment**  
**Industry** Among  
Turkey's Top 500  
Industrial Enterprises  
in 2020



**20 Million**  
Responsible  
Denim Garment  
Production  
Capacity per year



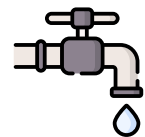
**18 Million**  
Medical Textile  
Production capacity  
per year



**Eco-Friendly**  
Production and  
Products



**73% Reduction**  
in Natural Gas  
Consumption in the  
Last 10 Years



**34% Reduction** in  
Water Consumption  
in the Last 10 Years



**43% Reduction**  
in Electricity  
Consumption in the  
Last 10 Years

## The Path to Growth - Hand to Hand With Our Affiliates



[Cross Textiles Affiliates](#)

We pursue our denim laundry processes at Cross Textiles. Our workforce of nearly 5000 employees in the Corlu and Tokat production facilities provide approximately 15 million pieces of denim garment per year.

As of 2010, our integrated denim garment and laundry facility in Egypt, with over 1500 employees and an annual production capacity of 5 million, has been established with the name CRS Denim Garments Egypt and has been contributing to our success since then.

### Cross Design Center

Cross Design Center, established in 2017, reflects our focus on innovation based on research and the importance we give to sustainable and circular products. It comprises a total area of 1.480 sqm with 57 employees.

### Red Cast Wrkshp

Apart from our Cross Design Center, Red Cast Workshop is also a place where we express our creativity and welcome customers to develop new innovation projects and implement the latest practices.

### The Art of Denim Studio

A space dedicated to inspiration and creation where our customers get access to our archives, to the capabilities of our designers, and all the know-how of Cross Textiles.



CROSS JEANS

[Cross Jeans](#)

The 1980s has been an important period for us as we have had our debut in the retail sector with Cross Jeans. We continue to enhance our brand value through our four retail companies, our wholesale network, and 1.500 sales points all across Europe.

### Our Retail Textile Companies

**CROSS POLAND Sp.z.o.o**

Established in 1990 - Poland

**CROSS JEANSWEAR GmbH**

Established in 1995 - Germany.

**CROSS JEANSWEAR s.r.o**

Established in 1997 - Czechia.

**CROSS JEANS PAZARLAMA VE TICARET A.Ş.**

Our foreign trade company established in 2008.

## CRS<sup>®</sup> MEDICAL TEXTILES

### [CRS Medical Textiles](#)

CRS Medical Textiles is a Şık Makas Group brand that develops solutions to better human health and aims at becoming an indispensable part of modern medicine. We established CRS Medical in 2020 to swiftly address the urgent personal protective equipment (PPE) requirements that have surfaced during the global Covid-19 pandemic.

Our main objective is to produce the best medical textile products and protective equipment. Surgical masks, surgical gowns, and protective coveralls, all of which the world is in immediate need of, are offered by our brand CRS Medical Textiles.

In 2020, we produced 18 million medical textile products. All products are produced per the ISO 13485 quality management system. Our products also comply with the ISO 9001 certification requirements and meet the test conditions required for medical product sales. Our surgical mask and surgical gown products are CE certified, and our protective coverall product has been CE marked.

**We are proud to serve in this industry and be able to have an active role in protecting people during the ongoing COVID-19 crisis.**



## Crssoft

### [Crs Soft: Cross Rational Solutions](#)

Established in 2010, CRS Soft is how we stay on top of every innovation and technological development. Aiming to be an industry leader, our high-tech software company is where we offer industry-tailored solutions and consultancy to our customers.

Ranked as one of the 50 fastest-growing technology companies in 2017 Deloitte Technology Fast 50 - Turkey, Crs Soft has a young, experienced, and dynamic team. Because of this team's success, Crs Soft offers a "Private Integrator" service approved by the Revenue Administration

We are looking forward to continuously improving our services, providing the best technological solutions, both in Turkey and globally.

### Real Estate

We've started our investments in the real estate industry with our company in Berlin, Germany, Cross Jeanswear GmbH, in 2016.



Hidaş Elektrik Üretimi, Hidroelektrik Santral



### Energy

Our first energy investment was made in 1996 in Corlu.

We meet the energy demand of our Corlu production facility with the energy generated from our own plant, and we continue investing in this area with various other projects:

#### Hidaş Elektrik Üretim ve Hidroelektrik Santralleri A.Ş

Located in Ankara, our renewable energy plant generates electricity with an installed power of 7.33 MW.

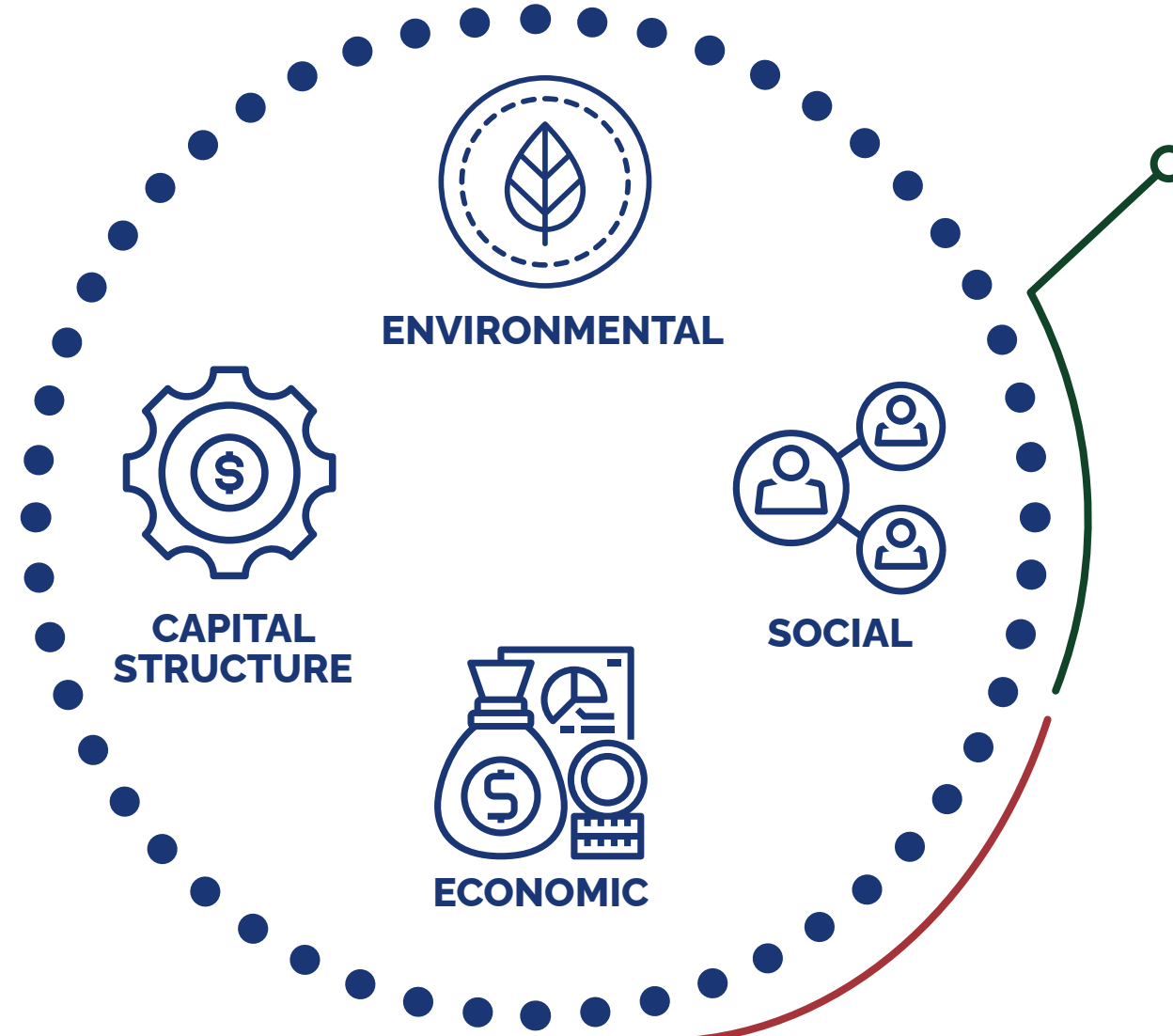
#### Şık Makas Giyim Sanayi ve Ticaret A.Ş. Çorlu Facility Cogeneration Investment

We invested in a cogeneration plant with an installed power of 1.56 MW in 2006.

#### Bengisu Tekstil Sanayi ve Ticaret A.Ş.

It is our fuel station established in 1996.

### Our Value-Creating Business Model



#### Sustainable Development

We believe in sustainable development and sharing its results with full transparency.

#### Customer Orientation

Customer satisfaction is our primary focus.



#### Human Orientation

We deeply care about the peace, safety, and improvement of our employees and everyone else in our value chain.

#### Integrated Management Systems

We believe that effective management systems are essential to creating sustainable businesses.



#### Technology and Human Cooperation

Our development relies greatly on the collaboration between technology and human.

#### Continuous Improvement

We ensure continuous improvement through teamwork.



#### Innovation

Aiming to be the first to find "the new" and being the fastest to implement it.

#### Responsible Designs

We successfully reflect our sustainable perspective on the current societal trends.



**20 Million Denim Garment**

Production Capacity

**~7000**

Employees

**18 Million Medical Textile**

Production Capacity

**82 Years**

of Experience

**3 Integrated**

Production Facilities

**Environment and human-friendly production**

**1st in the denim industry, 5th in the garment industry**

Turkey's top 500 industrial enterprises

**over 50%**

Female employee ratio

**33%**

Sustainable fiber ratio

**Sustainability Projects**

**Sustainability at Cross**  
(23 - 38)

# Sustainability at Cross

## Our Approach

Sustainability is in our nature. **It's our company policy, our motivation, and our pride.**

We ensure that all of our products, activities, locations, and practices are as sustainable as it gets with various audits and third-party verifiers. We make sure to provide sustainability all across Cross Textiles and share every matter with all of our stakeholders - with complete transparency.

We don't just produce jeans; we create value. Our goal is to offer our customers the most sustainable, energy-efficient, low-carbon, and high-quality denim garments while reducing our negative impact on the planet.

With determination to reach this goal, we evaluate each step of our decision-making processes on how the outcomes will affect all stakeholders (i.e., our products, customers, employees, the planet) and how we can create value for them. With that comes a need for risk assessment. The textile industry is complex with raw material requirements, chemical processes, and a vast supply chain. Being able to recognize and address the sustainability risks that emerge during these processes is what keeps Cross Textiles in the lead.



## Sustainability Risk Groups

Following the statements in this report by our Chairman of the Board and CEO points to the way we conduct our business at Cross Textiles, considering all stakeholders. Thus, we believe that the following areas of "risk" are also areas of great potential for all stakeholders, including our business and the planet.



### Current and Emerging Regulations

In addition to the current legislation and its legal obligations, which we follow, future legislation-based obligations are discussed in advance, and measures are planned. The EU Climate Law (reaching climate neutrality by 2050 and the intermediate target of reducing net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels) will concern all sectors. Various enforcement such as the carbon border tax are also expected to be applied within the scope of the European Green Deal.



### Technological Developments

Adopting new technological developments and transforming to a low-carbon economy are the potential risks defined by Cross Textiles. The new implementations we will be required to cultivate in terms of the Emission Trading System, or the Regulation on Greenhouse Gas Emissions Monitoring Regulation are also potential risks for Cross Textiles.



### Market Requirements

As our customers gain consciousness about sustainable production, they demand low to zero carbon products. We take the required measures for this situation as we define it as market risk.



### Legal Requirements

Soon to be expected, "Carbon Tax" and "Emission Trading System" may create a significant financial impact to the textile industry. Cross Textiles is expecting an increase in costs due to these regulations while already facing additional financial costs in order to gain access to energy.



### Company Reputation

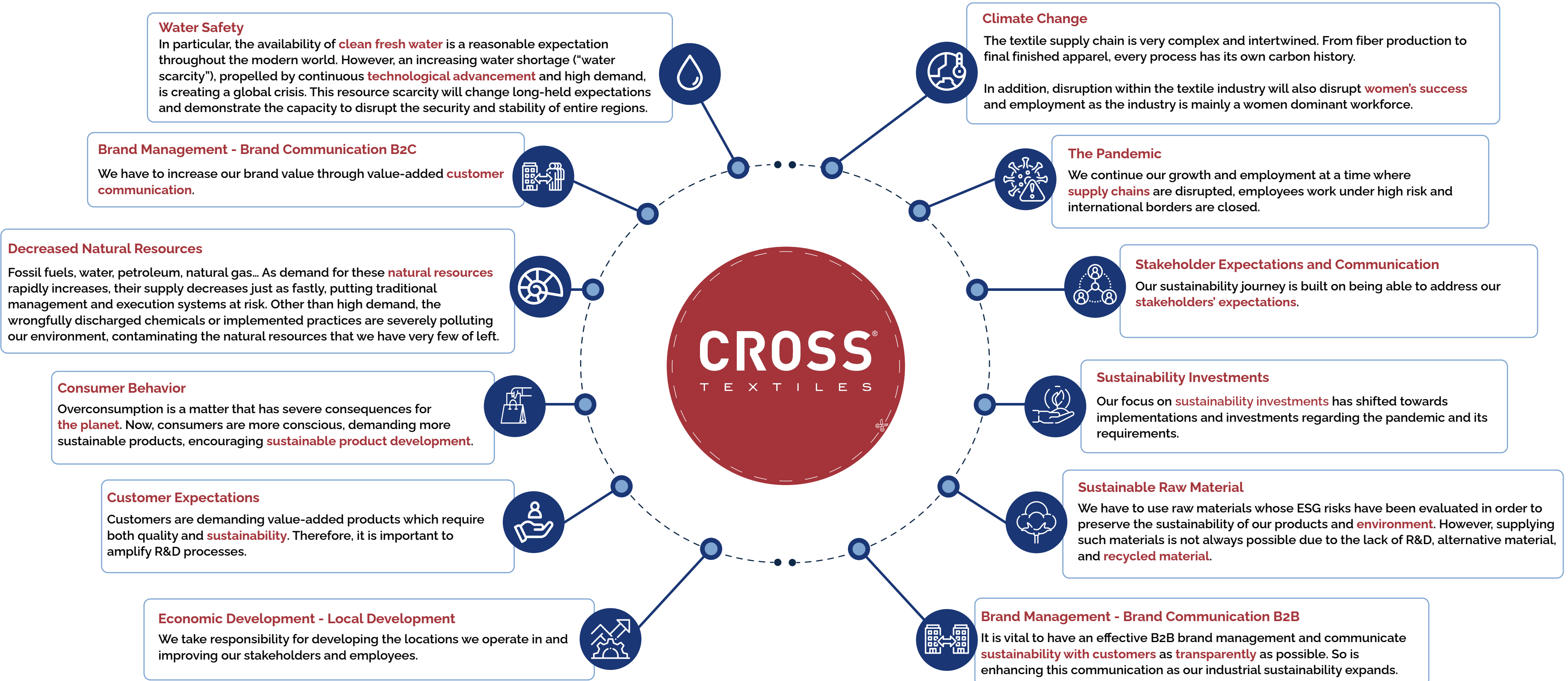
Our stakeholders' concerns and negative feedback greatly impact our brand reputation, which is considered a great risk.



