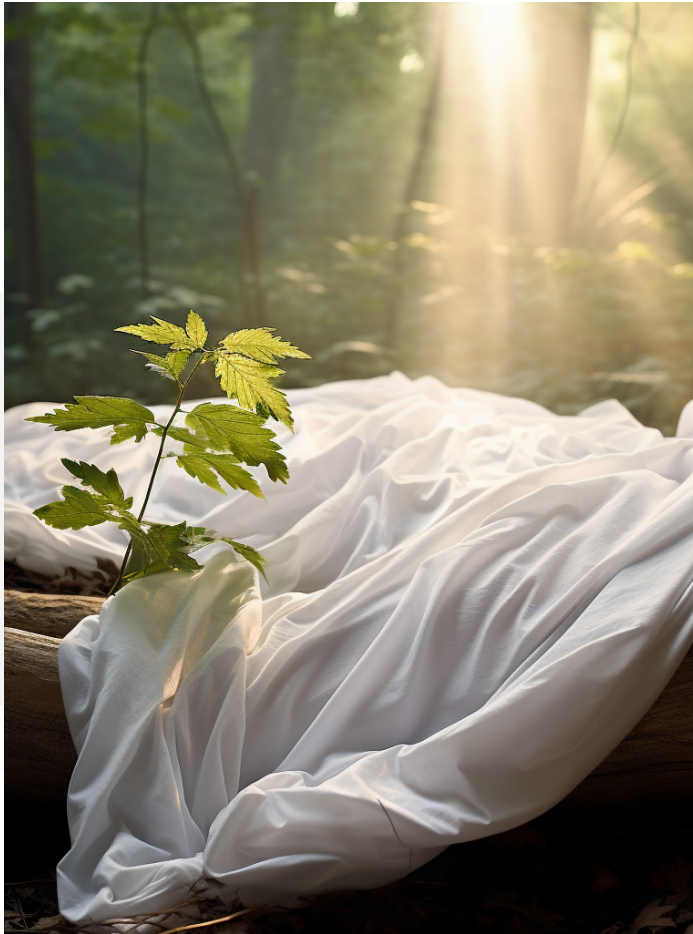




OUR SUSTAINABILITY COMMITMENT

VANELLI





Introduction

Fully aware of the responsibility that comes from being a pioneer in our sector, we have made our sustainability approach one of the main factors that determines our business strategy. Within this framework, we have integrated our sustainability mentality into our activities to form a sustainable growth model. We have started reassessing our activities in the light of our “Sustainability Strategy”.

— Our Sustainability Strategy

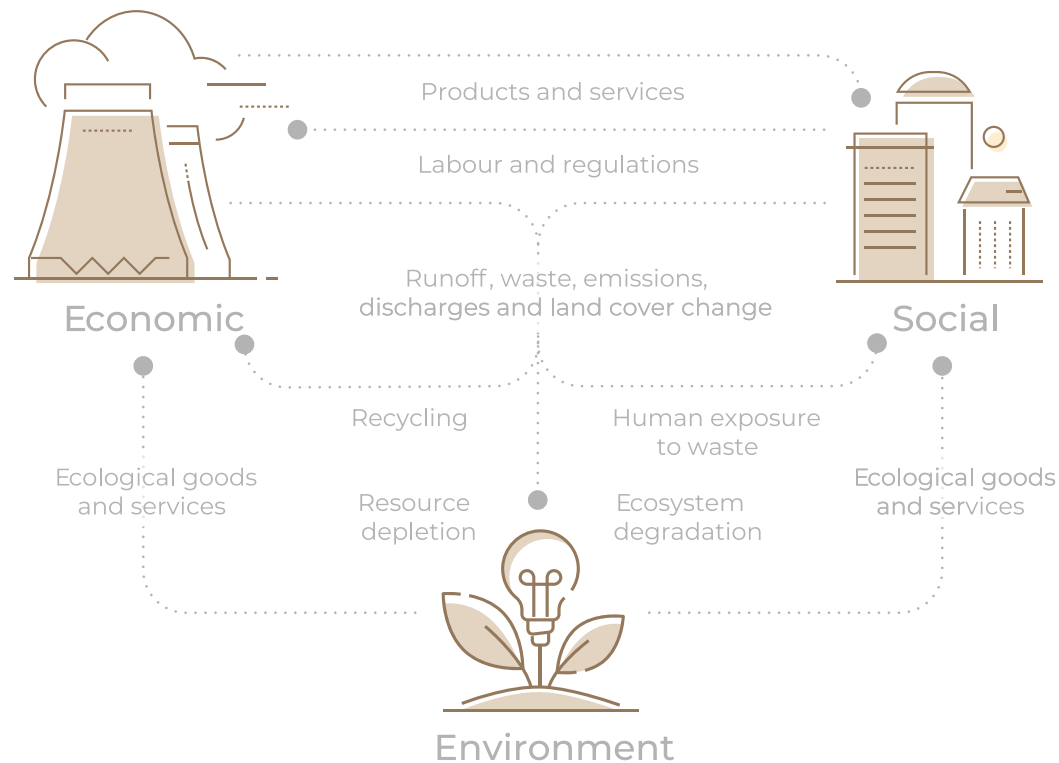
In line with this vision, we are pleased to present our Sustainability Strategy, which includes our economic, social and environmental practices and performance according to our sustainability framework.