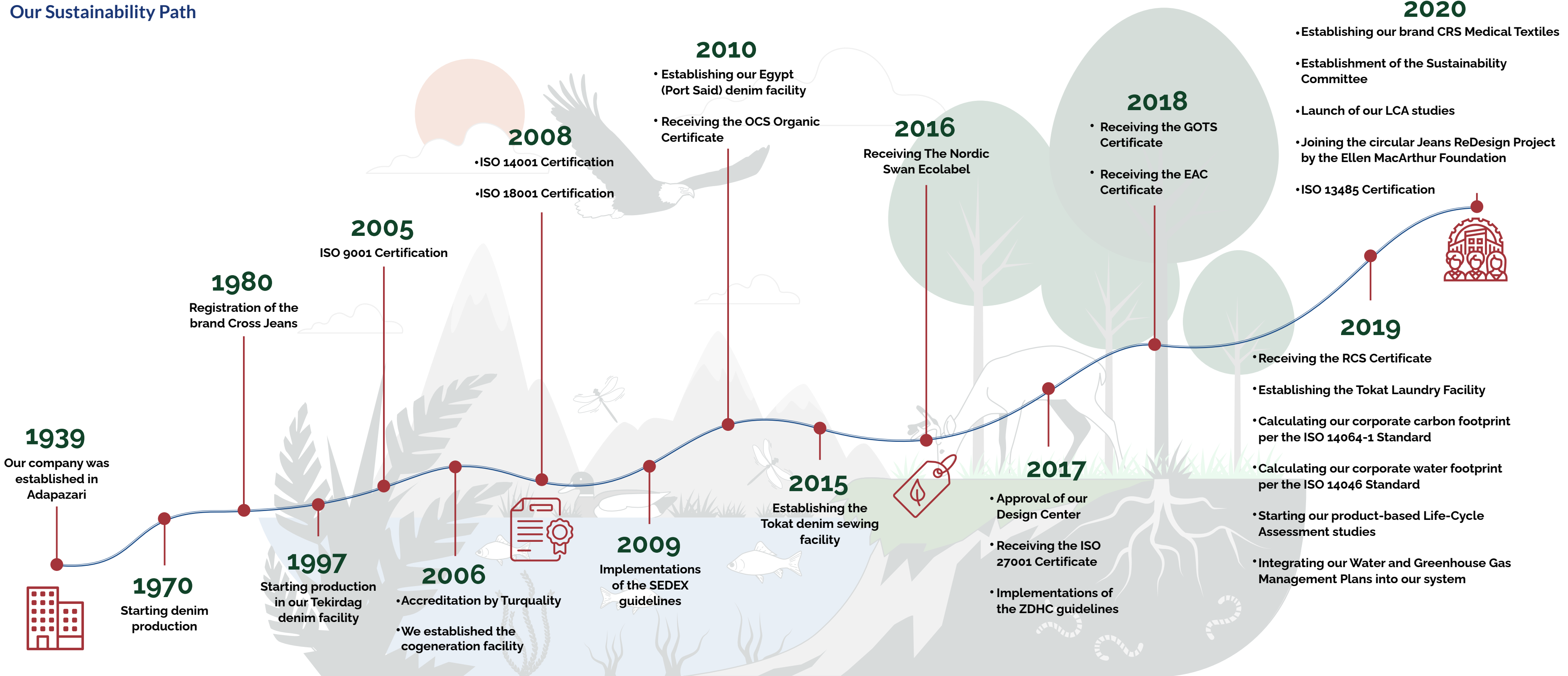
### Supply Chain

Following the Paris Agreement, customers seek the use of recycled and organic fabrics within the textile industry. We are obliged to transparently share each step in our sustainability journey with our stakeholders.

### Important considerations for Cross



# Our Sustainability Path





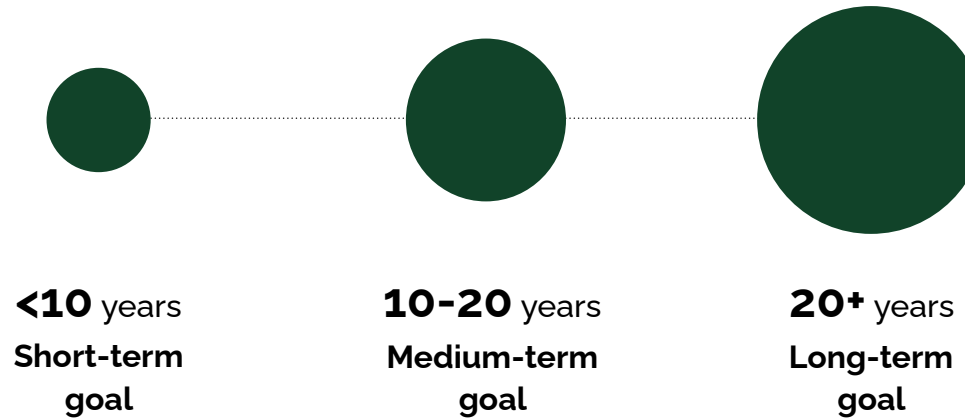
## Sustainability Management

Our sustainability approach has become a corporate culture all across Cross Textiles, and our Sustainability Committee ensures that it is acknowledged by everyone in our value chain.

With the board of directors being the highest decision-makers of the company, our Sustainability Committee is responsible for:

- Following the brand's and company's sustainability goals,
- Managing our sustainability risks and opportunities,
- Evaluating communication with stakeholders,
- Managing suppliers' environmental and social assessments.

As the Sustainability Committee is responsible for identifying and implementing our sustainability goals, each goal is categorized as a:



And determined according to the Sustainability Risks and executed per Sustainability Applications.

**The other duties of our Sustainability Committee are;**

- Reviewing all operations within Cross Textiles and activities in a way that responds to the sustainability priorities of all stakeholders,
- Establishing infrastructure and assignments for strategic planning,
- Identifying the sustainability risks and opportunities, evaluating the effects of these risks and opportunities on all operations, and minimizing risks,
- Controlling the Board of Directors' decision-making processes to ensure that opportunities reach the maximum effect.



Our Sustainability Committee evaluates the compliance of all decisions taken within the company with our Sustainability Policy and Sustainability Principles through pre-determined periodic meetings and submits its suggestions to the Board of Directors.

Committee Members	Department	Job Description	
<b>Committee Chairman and Deputy Chairman</b>	<b>General Manager and Board Member</b>	<ul style="list-style-type: none"> <li>• Approving the short-, medium-, and long-term goals of the Sustainability Committee,</li> <li>• Informing the Board of Directors of the decisions taken by the committee,</li> </ul>	<ul style="list-style-type: none"> <li>• Attending every planned meeting,</li> <li>• Coordinating the committee members,</li> <li>• Determination and approval of Sustainability Governance Mechanisms,</li> </ul>
<b>Strategy Determination and Compliance Officer</b>	<b>Business Development Director</b>	<ul style="list-style-type: none"> <li>• Providing necessary information to the Committee Chairman,</li> <li>• Auditing the compliance of the Sustainability Policy and Goals with the company's general strategy and goals,</li> </ul>	<ul style="list-style-type: none"> <li>• Performance Audit,</li> <li>• Determination of Sustainability Governance Mechanisms,</li> <li>• CoC, Supervision of social compliance activities in parallel with sustainability activities,</li> </ul>
<b>Projects Audit Specialist</b>	<b>Production Director</b>	<ul style="list-style-type: none"> <li>• Project Audits.</li> </ul>	
<b>Social Sustainability Strategy Officer</b>	<b>HR Director</b>	<ul style="list-style-type: none"> <li>• Evaluation of social sustainability activities,</li> <li>• Ensuring the integration of applications that will ensure that relevant activities are internalized within the company,</li> </ul>	
<b>Risk and Opportunities Specialist</b>	<b>Corporate Management Representative</b>	<ul style="list-style-type: none"> <li>• Identifying Sustainability Risks and Opportunities and submitting them for approval,</li> <li>• Updating the Sustainability Risks and Opportunities Management Procedure,</li> </ul>	
<b>Projects Coordinator and Manager</b>	<b>Corporate Projects Manager</b>	<ul style="list-style-type: none"> <li>• Preparation of committee decisions,</li> <li>• Transferring them to the relevant units,</li> <li>• Project Management,</li> </ul>	<ul style="list-style-type: none"> <li>• Determining annual performance targets and submitting them for approval,</li> <li>• Identifying stakeholders and submitting them for approval,</li> </ul>
<b>Projects Coordinator and Manager</b>	<b>Business Development Chief</b>	<ul style="list-style-type: none"> <li>• Preparation of committee decisions,</li> <li>• Transferring them to the relevant units,</li> <li>• Project Management,</li> <li>• Determining annual performance targets and submitting them for approval,</li> </ul>	<ul style="list-style-type: none"> <li>• Identifying stakeholders and submitting them for approval,</li> <li>• All committee meeting minutes are translated in English and forwarded to the Sustainability Expert,</li> </ul>
<b>Sustainability Customer Communication Specialist</b>	<b>Sales Marketing Manager</b>	<ul style="list-style-type: none"> <li>• Submitting customers' sustainability requests to the committee,</li> </ul>	<ul style="list-style-type: none"> <li>• Making sure that these demands are addressed,</li> </ul>
<b>Supply Chain Environmental Assessment Specialist</b>	<b>Purchasing Manager</b>	<ul style="list-style-type: none"> <li>• Evaluating suppliers' environmental compliance,</li> </ul>	<ul style="list-style-type: none"> <li>• Submitting suppliers' sustainability requests to the committee,</li> </ul>
<b>Sustainable Product Designs Specialist</b>	<b>Laundry Consultant</b>	<ul style="list-style-type: none"> <li>• Preparing the sustainable product at the design stage and providing the product to the customer,</li> </ul>	
<b>Projects Site Manager</b>	<b>Laundry Consultant</b>	<ul style="list-style-type: none"> <li>• Implementation and supervision of sustainability projects in the field,</li> </ul>	<ul style="list-style-type: none"> <li>• Collecting project</li> </ul>
<b>Sustainability Specialist</b>	<b>External Expert</b>	<ul style="list-style-type: none"> <li>• Checking the compliance of all practices of the Committee with the Sustainable Development Goals,</li> </ul>	<ul style="list-style-type: none"> <li>• Review of all decisions taken,</li> </ul>

### Sustainability Committee Study Groups



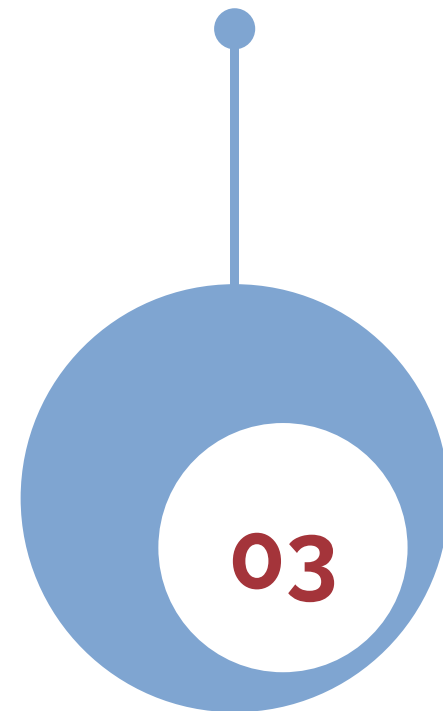
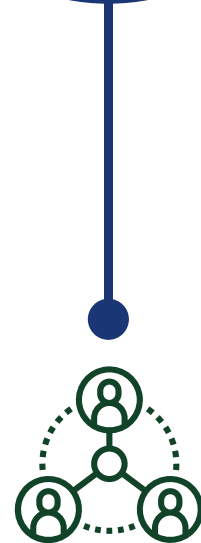
#### Sustainability Risks Study Group

As mentioned before, being able to identify risks and mitigate them, or even better, turn them into **advantages**, is one of the most important aspects that help us maintain our status as an industry leader.

Therefore, we have a study group dedicated to helping us overcome global risks and execute sustainability certifications.

#### Sustainable Customer Relations Study Group

Focusing on the expectations and needs of our customers, this study group organizes the necessary operations to ensure customer satisfaction. They help navigate customers' sustainability **expectations** while delegating the necessary actions and operations to do so among study groups.



#### Sustainable Supplier Relations Study Group

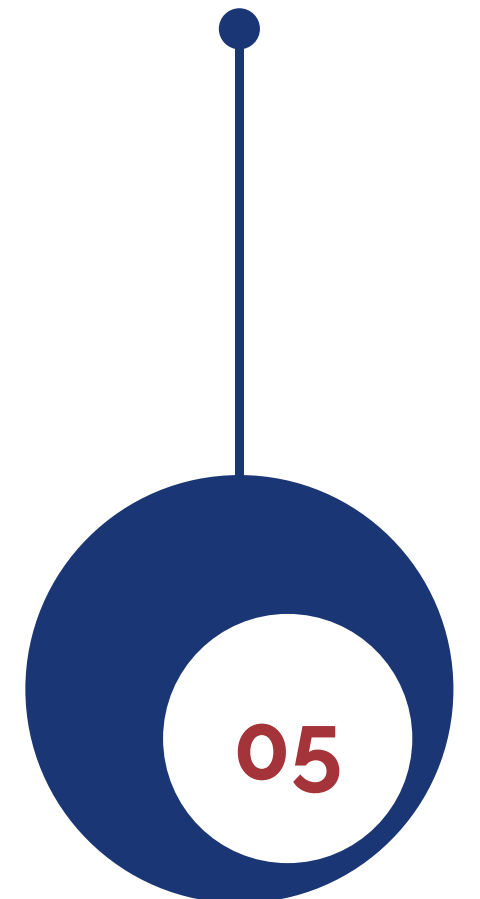
Integrating the company's Sustainability principles into the supply chain, this study group facilitates the **development** of a sustainable raw material monitoring technique.

Thus, it helps us source sustainable raw materials via our sustainable supply chain.

#### Sustainable Communication and Marketing Study Group

The study group helps communicate sustainability with our stakeholders while implementing the best marketing strategies that will help us reach our goals and mitigate risk.

They also execute **GRI reports**, **newsletters**, and various other resources that **transparently** reflect our sustainability approach and culture.



#### Environmental Sustainability Study Group

From carbon and water footprint assessments to **LCA studies**, our Environmental Sustainability Study Group measures our every impact on the environment and ensures constant sustainability.

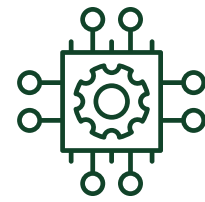
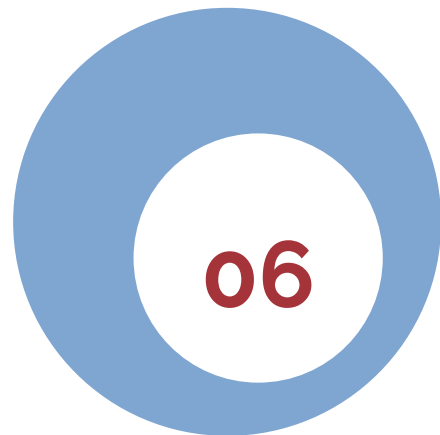
Sustainability Committee Study Groups

Social Compliance Study Group

Humans form our value chain, and each person within it is of great importance to us. As a company that creates more than quality denim, we make sure that every right of every human being is protected.

We are strong advocates of **human rights** and **employee rights**, working to protect our local and global environment.

Our workplace is compliant with **the SEDEX guidelines**, and we continuously implement new improvements to provide a better workplace for our employees.



Technology and Innovation Study Group

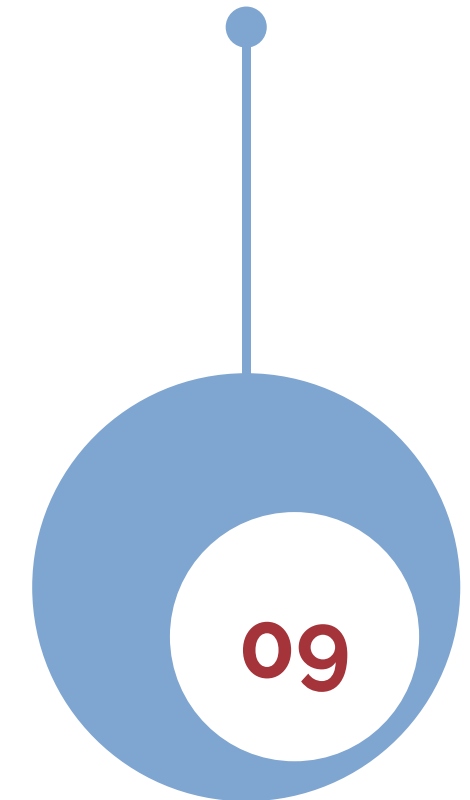
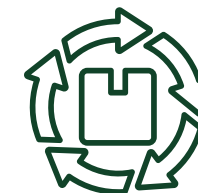
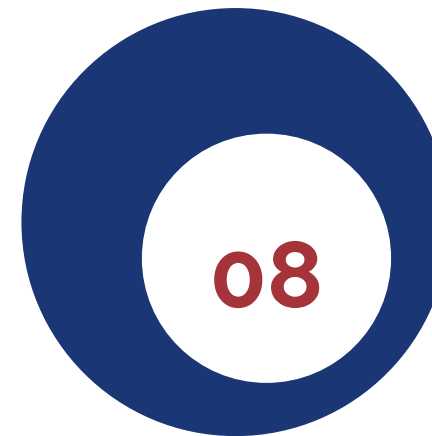
Our study group consists of many studies, varying from **digitalization** to **water recovery** and **renewable energy projects**.

These various projects help us transform to industry 5.0 and stay ahead of every innovation and development within the industry.

Product Development Study Group

We promote sustainability all across Cross Textiles, and that starts with sustainable production.

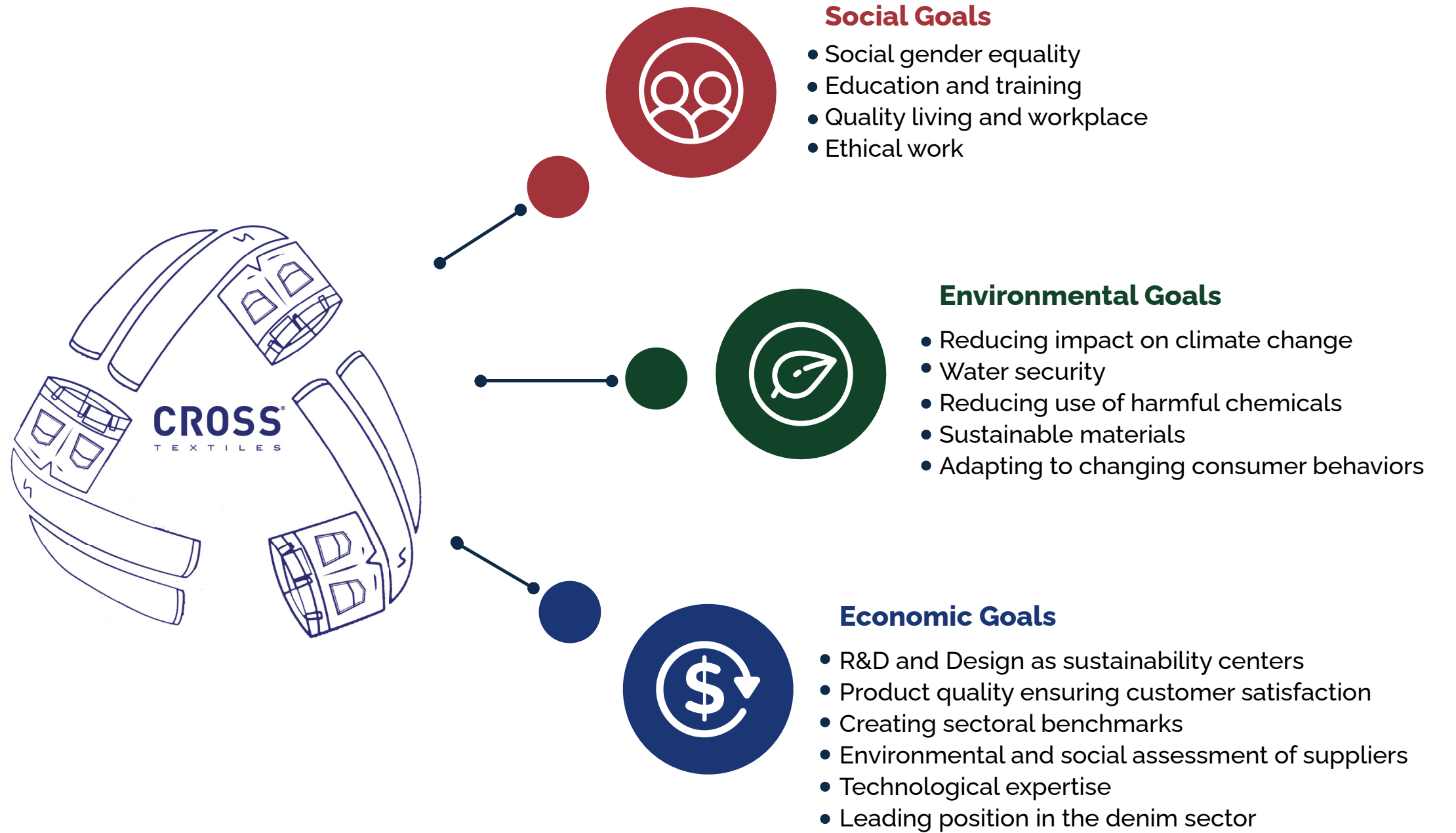
We have an expert team dedicated to finding the most sustainable practices for every product, from thread to fabric. They also ensure the implementation of recent **LCA** decisions and sourcing **sustainable raw materials** and chemicals.



Chemical Study Group

By establishing a Sustainable Chemical Management System and in light of our **sustainable raw material policy**, our chemical study group ensures accomplishing the **sustainable chemical usage goals**.

### Our Sustainability Goals



**Stakeholder Engagement**  
(41 - 54)

# Stakeholder Engagement

102 - 42  
102 - 47

Any person, group, or organization that is somehow affected by Cross Textiles and its activities is considered our stakeholder.

As these stakeholders are valuable contributors to our value chain, we categorize them into two groups, internal and external stakeholders. We strive for high engagement rates that help us understand and address our stakeholders' expectations.



# Stakeholder Communications

102 - 40  
102 - 45

Stakeholder Category	Stakeholder Expectations	Engagement Method
<b>Employees</b>	A good working environment, occupational safety, health, safety, education, promotion, appreciation, rewarding, improvement of targets and performances	Training, one-on-one meetings, social events, meetings, email-phone calls
<b>Suppliers</b>	Increase in purchase volume, long-term supply contract, informing about future purchases, timely payment, notifying parties about management system requirements	Supplier evaluation surveys, visits and audits, digital media tools, sustainability reporting, quarterly news bulletins
<b>Customers</b>	High product performance, user-friendliness, reliability, quality, meeting demands, low pricing, notifying parties about management system requirements	Customer visits, digital media tools, sustainability reporting, quarterly news bulletins, national and international fairs
<b>Government agencies</b>	Compliance with laws, improvement in working conditions	Audits, legal reporting
<b>Unions and Affiliated Organizations</b>	Ensuring the documents are compliant with the law	Training, seminars, meetings, collaborative projects, sustainability reporting, quarterly news bulletins
<b>Non-Governmental Organizations</b>	Compliance with laws, quality and compliant products and services, environmental awareness	Training, seminars, meetings, joint projects, sustainability reporting, quarterly news bulletins
<b>Consultants</b>	Improvement in working conditions, reliable environment, quality, and compliant products and services	One-on-one meetings, training
<b>Local Community</b>	Landscaping-emergencies	Digital media, printed and visual national media
<b>Shareholders</b>	Profitability, increase in the organization's market value, efficiency, increase in share incomes, adapting corporate culture into the management system	Shareholder meetings, digital media tools, and financial reports

## Memberships

102 - 43

We believe that collective consciousness brings progress. Therefore, we take part in active association memberships, where we exchange know-how and experiences with our industry stakeholders in a sharing environment.

Doing so, we enable the inclusion of global trends, development, and innovation, maintaining our best-in-class quality production approach.

## Initiatives

102 - 43

Besides association memberships, we take an active role in supporting various organizations that ensure social, environmental, and economic progress within our industry.

These organizations create road maps based on the condition, facts, and statistics, in other words, reality, of the industry, which we adopt and integrate into our company.



Istanbul Textile and Apparel Exporters' Associations - ITKIB



Istanbul Apparel Exporters Association - iHKiB



Turkish Exporters' Assembly - TIM



İSTANBUL CHAMBER OF INDUSTRY



SEDEX (Supplier Ethical Data Exchange)



UNGM (United Nations Global Marketplace)



TEXTILE EXCHANGE



HIGG INDEX



BCI (Better Cotton Initiative)



Istanbul Chamber of Commerce



Tokat Chamber of Industry



Tokat Chamber of Commerce



The State Supply Office



STWI (Swedish Textile Water Initiative)



ILO (International Labor Organization)



ZDHC (Zero Discharge of Hazardous Chemicals)



BVE3 (Bureau Veritas Environmental Emission Evaluator)



Turkish Medicines and Medical Devices Agency



Turkish Clothing Manufacturers' Association



REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals)



EIM (Environmental Impact Measuring Software)



Euratex (European Apparel and Textile Organization)



EMF (Ellen MacArthur Foundation)



# Materiality Assessment

102 - 44  
102 - 47

From the very beginning of every action, we value our stakeholders' opinions. In order to determine the priority issues to tackle in this year's Sustainability Report, we've conducted a comprehensive survey with the participation of both external and internal stakeholders.

The survey was conducted per the globally acknowledged AA1000 Stakeholder Engagement Standard.

As we were able to pinpoint the issues, we transparently disclose what they are and how we've managed them in this report.

★ Priority ★

- Marketing and labeling
- Direct economic value
- Anti-corruption
- Security practices
- Freedom association
- Local communities

★★ High Priority ★★

- Human rights assessment
- Labor/management relations
- Customer Health and Safety
- Training and education
- Ozone depletion
- Energy in supply chain
- Supplier GHG emissions
- Compliance with environmental norms in the supply chain
- Diversity
- Biodiversity
- Indirect economic impact
- Supplier social assessment
- Socio-economic compliance
- Local procurement

★★★ Very High Priority ★★★

- COVID-19
- Occupational Health and Safety
- No child labor
- Non-discrimination
- Employment
- No forced labor
- Equal opportunity
- Consumption of Water Resources
- GHG Emissions
- Climate Change Risks
- Recycling
- Renewable energy
- Waste management
- Water Discharge
- Energy efficiency
- Sustainable Materials
- Compliance with environmental norms
- Customer privacy
- Situation in the market
- Anticompetitive behaviour

We've categorized our sustainability topics into three groups: priority, high priority, and very high priority. We develop our projects according to their priority category.