This responsibility drives us to take our steps today with a vision of tomorrow in order to boost our competitiveness and develop new technologies.

Knowing that sustainability is not a choice but a responsibility we have towards the present and future generations, we are conducting our activities with a transparent management approach while interacting with all stakeholder groups that have adopted this mentality.

Sustainability & Corporate Social Responsibility (CSR)

Sustainability is a concept that holds significant impact on the environment and society within the framework of companies' operational disciplines in the global ecosystem. It encompasses the influence on the ecosystem from the use of natural resources for production, working conditions, and various stages throughout the product lifecycle, including supply chain, manufacturing, logistics, product usage, and post-consumer disposal.





UN Global Compact

Vanelli, as of December 2023, has applied for membership in the UN Global Compact with the aim of transparently reporting its responsibilities towards the present and future generations through its goals and projects. We embrace these fundamental principles of the business world and commit to sharing our concrete steps transparently with our stakeholders each year. We intend to report on these efforts in alignment with the United Nations Sustainable Development Goals.

The 10 principles of the UN Global Compact are based on universally accepted United Nations declarations. The declarations that form the basis for the 10 principles include:

- Universal Declaration of Human Rights
- International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work
- United Nations Rio Declaration on Environment and Development
- United Nations Convention against Corruption



HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;

Principle 2: Make sure that they are not complicit in human rights abuses.



WORKING STANDARDS

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labour;

Principle 5: The effective abolition of child labour; and

Principle 6: The elimination of discrimination in respect of employment and occupation.



ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility;

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.



ANTI-CORRUPTION

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



OUR JOURNEY TO SUSTAINABILITY

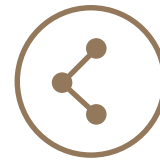
At Vanelli, our drivers for growth have always been created in collaboration with our employees, partners, customers, and suppliers. The process is collaborative, consultative and grounded in an approach that asks us to think about the future we all want.



ENVIRONMENTAL

To reduce our environmental impact.

Climate change
Energy efficiency in production
Raw material management
Water and wastewater management
Chemical management
Waste management
Product life cycle



SOCIAL

Creating value for our stakeholders

Occupational health and safety
Human rights and fair labor conditions
Talent management
Transparency and traceability in
the supply chain



ECONOMICAL

**Leading innovation in product development,
business models, and management approach**

Research and development and innovation
Digitization and customer satisfaction
Brand reputation



— ENVIRONMENTAL

To Reduce Our Environmental Impact

Climate change

The United Nations Climate Change Conference (COP21) in 2015 resulted in the Paris Agreement, aimed at addressing global climate change and creating a sustainable future worldwide by encouraging countries to reduce their greenhouse gas emissions.

The agreement sets the goal of keeping global warming well below 2 degrees Celsius and pursuing efforts to limit the temperature increase to 1.5 degrees Celsius, to mitigate the impacts of climate change.

50%

Paris Climate Agreement
requires a reduction of 50%
in CO2 emissions by 2030.