102 - 43  
102 - 44  
102 - 47

### Materiality Analysis Matrix

102 - 44  
102 - 47

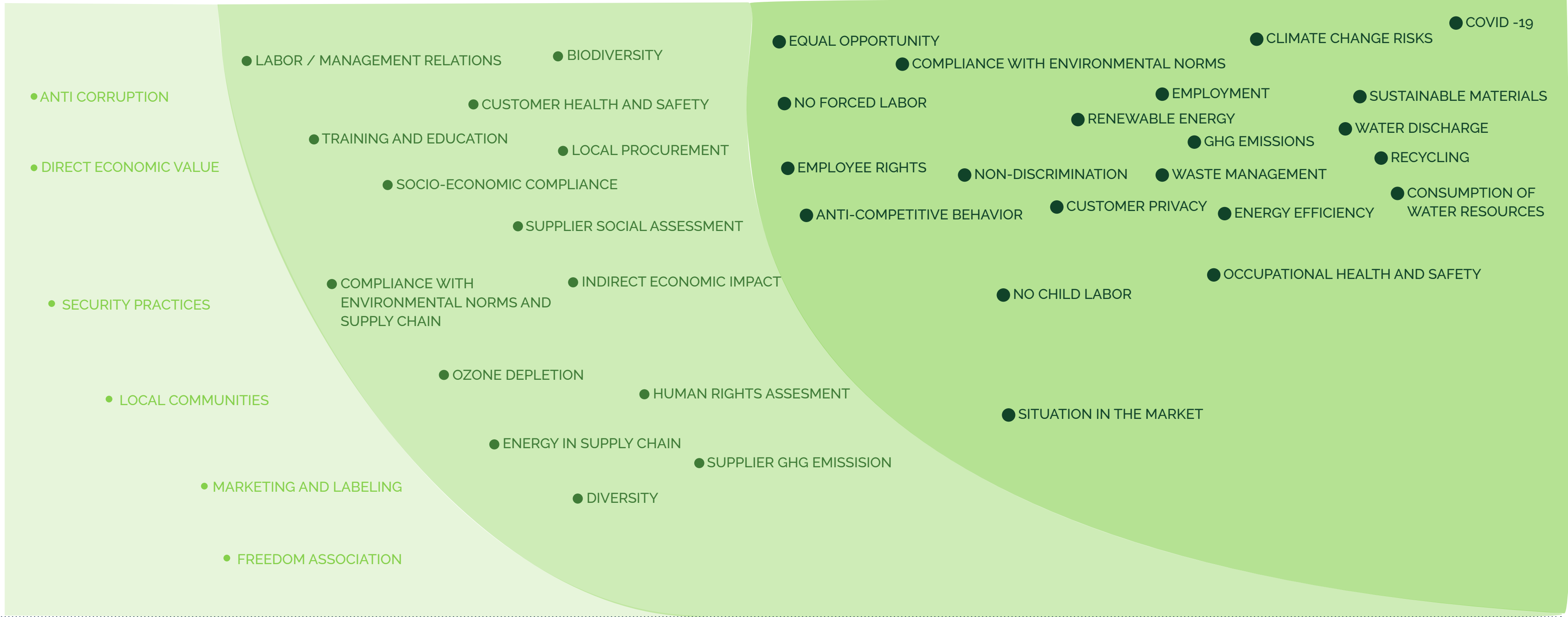
102 - 44  
102 - 47

↑ Very Important  
Importance for the External Stakeholders  
↓ Important

#### Priority

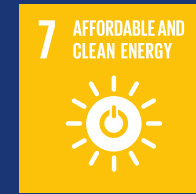
#### High Priority

#### Very High Priority



← Important Importance for Cross Textiles Very Important →

## Our Contribution To SDGs



### NO POVERTY

End poverty in all its forms everywhere

- We create massive employment opportunities as our employees have formed a **huge family** of nearly 7000 employees.
- We create employment for everyone in our supplier network, from cotton **farmers** to retail stores.
- Our projects help us reach out to the ones in need.

### ZERO HUNGER

End hunger, achieve food security and improved nutrition and promote sustainable agriculture

- Our wage policies are created according to the **Fair Living Wage Project**.
- We determine our salary policy per government regulations and provide each employee with at least minimum wage.
- We support local development via our production facility investments.

### GOOD HEALTH AND WELL-BEING

Ensure healthy lives and promote well-being for all of all ages

- We measure and improve our impact on climate change and air quality regularly.
- We determine Occupational Health and Safety as our priority and ensure it with the **ISO 45001 standard**.
- We conduct our waste and water management per national and international norms and prevent potential negative health effects on our stakeholders.

### QUALITY EDUCATION

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

- During the reporting period, we continued to empower our employees' technical and personal development via **training** conducted per measures taken within the pandemic.

### GENDER EQUALITY

Achieve gender equality and empower all women and girls

- **50.3%** of our employees are female. **46%** of our administrative staff are female as well. We constantly develop new projects and policies to ensure **gender equality** throughout Cross Textiles.
- We avoid any and all sorts of gender discrimination with our policy of preventing discrimination.
- We support our employees during their blissful times with **maternity leaves** and financial support.

### CLEAN WATER AND SANITATION

Ensure availability and sustainable management of water and sanitation for all

- We preserve **water storages** by treating wastewater in our own or government-owned **treatment** facilities.
- We constantly develop recovery projects and implement new technologies to provide **water efficiency**.
- We assess potential water shortage risks and create long-term plans to mitigate them.

### AFFORDABLE AND CLEAN ENERGY

Ensure access to affordable, reliable, sustainable, and modern energy for all

- We have developed various projects and invested in new technologies and products that will help us use energy, one of our main resources, more efficiently.
- We are constantly **reducing our products' energy** density, cultivating a more sustainable production approach.
- We consume energy in the most efficient way thanks to our **cogeneration facility**, energy-efficient furnaces and machines.
- We started our **I-REC** purchases in 2020 to cover our 4,067,690 kWh of electricity consumption at the Tekirdag facility from renewable energy.

### DECENT WORK AND ECONOMIC GROWTH

Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all

- We carefully evaluate our supply network as we have **zero tolerance for child labor**.
- We support our country's economy with our value-added processes and products.
- We respect our **employees' right** to unionize.
- We assess and improve our supply network's social compatibility.

### INDUSTRY, INNOVATION, AND INFRASTRUCTURE

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

- We constantly **invest** in our production facilities located in Tekirdag, Tokat, and Egypt.
- We lead the industry with constant **R&D activities**.



**REDUCED INEQUALITY**

Reduce inequality within and among countries

- We prevent any and all sorts of discrimination with our **Code of Conduct policy**.
- None of our employees are discriminated against based on their religion, language, race, or color. Our recruitment processes are solely based on the candidates' competence for the relevant positions.



**SUSTAINABLE CITIES AND COMMUNITIES**

Make cities and human settlements inclusive, safe, resilient, and sustainable

- We support **local industrialization** and local employment via our production facility investments.



**RESPONSIBLE CONSUMPTION AND PRODUCTION**

Ensure sustainable consumption and production patterns

- We take responsibility for our share of water and air quality and energy efficiency, cultivating a **responsible production** approach.
- We focus on supplying our products from **recovered** and **recycled raw materials** and manage our supply network accordingly.



**CLIMATE ACTION**

Take urgent action to combat climate change and its impacts

- Every risk and opportunity regarding climate change are defined by our **Sustainability Committee** and presented to Senior Management. After Senior Management's thorough evaluations, short, medium, and long-term plans are executed.
- In 2020, we measured our impact on climate change by **calculating** each of our location's **carbon footprints**. As it has been our reference period, we've been defining reduction targets for every following year.



**LIFE BELOW WATER**

Conserve and sustainably use the oceans, seas, and marine resources for sustainable development

- We track our water balance with our **water footprint calculations** and calculate our blue and gray water footprint.
- We reduce our water consumption while **minimizing** our impact on water storage with projects such as **ozone laundry systems**.
- We treat our wastewater per national norms in order to protect the quality of the water storage environment and **preserve** its **biodiversity**.



**LIFE ON LAND**

Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

- We **categorize** and temporarily store our solid waste in our sites and then send them to relevant facilities.
- We take **responsibility** for the waste generated after our processes. Therefore, we track the waste sent to the relevant facility to ensure that the necessary actions are taken.



**PEACE, JUSTICE AND STRONG INSTITUTIONS**

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels

- With our **Code of Ethics**, we support a socially, environmentally, and economically sustainable product approach.



**PARTNERSHIPS TO ACHIEVE THE GOAL**

Strengthen the means of implementation and revitalize the global partnership for sustainable development

- Being in collaboration with external initiatives and associations, our Board of Directors are supporters of **collective development**.

### Our Motto: "Stay Green, Stay Caring, Stay Responsible"

The pandemic has led to a year full of challenges where we all were required to "Stay Strong."

Every person, company, and industry has had to overcome huge obstacles.

At Cross Textiles, in light of the need for motivation to help us surpass these difficult times, we've created a motto that will help us demonstrate our agility and strength,

### "Stay Green, Stay Caring, Stay Responsible!"



# Stay Green Stay Caring Stay Responsible

These mottos are strategies that have helped us maintain our growth and meet our goals. They have also become the theme of our 2020 annual sustainability report.



### Stay Green

We've always been a company that takes responsibility for its **environmental impact**, implements sustainable practices throughout its value chain, and ensures **sustainability across** every product and process.

This year, we've looked further into how we can extend our sustainability efforts, implement new strategies, and invest in technologies that will help us maintain as an industry leader in sustainability.



### Stay Caring

Safety comes first. We are one of the first companies to acknowledge the precautions needed to be taken within the scope of the pandemic.

We've supported each of our employees with the necessary equipment and created a **COVID-safe working environment**. We established CRS Medical Textiles to close the gap in medical supplies and helped the world fight the pandemic.



### Stay Responsible

With big success comes big responsibility. And our employees are our primary focus of responsibility.

We are aware that they are in need of further support during these unprecedented times. We have also cultivated change in our **employee training** approach, thus providing a **safer and better workplace** to our employees.





**Stay Green**  
(57 -72)

## Stay Green

At Cross Textiles, we place our environmental values at the forefront of our sustainability strategy. As a producer of denim garments for the world's leading brands, we acknowledge our responsibility for the **environmental** impact of our production processes, for the sake of our children and future generations.

Aware of our role as an industry-leading company and of **our responsibility** to raise the benchmarks in our industry, we work harder every day to abide by our **environmental values** and to produce **the most sustainable denim** with the least environmental footprint possible.

In 2020, we maintained our environmental efforts despite the challenging conditions the year has presented us.

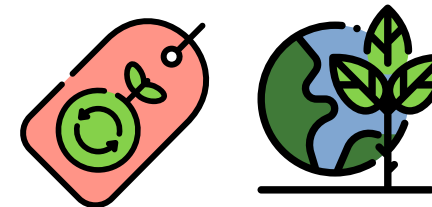
We continue to apply our **Environmental Management System per ISO 14001 Standards**. Our internal environmental risk assessment processes determine the strengths and weaknesses of our operations in our three production facilities. According to these assessments, we determine business opportunities and risks in relation to **global developments**.



In our effort to care for the environment through our denim production processes, **we strive to reduce our natural resource consumption, choose sustainable materials, track our water consumption and wastes, reduce our carbon footprint and energy consumption**, all the while working with suppliers who share our environmental values.

To assess and improve our products' environmental footprint, we conduct **life-cycle assessments (LCA)** for a number of our denim models, enabling us to compare our denim with international sustainability expectations.

As a leader in the denim garment industry, we also have a responsibility to improve the value chain of our products. We expect all Cross Textiles **partners** and **suppliers** to share our environmental values and implement similar policies to ensure the overall sustainability of our products.



## Sustainable Materials and Chemicals

The natural resources and materials we use in our denim production are one of the most important considerations of our sustainability strategies. As a result, minimizing and improving the consumption **efficiency** of materials and using **sustainable materials** are the core of our environmental sustainability efforts.

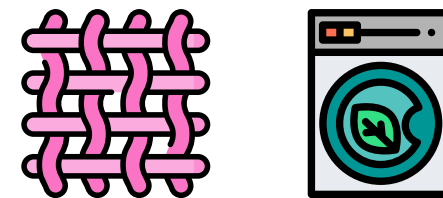
Following our **Sustainable Management System** protocols, regular training on resource consumption, waste reduction, and efficient material use is provided to our employees at our production facilities.



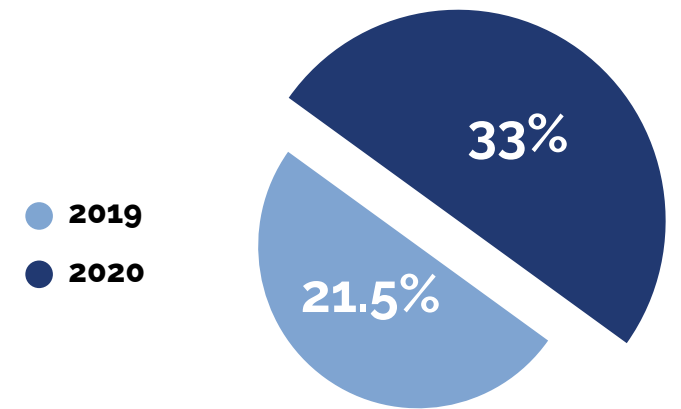
We deployed smart-cutting systems to maximize the efficient use of fabric through digitized cutting plans, invested in **CLO 3D modeling** to substitute physical samples, and use our own synthetically produced **CRS-ZERO Waste stone** instead of the pumice stone, which is sourced from nature.

In the denim garment production industry, fabric is the most consumed primary material in the value chain. At Cross Textiles, we are working with numerous suppliers for our denim fabric production, and it is important for us to increase the **sustainability of the denim** we use in the process.

Therefore, we are continuously working with our denim fabric suppliers and encouraging them when necessary through research and consultancy to increase the **sustainable fiber ratio**, such as organic cotton and lyocell, of our denim fabrics.



In 2020, we had successfully increased our sustainable fiber ratio by **nearly 12% and reached 33%**.



**Sustainable fiber ratio in our denim fabric**

The second most prominent raw materials used in denim garment production are chemicals. Several chemicals are applied to the fabric to achieve the desired finish. Some of these have harmful effects on both the environment and human health and need to be handled with care and used moderately.

To track and reduce the environmental impact of the chemicals used in our processes, we have a policy to only source and use chemicals with at least one international sustainability certification such as **ZDHC Gateway, GOTS, Bluesign, or Green Screen**. In order to ensure value chain consistency, we also require our suppliers to adopt the same approach to chemical use.

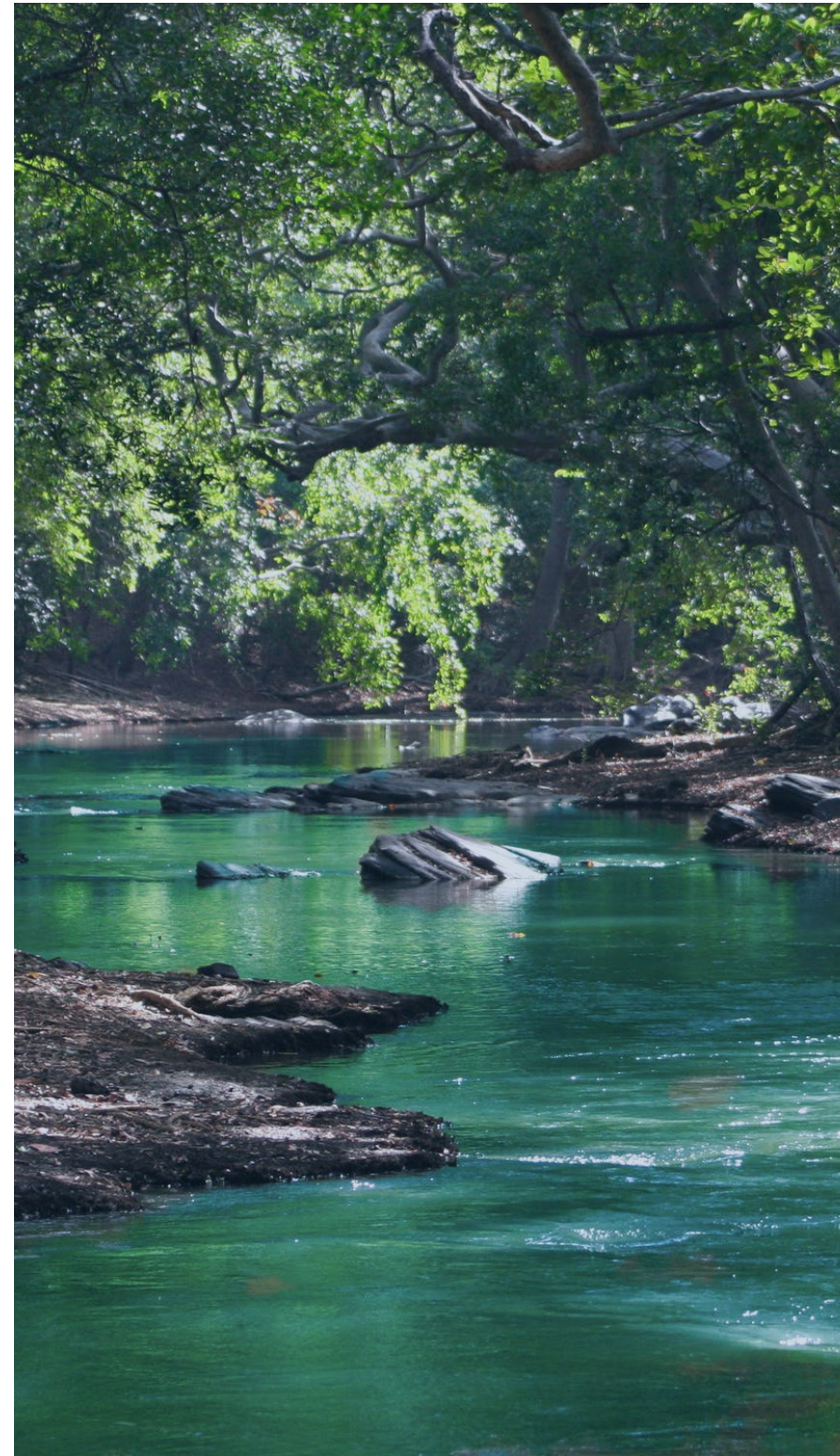
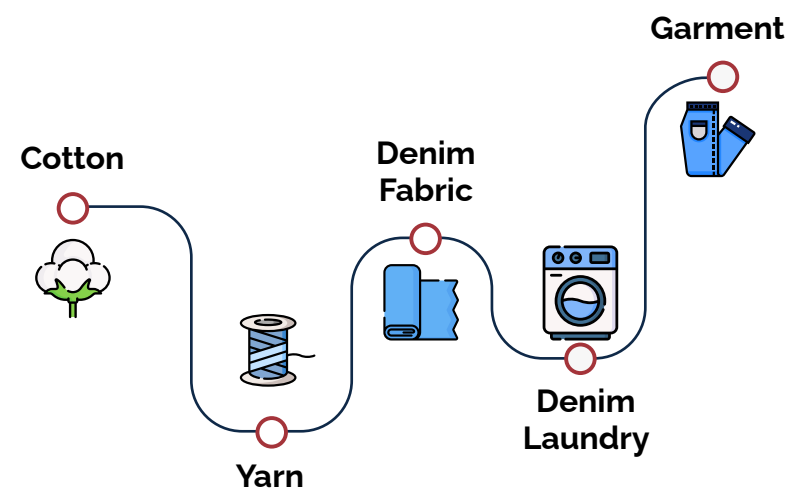


## Denim and Water

Water is the most important natural resource to sustain life on earth for generations to come. It is also one of the most carelessly used resources. Based on scientific research, the United Nations states that the world population will face a water crisis in less than **30 years**. Today, some of our facilities in Turkey and Egypt are already located in areas under water stress.

Water is also the most important ingredient in the production of denim garments. From the farming of cotton in fields to yarn production, from the weaving of denim fabric to denim laundry and making of the garments, water is used in every step.

Denim fabric manufacturing processes have a high water footprint because of the constant water requirement. Thus, we aim at compensating our suppliers' consumptions with our improved production processes and methods to reduce our overall water consumption and control gray water and wastewater produced in our facilities by investing in research and technology projects and constantly looking for the next most sustainable option.



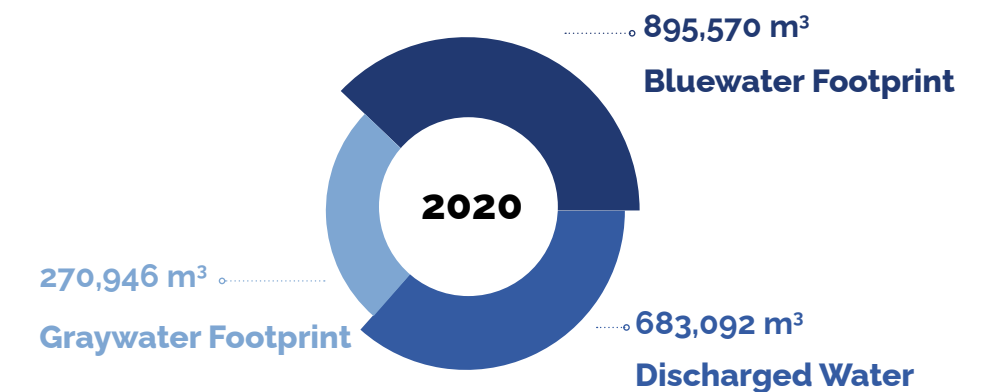
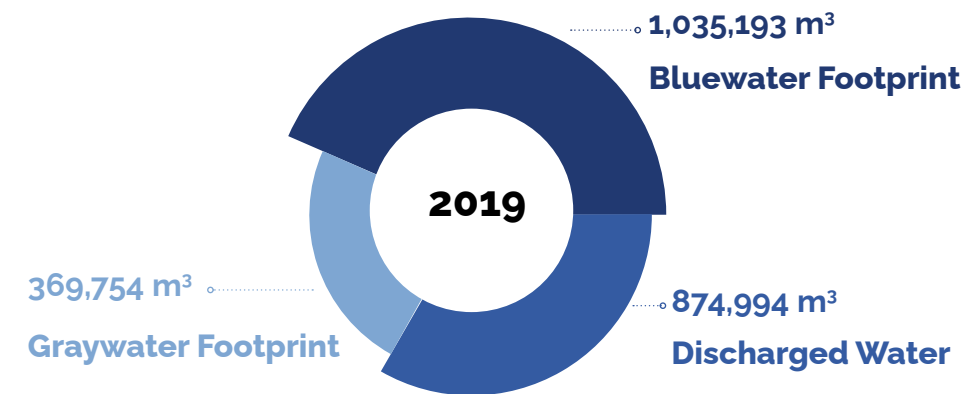
The first step in our water management system is reducing water consumption.

In 2020, we continued to study the water footprint of our production facilities in Tekirdag, Tokat, and Egypt according to the **ISO 14046 Environmental Management-Water Footprint standards**. Calculating the pollutant load in our discharged water (gray water) and water withdrawn from nature (bluewater) drew a clear picture of the impact of our activities on the environment. At Cross production facilities, we supply our domestic water from wells and supply networks and our wastewater filtration processes vary by location.

As a result of the extensive water footprint study, we were able to map out the **water-intensive process lines** in the facilities, improve our water consumption reduction policy and plan out our priority **R&D projects**.

*\*All utility calculations are based on meter readings at our facilities.*

*\*Due to the pandemic, some of our facilities had shut down for some time during the reporting period.*



## Waste Management

Waste is an inevitable by-product of garment production, which involves various kinds of input materials that change shape and form throughout the process until the end product. Aware of our business' waste potential, we take every precaution to minimize our waste at every stage.

The Waste Management Procedure is an integration of **ISO 9001, ISO 14001, ISO 27001, and ISO 45001 standards** and national and international laws and regulations on waste management. Covering all activities and operations of Cross Textiles, the procedure prioritizes reducing the generated total waste and the management of hazardous waste to prevent any violations. In 2020, the pandemic and the establishment of CRS Medical Textiles at our Tokat integrated production facility meant that we had included the management of medical waste into our procedures.

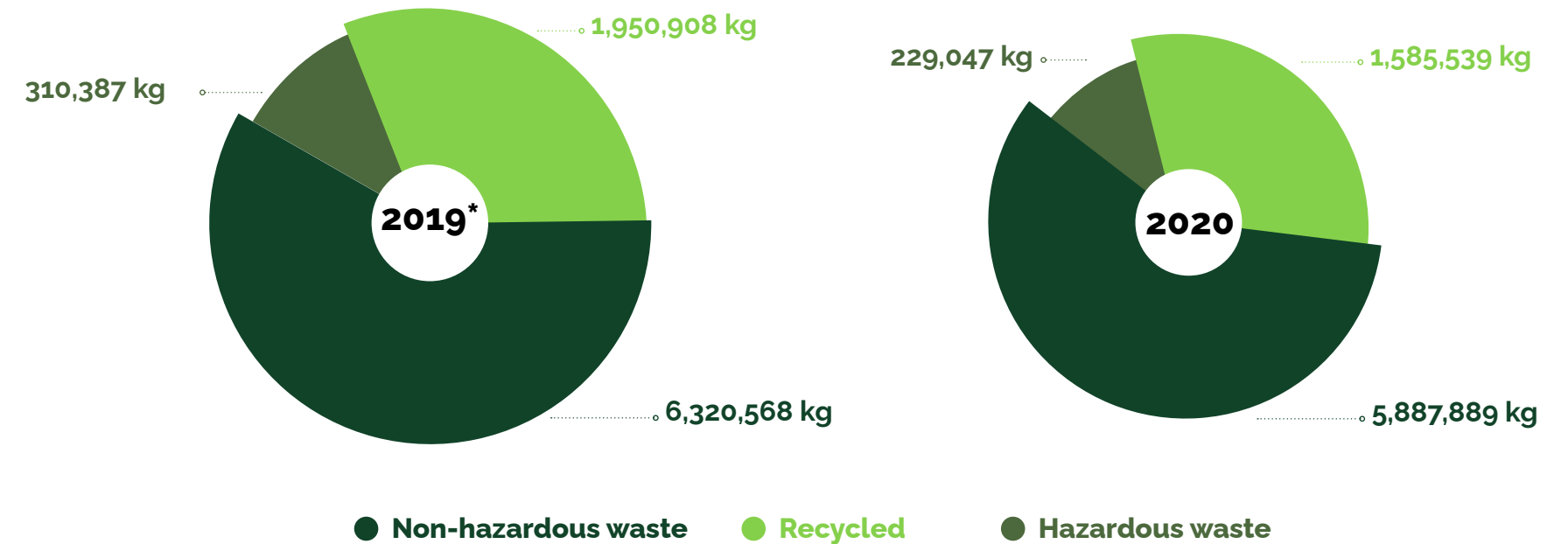
At Cross Textiles headquarters in Istanbul, **93%** of the waste generated is **non-hazardous**, and all generated waste goes to local recycling facilities to be properly treated. At our production facilities in Tekirdag, Tokat, and Egypt, the waste management processes vary by location. However, at Cross Textiles, we ensure that all hazardous waste is managed according to local regulations by licensed parties; all **recoverable and recyclable waste** is collected and separated at source and sent to recycling companies.

Our water discharges at production facilities are also managed according to regulations. At Tekirdag, Tokat, and Egypt facilities, the wastewater goes through several stages of filtration before being discharged into natural resources.

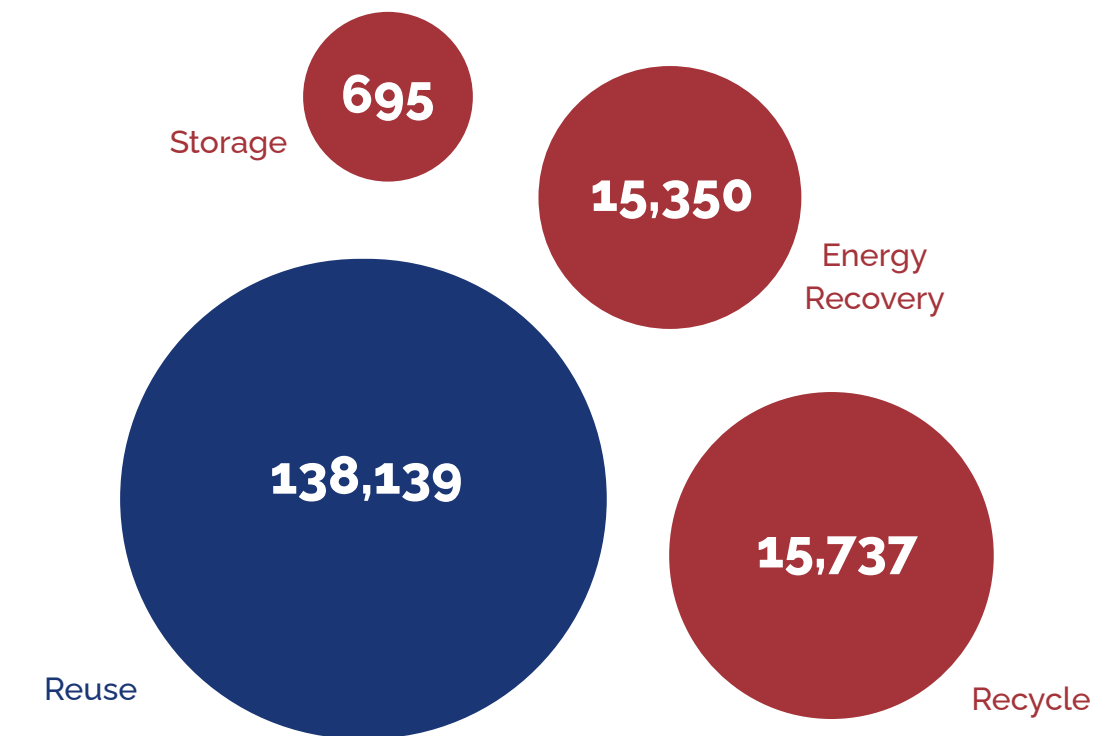
We are currently working on setting up a pilot **wastewater recovery project** at our Tekirdag facility to reuse the water already in the production process.