Vanelli commits to reducing its emissions within the scope of energy consumption (Scope 1 and Scope 2) by 50% by 2030 in alignment with the Paris Agreement.

In the year 2022, the total greenhouse gas emissions were calculated as 27,400 tCO₂eq.

By neutralizing emissions from electricity consumption through I-REC certificates (Scope 2), the total emissions were realized as 21,984 tCO₂eq. The overall greenhouse gas emissions have decreased by 20%. In 2023, 100% of the electricity consumed in both production and offices is sourced from green energy with I-REC certification.

Production Device Details						
Device	Country of Origin	Energy Source	Technology	Supported	Commision- ing Date	Carbon (CO ₂ / MWh)
Şanlıurfa HES	Turkey	Hydroelectric	Run of river	Yes	2017-01-03	0.000

Long-term goals for a cleaner and more sustainable energy future include green energy investments.

We prioritize environmental considerations in our operations and aim to reduce our Scope 3 emissions by 25% by sourcing from sustainable resources in collaboration with our supply chain, creating value in the process.

Energy Efficiency in Production

Energy efficiency makes a significant contribution to combating climate change by reducing carbon emissions. More efficient energy use supports environmental sustainability by minimizing the release of greenhouse gases into the atmosphere.

We closely monitor technological advancements, incorporating innovative energy efficiency solutions into our operations to contribute to the conservation of natural resources and societal benefit. This simultaneously enables a direct reduction in our emissions.

Improvement and modernization efforts in machinery and equipment have resulted in a 6.8% electricity and 3.5% natural gas savings relative to total consumption.



6,8%

Electricity
saving



3,5%

Natural Gas
saving

Raw Material Management

Our belief in the excellence of our products is achieved through our high health and safety standards in production facilities and the skills of our employees. We are aware that sustainable criteria in raw material selection contribute to a secure future. Collaborating with our suppliers, we inspire change, recognizing the need to provide innovative fabrics and transportation sources.

Certifications held by our suppliers and transportation options during the supply phase are key criteria in our raw material choices.



Water and Wastewater Management

Vanelli is a company located in the Organized Industrial Zone. In compliance with local regulations, the company holds a 'Canal Connection Permit,' and 100% of the water used in the operation is sourced from the OIZ Treatment Plant, ensuring that treated water is utilized. In an effort to preserve water resources and reduce environmental impact, optimization studies are conducted in our processes to minimize water consumption.

With the Water Footprint analysis, Vanelli has assessed its water consumption to measure its impact on water resources. Based on the analysis, more efficient and environmentally friendly practices are considered for conscious water use, taking into account the water stress in our region.

Additionally, in accordance with local regulations, the OIZ conducts wastewater analyses every 4 months to report the pollution load in industrial effluents based on their chemical and physical characteristics. Vanelli ensures that the periodic wastewater analysis results for our fabrics fall within the specified limit values in the regulations, as we use environmentally and human-friendly chemicals in our processes.

–30% 

We consume 30% less water compared to the textile industry.

Blue Water
Footprint
232.458
m³/years

Gray Water
Footprint
91.857
m³/days

Chemical Management

All chemicals used during our operations are sourced after evaluating their environmental and human health impacts. Our production facility is equipped with an automatic chemical dosing unit, and our closed-loop system ensures that our employees convey chemicals to the dye machines without direct exposure.

REACH, a regulation created under the European Chemicals Agency (ECHA), is an EU regulation. Therefore, our fabrics consistently comply with the mandatory REACH regulations.

In addition to national and international regulations, we conduct checks on the safety, sustainability, and compliance of the chemical substances used in our fabrics through portals such as ZDHC and The List, in line with our customers' demands.

As a member of the Zero Discharge of Hazardous Chemicals (ZDHC) – GATEWAY, we share the compliance of all chemicals used in our processes with international standards, as well as our wastewater analyses and environmental performances transparently with our stakeholders."



The Higg Index is a suite of tools for the standardized measurement of value chain sustainability, and it is central to the SAC's mission to transform businesses for exponential impact.



A powerful platform for change, connecting the global fashion industry to enable sustainable chemical management



InCheck



ClearStream



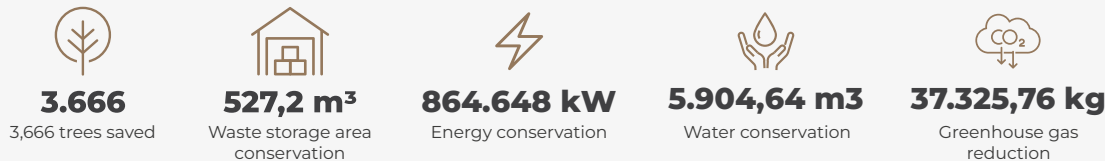
Supplier
to Zero

Water and Wastewater Management

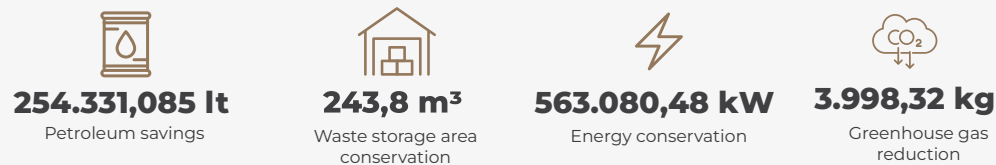
The wastes generated in our company are sent to licensed recycling and disposal companies in accordance with local regulations. In 2022, 99.22% of the wastes were sent for recycling.

Following the dispatch of wastes to the relevant licensed organizations, gains calculated by the Ministry of Environment are reported through official declarations submitted to the ministry. The environmental gains, as assessed by the ministry after the official declarations, are as follows:"

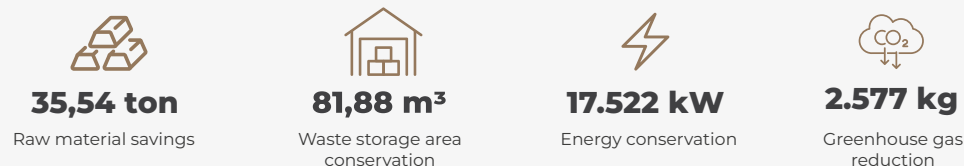
PAPER



PLASTIC



METAL





LCA (Life Cycle Assessment)

Life Cycle Assessment (LCA) is a valuable tool for companies to manage their environmental impacts and shape their investments in the areas that matter most. It calculates the environmental impacts from cradle to grave, including the impact from the supply chain, energy, water, and chemical consumption within the company, logistics activities, product use, and disposal for the production of 1 m² of fabric. This information sheds light on new product development stages.

Vanelli has conducted LCA analyses for two different product groups. The LCA study revealed that emissions from the supply chain dominate the environmental impact of both fabrics. As a result, the focus has shifted towards the supply chain.

The end-of-life calculations for the products are based on statistics from EU countries, reflecting European averages.





— SOCIAL

Creating value for our stakeholders

Occupational Health and Safety

At Vanelli, occupational health and safety are embraced as a natural part of work life and internal culture, with a continuous goal of enhancing this culture. Occupational health and safety practices are carried out by our two full-time Occupational Safety Specialists in compliance with relevant legislation, obligations, and standards. Additionally, national and global trends, along with best practices in this field, are consistently monitored and adapted.

In all our activities, potential risks are analyzed in advance, and proactive approaches are implemented to prevent these risks. Regarding occupational health and safety, all employees receive renewal training at specific intervals during their entry into the job and throughout the course of their work.



Human Rights and Fair Working Conditions

Vanelli considers the creation and maintenance of a fair working environment for employees as top priorities. Any form of discrimination among employees based on language, race, color, gender, political beliefs, religion, sect, age, physical disability, or similar reasons is strictly prohibited.

In order to actively involve women, young people, and individuals with disabilities in the workforce, encouraging practices have been implemented to ensure equal opportunities. For the efficient work of disabled employees, necessary physical facilities are provided and regularly reviewed for sustainability.

Vanelli has been conducting its operations in accordance with the requirements of BSCI (Business Social Compliance Initiative) since 2016 and undergoes audits by third-party inspection bodies. The audit report is transparently shared with our stakeholders through the Amfori BSCI portal.

The 2023 audit has been completed with a B score.

amfori BSCI Code of Conduct

Our enterprise agrees to respect the following labour principles set out in the amfori BSCI Code of Conduct.

amfori BSCI Principles



The Rights of Freedom of Association and Collective Bargaining

Our enterprise respects the right of workers to form unions or other kinds of workers' associations and to engage in collective bargaining.