Amount of waste generated in 2020:



● Non-hazardous waste ● Recycled ● Hazardous waste

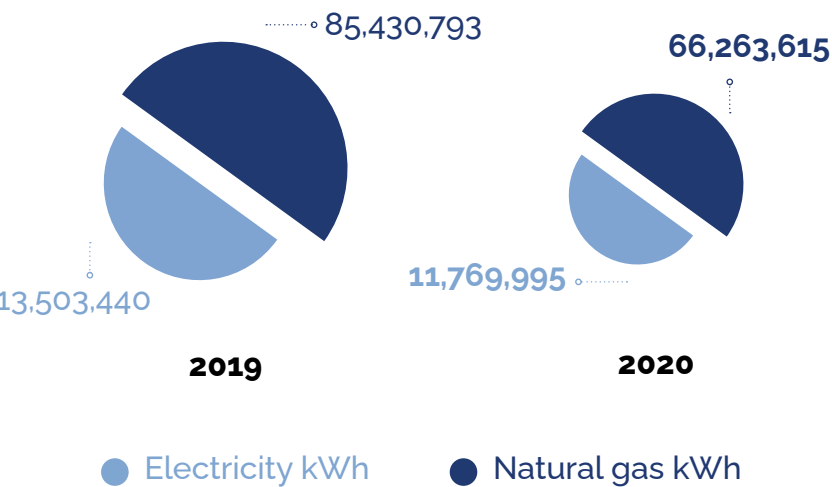


\*Our calculation method is updated in the 2020 reporting year, the 2019 data presented above is updated accordingly.

## Energy

Energy is essential to the continuation of production at Cross Textiles. In a world where consumption of conventional **energy resources** accelerate climate change and threaten our business in numerous ways and renewable energy investments are insufficient to meet demand, we prioritize energy efficiency projects to overcome sustainability risks born from energy consumption, such as increasing costs and supply security.

Increasing our energy efficiency is at the forefront of our environmental values, as our production facilities use natural gas and electrical energy intensely. In 2020, our total **electricity consumption** was **11,769,994.98 kWh** and our **natural gas** consumption was **66,263,614.8 kWh**.



*\*All utility calculations are based on meter readings at our facilities.  
\*Due to the pandemic, some of our facilities had shut down for some time during the reporting period.*

The energy density of our Tekirdag facility is the highest among all our locations, due to its high production capacity. In an effort to transition to **renewable energy** in time, during the reporting period, we started purchasing **electricity from renewable energy plants compliant with the I-REC standards for our consumption of over 4 million kWh at this facility.**

We continue to assess the risks and opportunities related to our energy consumption and work both internally and with our stakeholders to develop strategic projects to increase the energy efficiency of our facilities.

### Clean Production Together with **H&M**

As we entered the decade of action in 2020, our efforts to achieve **Sustainable Development Goals** in 2030 intensified. We started collaborations with our key stakeholders to develop projects, applications and processes that reduce the environmental impact of our activities and increase resource efficiency at Cross Textiles facilities.

In 2020, we have started our **Clean Production project** with our esteemed client H&M to align our sustainability goals with H&M 2030 targets.

#### Our targets with the Clean Production project:

- Compared to 2020, 5% water savings per product
- Compared to 2020, 7% natural gas savings per product
- Compared to 2020, 7% electricity savings per product

## Water recovery project:

The goal is to minimize our water consumption and freshwater use per product through recovery of water from production processes and domestic flow. In 2020, we have established a pilot water recovery plant, which will be in trial until July 2021. According to the result from this pilot plant, Cross will integrate the **water recovery** system into all of our production facilities. We expect to observe a **70% water** recovery and **30-50% savings** in consumption, when plants are fully operationalized in 2022. In addition, the project will improve the quality of discharged water, the first step towards our goal of **zero-discharge in the future.**

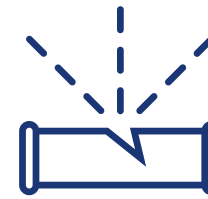


## Increasing steam generator combustion efficiency:

The counter pressure of our steam generator fed with natural gas is affected by seasonal barometric changes and the technical value changes of the gas. It causes deviations in oxygen levels for ideal combustion efficiency. The project aims at preventing these changes and reducing consumption of natural gas **by 3% from 2021 onwards.**

## Energy audit:

The study is planned to be conducted in 2021, in an effort to analyze the improvement points in our production systems. The projects following the audit are expected to **increase natural gas** savings up to **3.5%** and electricity savings **by 1%.**



## Identification of air leaks:

In 2020, we have invested in air leak detectors to periodically control, determine, and improve main air leakages on our production lines. In 2021, we will add air meters to the procedure in order to determine and improve air leaks on a machine-by-machine basis. Prevention of air leaks in the production line is expected to result **in 6%** savings in electricity consumption.

## I-REC:

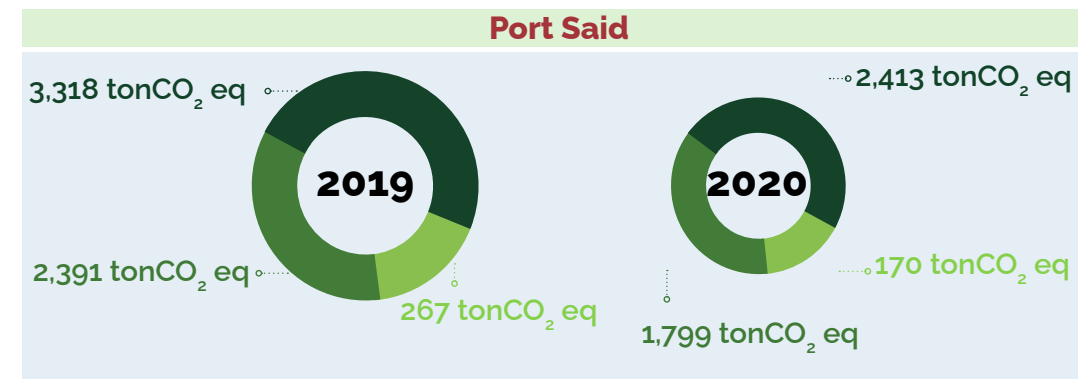
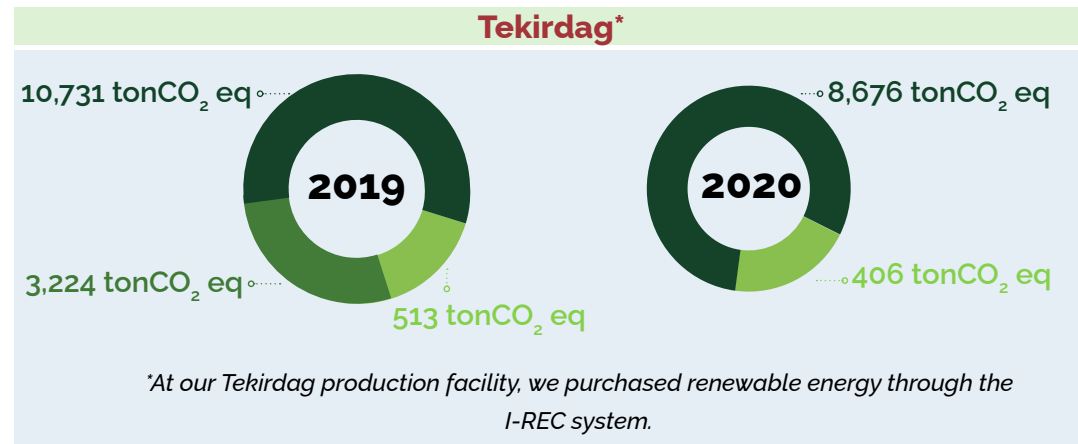
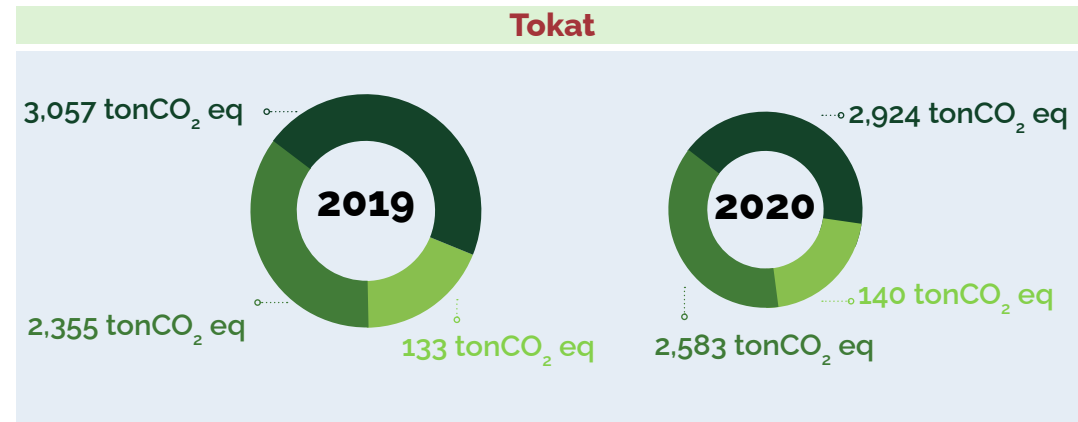
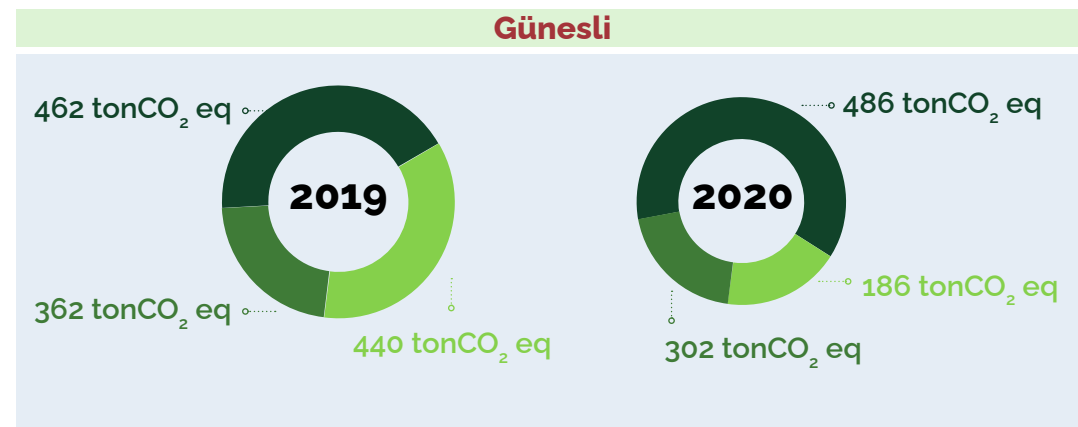
By purchasing **I-REC for the total kWh** electricity we use from the grid, we will certify our electricity use with a renewable energy certificate. We have started our I-REC purchases in 2020 to cover our **4,067,690 kWh** of electricity consumption at the Tekirdag facility.



## Our Carbon Footprint

The increasing risk of climate change due to Greenhouse Gas (GHG) emissions resulting from industrial activities threatens the very business that they result from. The Paris Agreement signed by all world leaders in 2015 states that global warming must be stopped at 2°C to protect the habitability of our planet. To achieve such a crucial goal, we, as people, businesses, and organizations, must take responsibility and put in our best efforts globally to reduce our impact on climate change.

At Cross Textiles, we started carbon footprint studies for our headquarters in Istanbul and our production facilities in Tekirdag, Tokat, and Port Said in 2019. In an effort to measure our impact on climate change, we continue to prepare an annual greenhouse gas inventory for all our locations according to the ISO 14064-1 standard, performing all our calculations on the Co<sub>2</sub>nnectoPro Carbon Management software.



- Direct Greenhouse Gas Emission Scope-1
- Energy Indirect Greenhouse Gas Emission Scope-2
- Other Indirect Greenhouse Gas Emission Scope-3

We calculate our direct GHG emissions, **Scope 1 and 2** and some of our **Scope 3** indirect emissions (Airline Business Travel and Employee Shuttle Services) per location. Our calculations include all business activities that fall within our operational control and use carbon dioxide equivalent of emissions from the six greenhouse gases defined in the **Kyoto Protocol**. Only emissions factors from scientifically proven databases (IPCC, 2006; DEFRA, 2017) are used in our carbon footprint calculations.

In 2020, Cross Textiles' total corporate carbon footprint resulting from operations at four locations was **22,446 tonCO<sub>2</sub> eq**.

## Industry 5.0

Industry 5.0 marks the revolution of a responsive connection between innovation, purpose and inclusivity. It is grounded on the decarbonization of human-centric innovation while strengthening the communication between the machine and human, in order to create a resilient and purposeful life for people.

At Cross Textiles, we adapted to this revolution with various investments and processes that help reduce carbon emissions.

- I-REC certification
- Product-based LCA studies via SimaPro
- Location-based periodic carbon footprint assessments via Co<sub>2</sub>nnectoPro
- Ellen MacArthur Jeans Redesign project partnership
- Automation of laundry and drying systems
- Nano bubble technologies
- Investments in artificial stone for washing
- New generation furnaces and hydroextraction machines
- Adoption of smart cutting systems

## Executive Summary of Life-Cycle Assessment Studies

In line with our sustainability goal of reducing our environmental footprint by half until 2030, we started to seek methods that will help us scientifically assess product sustainability. Thus, we started executing life-cycle assessments of our denim products in 2019.