Fair remuneration

Our enterprise respects the right of workers to receive fair remuneration.



Occupational Health and Safety

Our enterprise ensures a healthy and safe working environment, assessing risk and taking all necessary measures to eliminate or reduce it.



Special Protection for Young Workers

Our enterprise provides special protection to any workers that are not yet adults.



No bonded labour

Our enterprise does not engage in any form of forced servitude, trafficked or non-voluntary labour.



Ethical business behaviour

Our enterprise does not tolerate any acts of corruption, extortion, embezzlement or bribery.



No discrimination

Our enterprise provides equal opportunities and does not discriminate against workers.



Decent Working Hours

Our enterprise observes the law regarding hours of work.



No child labour

Our enterprise does not hire any worker below the legal minimum age.



No precarious employment

Our enterprise hires workers on the basis of documented contracts according to the law.



Protection of the environment

Our enterprise takes the necessary measures to avoid environmental degradation.

Talent Management

Since its inception, Vanelli has regarded its human resources as its 'most valuable asset' and, in line with this, has implemented sustainable practices to create a happy workplace environment where employees can best internalize the corporate culture and values.

Our HR strategy aims to disseminate the Culture, Values, and Competencies that will constitute the motto 'The Future in Textiles, the Future with Vanelli' throughout the entire Vanelli organization. To achieve this, we strive to create an end-to-end and unique employee experience, conducting various training sessions throughout the year on different topics to contribute to the professional and personal development of our employees.

Per Capita
Training Hours

26

hours/person

White-Collar
Staff Turnover Rate

2.1%

Blue-Collar
Staff Turnover Rate

2.0%

Total Number of
Employees

575

hours/person

♀ 183 ♂ 392

Percentage of Female
Employees at the
Management Level

51%

Percentage of Female
Blue-Collar Employees

24%

Transparency and Traceability in the Supply Chain

Examples of environmental impacts and fair labor practices for the raw materials we source within the supply chain are ensured through traceability activities and the application of fair labor practices in the contracts and commitments signed with suppliers. In addition to these, throughout the year, planned assessments of suppliers' current situations are conducted through surveys and audits, and support is provided for their improvement.

It is expected that the suppliers producing the raw materials for our products have appropriate certification according to relevant standards (ISO 14001, GRS, BCI, BSCI, etc.) and manage traceability records through relevant portals.



A grayscale photograph of a computer keyboard, viewed from a slightly elevated angle. The keys are visible, and the image has a soft, slightly blurred quality. Overlaid on the keyboard in white text is the sentence: "We work to maintain our high standards and to meet our customers' expectations." The text is centered and spans across several rows of keys.

We work to maintain our high standards and to meet our customers' expectations.



—ECONOMICAL

Leading innovation in product development, business models, and management approach

R&D and Innovation

As of 2016, Vanelli has been conducting its R&D activities on a solid foundation and systematically, aiming to specialize, create synergy among units with different expertise, and take advantage of the state's incentives and opportunities for future research. To achieve this, technical professionals have come together under the umbrella of the Design Center and earned the Design Center Certificate, which was first issued by the Ministry of Industry and Technology of the Republic of Turkey.

One of the outcomes of Vanelli Design Center projects is design registration. By obtaining design registration, we not only protect our designs from being copied by others but also add value to our fabrics and brand. The increasing number of design registrations each year provides us with a competitive advantage.





Digitalization and Customer Satisfaction

As of the year 2022, we have transitioned to a digital survey application with our customers. This transition has not only reduced the use of paper and physical materials but has also facilitated faster and more reliable analyses through automation in the data collection processes, contributing to environmental conservation.

According to the survey conducted, the customer satisfaction rate is 8.02 out of 10 on the scale.

Brand Reputation

We are conscious of the fact that sustainable use of natural resources, eco-friendly production, ethical supply chain management, contributing to social responsibility projects, and the increasing awareness of consumers will lead our brand to long-term success and create a positive reputation.

With these efforts, we continue on a brand journey that is valued by both consumers and all other stakeholders.



Our Certificates





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