We started to work in the field to set up the necessary infrastructure for the LCA method. Counters have been installed on machines to verify data in fieldwork. We created an LCA data collection template that an executed successful LCA pilots.

As part of our LCA studies, we have created our **CRS-Effect collection**, designed to achieve a lower environmental footprint without compromising on quality or appeal to the eye.

We received consultancy specific to LCAs, explained LCAs to our customers via **special presentations** and **collaborated on LCA projects** with our customers and suppliers.

By measuring and studying the environmental impact of our different denim models using scientific methods based on international LCA standards ISO 14040 and ISO 14044, we strive to propose the best and most sustainable product recipes to our customers.

Thus, we also invested in **SimaPro**, the world's leading LCA software. As we deployed this innovative solution, we got the necessary training that will help make the most of the software.

The comparability of the **LCA methodology** allows us to study both **conventional and sustainable production** of the same model denim garments. Through this comparative analysis of LCA results, we are able to test our processes and the environmental impact of our products.

Our LCA study consists of three analysis stages:

### The downstream stage

Environmental impact of the end-user when using the product.

### The upstream stage

Environmental impact of the raw material until it arrives at our door.



### The core stage

Environmental impact of all production processes: Cutting, sewing, washing, packaging, etc.



In the **CRS Effect study**, our most important LCA parameter is the global warming potential and the net use of freshwater of our garments, based on these three stages of analysis.

At Cross Textiles, our annual production capacity is 20 million garments.

That is what makes us leaders in our industry and also what makes us responsible for what we produce for our industry.

Through our LCA studies, we aspire to instill trust in our customers about our transparency and the sustainability of our garments.


### Our Environmental Product Declarations

In order to provide transparency and traceability of our environmental impact, to demonstrate to our stakeholders our commitment to measuring and reducing our products' environmental impact, and to report our impacts in a sensitive and verified way, we have decided to publish **Environmental Product Declarations** for our denim garment models.

We take pride in our efforts to find the most sustainable recipes for our products. From our LCA studies to our CRS Effect collection, reducing our environmental impact has become the founding value for our upcoming products.

In 2020, our sustainability efforts were verified by an approved independent verifier, and Cross Textiles published **5 EPDs** that include 10 products via the **International EPD System**.



We are excited to continue to reap the fruits of our sustainability efforts.



### Executive Summary of LCA Report by Cross Textiles

<b>Product Name:</b> 004-16618-8 DAVIDGREY-S2 ORG	<b>Composition:</b> 98% Org Cotton, 2% Elastane	<b>Denim Garment Proses:</b> Cutting-Sewing-Washing-Squeeze- Drying-Process Control-Finishing	<b>Denim Fabric Name:</b> Orta 0502 9K0029 (Black)	<b>Denim Fabric Process:</b> Rope Warping-Sizing-Weaving- Mercerizing-Over Dye-Stenter-Sanforizing
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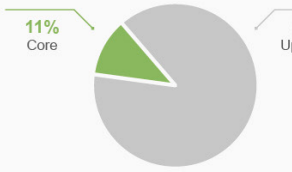

  
  


#### Environmental Indicator\*

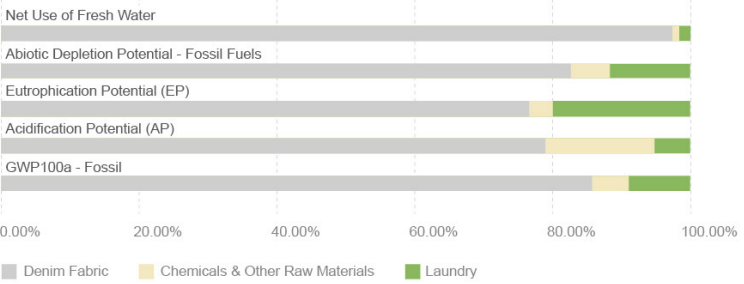
	Unit	Upstream: Raw Materials & Chemicals & Denim Fabric	Core: Manufacturing at Cross	TOTAL
Product Carbon Footprint (GWP 100a)	kgCO <sub>2</sub> eq	5.658	0.648	6.305
Acidification Potential (AP)	kgSO <sub>2</sub> eq	0.028	0.002	0.030
Eutrophication Potential (EP)	kgPO <sub>4</sub> <sup>3</sup> -eq	0.013	0.003	0.016
Abiotic Depletion Potential - Fossil Fuels	MJ	72.9	8.83	81.74
Water Consumption	m <sup>3</sup>	1.548	0.024	1.572

#### Product Carbon Footprint



#### Net Use of Fresh Water



\*Calculated on SimaPro v9.1 with Ecoinvent v3.6

"point" used to indicate the decimal place

FOR A BRIGHTER FUTURE





**Stay Caring**  
(75 - 82)

# Stay Caring

COVID-19 has had an enormous effect on every community and industry across the globe. People have lost their loved ones and their jobs, suffered economic struggles, and, at some point, have fought for their lives.

Especially during the beginning of these unprecedented times, the uncertainty and panic regarding the pandemic have spread across the globe. This situation, of course, has affected our business processes as well.



As we prioritize our employees' health, we went to a complete shutdown in all of our production facilities as of 22 March 2020, and our central office shifted to remote working. This period continued for three months, during which we made the necessary preparations to address the huge supply gap for masks.



### Masks to the Rescue

The beginning of the pandemic has led to a global medical mask and **medical protective gear crisis**. Suppliers weren't able to keep up with the unprecedented increase in demand.

In addition, the fact that we have shut down for three months and that the demand for denim had decreased because of the closed stores and worldwide shift to remote working, we were in search of new strategies that will help us maintain our productivity. Therefore, we took an agile approach to establish CRS Medical Textiles.



The establishment process was very hectic and required successful crisis management. The certifications required to operate in the medical equipment field are hard to obtain. In the midst of a **global health** crisis where there was an export prohibition and all of our facilities were shut down, the certification process was notably more challenging.

Nevertheless, we successfully established CRS Medical Textiles, helping close the gap in medical demand and gaining success in a field that we had no experience in.

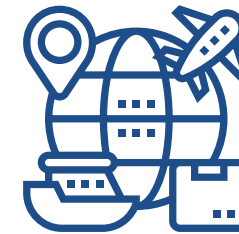
The medical mask production operations started in our Tokat Facility, where we formed a "controlled production field." We invested in all necessary automatic machines, creating automated medical mask production and packaging processes. Thus, we ensured hygiene throughout the entire production process while requiring fewer employees on the field.

Our first goal was to address the urgent need for medical masks and support health professionals. We started producing surgical masks, surgical gowns, and protective coveralls that added force to our mutual fight against COVID-19 and donated **3,940,900 masks** to Turkey's state supply office.

We have exported our medical textile products to **9 different countries** and played an essential role in supplying the domestic medical mask demand. Today, we are constantly executing **R&D studies** to make our medical masks stronger and healthier. We are also working on developing **FFP2 masks and 4 ply masks**.

Our medical masks have:

- A BFE (Bacteria Filtration Efficiency) rate of **99,3%** (the standard is 95%)
- Received an **ISO 13485 Certificate**
- Received a Declaration of Conformity with Medical Devices Directive
- Successfully passed physical and biocompatibility tests (such as breathability and splash resistance)



**9**  
Countries Exported



**1,249,104**  
Medical masks and protective gear international sales volume



**7,952,332**  
Domestic sales volume



**3,939,719**  
Medical masks distributed to employees



**3,940,900**  
Medical masks donated to Turkey's state supply office

## The New Normal

We returned to normal working conditions on 22 June 2020 and restarted denim production alongside medical mask production with new approaches and measures to "Stay Caring." We ensured compliance with legal requirements regarding COVID-19 and received the ISO 14683 Product Documentation Certificate of Conformity to Turkish Standards.



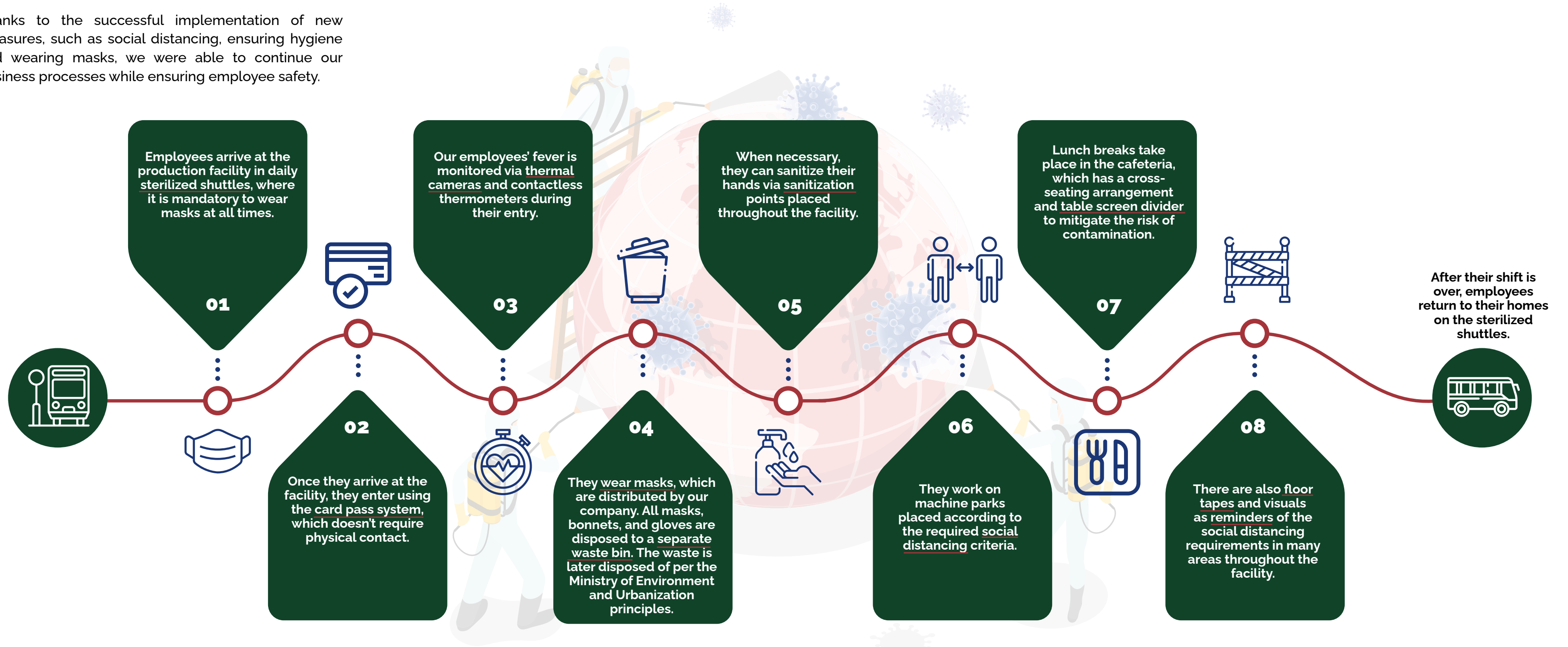
### Our Measures:

- We provided **PCR tests** to our employees. The regions with high risk were determined, and measures were taken accordingly based on employees who tested positive.
- We formed a preparatory team that will help us beat COVID-19, executed a detailed risk analysis regarding COVID-19, and prepared a contingency plan within the facility.
- We created a **detailed cleaning procedure** and schedule as all surfaces, common areas, work desks, keyboards, etc., are sanitized with a ULV device.
- Our employees are trained by occupational safety experts and **on-site doctors** about COVID-19 precautions.
- Our employees are reminded and warned about social distancing requirements and the maximum number of people that can be found in all closed areas with signs across the facility.
- All meetings are held **online**. Meetings that require physical appearance are conducted with the least number of participants.
- Groups requiring special policies have been determined by our on-site doctor and are subject to special monitoring.



### Life at Cross Textiles During the Pandemic

Thanks to the successful implementation of new measures, such as social distancing, ensuring hygiene and wearing masks, we were able to continue our business processes while ensuring employee safety.





**Stay Responsible**  
(85 - 96)

# Stay Responsible

With big success comes big responsibility. As a leading denim manufacturer, we undertake many social, environmental, and economic responsibilities, which we aim to fulfill successfully.

## Economic Values

Economic sustainability is one of the three pillars of our sustainability approach. We create **direct and indirect economic value** for local and international countries via our extensive denim manufacturing operations. We create employment opportunities and take an important role in helping local development and increasing individual prosperity.



We spread across the globe with our products, expanding our scope in terms of economic contribution. We preserve our economic sustainability values despite the challenges and risks caused by climate change and share them across our value chain.

## Economic Performance

Our economic performance demonstrates our leading position. During the reporting year, the world was suffering from the COVID-19 outbreak. Despite the challenges that we confronted during this global crisis, we had a total of **€129,522,763** turnover from both our Turkey and Egypt operations.

We have **6771** employees, of which **5111** are located in Turkey. During the three months in which we shut down all of our facilities, we implemented every measure that will help us return to work in the most efficient and agile manner.

We create value and economic support across various geographies with our headquarter in Istanbul and integrated production facilities in Tekirdag, Tokat, and Egypt, where we produced a total of **14,000,000** products this year.

### Our most significant indirect economic contributions can be listed as:

- Creating employment and economic expansion via subcontracting operations,
- Creating employment via catering and shuttle services,
- Supporting local development via mandatory donation based on our medical mask export operations,
- Conducting 3rd party audits and related product and process evaluations.



**14,000,000**  
Products



**6771**  
Employees



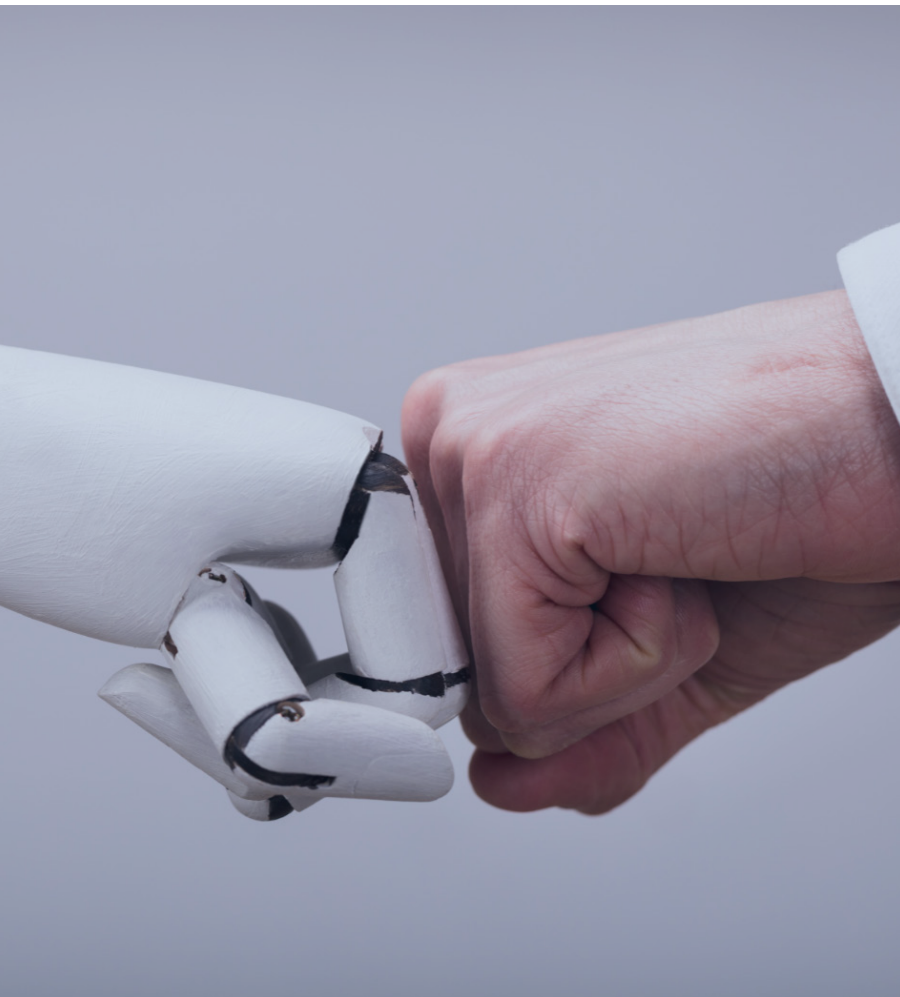
**18,000,000**  
Medical Textile Products



## Digital Transformation

At Cross Textiles, we were already implementing new projects and investing in new technologies that will help us cultivate **industry 4.0**.

Restrains that emerged during the pandemic, such as limited traveling and social distancing, have accelerated our digital transformation.



### CLO | 3D Fashion Design Software

As a leader in the denim industry, we keep an eye out for every technological development we can inherit. Being one of our newest investments, **CLO** is a fashion design software that enables **3D digital samples**.

With 3D samples comes a more sustainable, efficient, flexible, collaborative, and fast production process as opposed to physical samples. Thus, with CLO, we were able to keep our production lines running in the most sustainable and caring way possible.

- Offer our customers samples much faster
- Reduce use of raw materials with fewer samples
- Create less waste
- Manage time-efficient sampling processes
- Travel less by presenting digital collections to stakeholders, which helps keep socially distanced and decrease the number of attended flights



e-commerce

Besides our CRS Medical Textiles production line, another successful strategy that we've implemented to remain resilient was **developing and improving our e-commerce channels**. Thus, we were able to increase Cross Jeans' domestic and international sales volume in the most pandemic-friendly way possible while being able to market our medical masks across different channels.

Under the brand CRS Medical Textiles, our goal was to provide the medical products that our employees and the local people need during the pandemic. After reaching these targets and having a surplus production capacity due to our investment in automated processes, we turned to the most effective marketing channels in order to **deliver the medical masks to the end-users in Turkey**.



Since most people were at home during this period, e-commerce channels became the most effective way of marketing our medical masks. Thus, we completed our e-commerce website, opened stores in different e-commerce channels such as Getir, Gittigidiyor, Hepsiburada, Trendyol and reached out to end-users with a strong marketing strategy.

Meanwhile, we carried out a pilot application to expand our e-sales network, which we have already implemented in Eastern European countries, in Turkey as well. With the successful results obtained after the pilot application, the establishment of the department and integration within the company was completed and the general implementation step was taken.

As all of these implementations helped us keep our production lines running, we were also able to create new opportunities and improve current sales processes.

The unfortunate pandemic has made us stronger and more flexible than ever. It has led to a successful shift to industry 4.0 within Cross Textiles, and we will keep implementing new projects and improving our processes to overcome whatever challenges we face.



Procurement

We support local development in any way we can. We also believe in the necessity of ethical and sustainable supply chains. Thus, we source **93%** of our materials from **ethical and local suppliers**.

By acting this way, we push for sustainability in an industry where it is challenging to maintain sustainability while **helping local development** via our **high procurement rate**.



Ethical Business

From day one, we had a stance against unethical business processes and operations.

Our **anti-corruption** and **anti-bribery efforts** have significant importance as our budget, trading volume, number of employees, reputation, and lack of information regarding the legislation cause a huge risk.

Thus, we inform all of our employees about our anti-corruption policies and procedures. We are proud to state that we **haven't encountered any incident** about corruption within the year 2020.



## Social Values

102 - 41  
102 - 46

The third and final pillar of our sustainability approach is social sustainability which represents our respect for our employees, suppliers, customers, and end-users. Our social values help us track the value we create for our internal and external stakeholders throughout our value chain. Our social values also enable us to create more **honest, transparent, and sensible relations** with all of our stakeholders.

### Our Employees

Our employees are among our most important stakeholders. Thus, we aim at creating the best working conditions and policies for them.

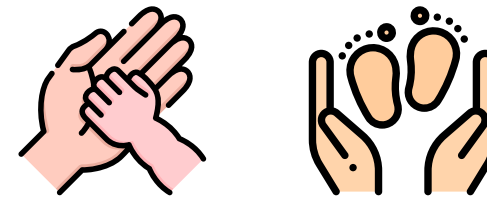
During the reporting period, our total number of employees has been **6771**. We are proud to state that **50.3%** of them are female.

Our **Integrated Social Responsibility** Policy ensures equal treatment for all of our employees, including employees located in our headquarter in Istanbul and employees who work in our Corlu, Tokat, and Egypt production facilities.

Our Human Resources Policy is formed per local laws and in accordance with international norms. Our employees' opinions and feedback also greatly impact these policies.

We operate in an industry in which human labor is at its most. Thus, our employees are one of our most important assets.

**97%** of our employees located in the Corlu and Tokat facilities, and **87%** of our employees located in the Egypt facility work under the Collective Bargaining Agreement (CBA), which helps us provide them the best and most desired working conditions within the industry.



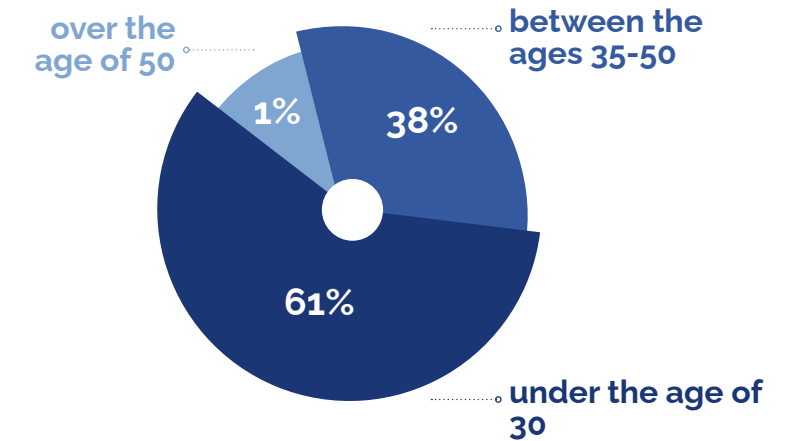
**194 of our employees have taken maternity and paternity leaves**

We consider our employees to be extended family members. Thus, when they decide to expand their own family, we give utmost support. We enable our employees to take maternity and paternity leaves and provide financial support in their absence.

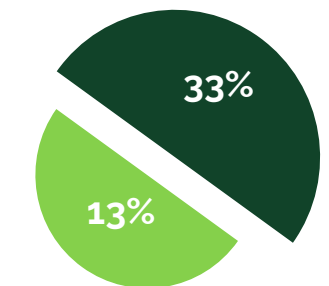
During the reporting period, **194** of our employees have taken maternity and paternity leaves.

## Equality in Opportunity

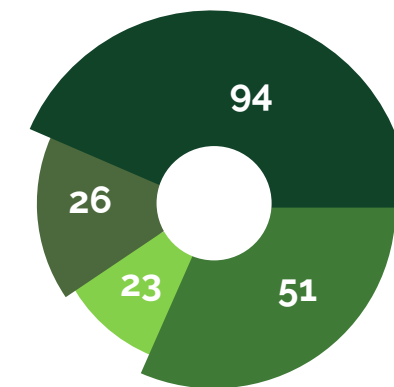
During the reporting period, we continued creating new employment opportunities. In 2020, we expanded our family and employed **1108** more people. **61%** of our new employees are under the age of 30, **38%** of them are between the ages 35-50 and **1%** of them are over the age of 50.



In total, **33%** of our employees are young adults under the age of 30, and **13%** of them are adults over the age of 50. In addition, all of our employees are locals who are employed **without discrimination of any kind** based on age, gender, etc. Our employment process and policies help support local development while empowering individuals.

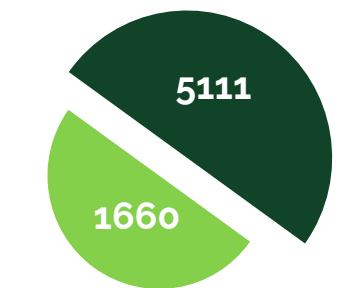


● Adults over the age of 50 ● Adults under the age of 30



● Tokat ● Tekirdag ● Egypt ● Istanbul

**Employees on maternity leave**



● Egypt ● Turkey

**6771 Employees**



**50.3%** of our employees are female

**3403 Female Employees**



**46%** of our administrative staff are female

**193 Female Administrative Staff**



## Training

This year, as per the measures taken within the pandemic, the training programs were executed online but at an extensive scale.

### Total training durations in 2020

**2947 hours of training** for our office employees in our Istanbul headquarters

**19416 hours of training** for our employees in the Tekirdag production facility

**18555 hours of training** for our employees in the Tokat production facility

**2415 hours of training** for our employees in the Egypt production facility



Our production facilities requires occupational health and safety and technical training. Thus, our training program focuses on a wide range of courses including:

- occupational health and safety,
- safe chemical handling,
- fire safety and emergency,
- and technical development training regarding machine and program use such as cutting, molding, design, sewing, manual forklift, and super boiler.

In addition, we execute **training programs** regarding topics such as:

- environmental sustainability,
- organic product certification (GOTS, RCS, OCS, GRS),
- ethics,
- and medical waste management, all of which have great importance for Cross Textiles.

Moreover, all of our security details are informed about human rights policies.



## Occupational Health and Safety

All of our integrated production facilities in Turkey have received an **ISO 45001:2018** certification, and our facility in Egypt is compliant with all **local legal regulations**.

In accordance with the **occupational health and safety law numbered 6331**, all of our employees are included in occupational health and safety and **ISO 45001 Occupational Health and Safety Management System**.

In our Egypt facility, occupational health and safety management systems are applied following **2003 dated Egyptian Law number 12 and 1994 dated Environmental Law number 4**. In addition, our occupational health and safety system has been updated, comprising all departments.

Occupational safety board members are responsible for executing and managing occupational health and safety practices.



### Prevention of Child Labor

We have a strong stance against child labor since our establishment. We have a **“Zero Tolerance” policy** to ensure the prevention of child labor across our entire value chain.

- We obtain commitments from our suppliers and subcontractors based on preventing child labor.
- We terminate any business relations with suppliers or subcontractors who do not comply with this commitment.
- We execute “Social Compliance” audits, with or without notice, to help us avoid potential child labor cases.

Our stakeholders, which we have transparent and ethical business relations, are informed regarding the prevention of child labor via our **Corporate Social Responsibility (CSR)** department.



In addition, we cultivate the procedures and principles regarding youth employment across all of our facilities and workplaces. We examine the nace codes of workplaces within our supply chain and evaluate the work fields and working hours of young workers and ensure their compliance with ethical standards.



### Prevention of Forced Labor

We believe that people should be **protected** from forced labor. Thus, as of day one and as stated in labor laws, we cultivate not employing any unwilling employee by coercion or threat.

Not fulfilling this requirement is another “Zero Tolerance” issue for the Cross Textiles group. We prevent forced labor among our suppliers with **“Social Compliance” audits**. Our stakeholders, with which we have transparent and ethical business relations, are informed regarding the prevention of forced labor via our Corporate Social Responsibility (CSR) department.



### Supplier Social Impact Assessment

In 2020, we conducted social compliance evaluations for all of our suppliers (approximately **6000**) operating in Turkey and Egypt. We preferred not to work with suppliers that do not comply with our policies regarding:

- preventing child labor,
- preventing forced labor,
- complying with occupational health and safety rules,
- and embrace our approach regarding minimum wage and overtime work.



### Communicating With Our Local Communities

We aim to enable local employment as much as we can. Our regular HR data evaluations demonstrate that we are succeeding in fulfilling this goal.

As we are able to create local employment opportunities for people, we indirectly support local development, both in Turkey and Egypt. We monitor our production facilities' both environmental and social effects and prevent pollution with effective waste management systems.



**GRI & SDGs  
CONTENT INDEX**

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



**MATERIALITY  
DISCLOSURES SERVICE**

2021

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<b>GRI 101: Foundation 2016</b>		
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<b>GRI 102: General Disclosures 2016</b>	<b>Organizational Profile</b>	
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	102 - 4	13 - 16
	102 - 5	13 - 16
	102 - 6	13 - 16
	102 - 7	15
	102 - 8	91, 92
	102 - 9	13 - 20
	102 - 10	No significant change has been observed.
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	102 - 12	44
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	<b>Reporting Practice</b>	
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	102 - 46	91
	102 - 47	41
	102 - 48	Waste calculation method is updated in the reporting year, 2019 data presented in this report is accordingly restated.
	102 - 49	No significant change has been observed.
	102 - 50	3
	102 - 51	01.01.2019 - 31.12.2019
	102 - 52	3
	102 - 53	3
	102 - 54	3
	102 - 55	99
102 - 55	It has not undergone an independent verification.	

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In this report, Cross Textiles' corporate profile, governance structure, sustainability values, and performance on these issues are declared with the most accurate and reliable data to have a transparent communication method with stakeholders. The comments and evaluations in the report are of a general nature.

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