

smlseamless*

2024–2025

TSRS-compliant

Sustainability

Report



Our TSRS-compliant sustainability reports are not merely outputs produced to meet regulatory requirements for SML Seamless, but rather tools for transformation within our company, serving as documents that convey our messages and commitments to all our stakeholders and indeed to all living beings on our planet.

Koray Güvenir, CEO
January 2026

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01

Introduction





Message from the CEO



Message from the CEO

As an economic actor, we believe that our company bears responsibility for humanity and our planet. With this belief, we are proud to share our first voluntary sustainability report, prepared in accordance with the Turkish Sustainability Reporting Standards (TSRS), with the public. Although not mandatory for our company, taking this step is a result of our commitment to sustainability as a strategic responsibility beyond a regulatory requirement.

SML Seamless had already embarked on its journey with a sustainability vision. This time, our company has taken a much bigger step by transforming its sustainability vision into a concrete, comparable format based on globally recognized reporting standards (ISSB Standards / IFRS S1 & IFRS S2), namely, TSRS. Thus, our sustainability vision, supported by reporting based on international standards, will enable us to make effective decisions in the areas of environmental, social, and governance (ESG).

With the responsibility of shaping the future today, we support our country's 2053 net zero emissions and sustainable development goals, and we are pleased to voluntarily do our part. In this regard, we consider the Climate Law, which was published and entered into force on July 9, 2025, and which we also took into account in our TSRS report, to be a very important development for our country, and we aim to actively contribute to this journey as SML Seamless.

SML Seamless touches on the human aspects of sustainability through its outputs, supporting individual health and wellness practices with its sportswear products. Since healthy living, physical activity, and personal well-being are the cornerstones of a sustainable society, our company's sustainability mission and vision, supported by our voluntary TSRS report, go beyond the principle of doing no significant harm (DNSH) and focus on contributing to these factors.

As outlined in this report based on the TSRS, we anticipate that our timely and voluntary sustainability initiatives, driven by our vision to manage sustainability risks and opportunities in a planned and conscious manner, will have a net positive impact on our company's financial viability and strength, particularly in the medium to long term.

We believe it is beneficial to highlight two important points in this report, which we have prepared on a voluntary basis. Firstly, SML Seamless carries out its sustainability efforts with both a national and international vision. Second, this TSRS-compliant Sustainability Report, the first standard-based product of our voluntary sustainability journey, is a testament to our sustainability transformation. With each reporting cycle, we aim to strengthen the indicators of this transformation and, consequently, our TSRS report. In this context, our TSRS report is not merely a disclosure tool; it is also proof of our commitment to a sustainable future.

We are well aware that as our impact grows, so does our responsibility. We would like to thank all our stakeholders who have been with us on this journey. We are committed to moving forward with determination.

Yours Sincerely,
Koray GÜVENİR
CEO, SML Seamless

About Our First Voluntary TSRS-compliant Sustainability Report



About Our First Voluntary TSRS-compliant Sustainability Report

SML Seamless has decided to make its previously initiated sustainability efforts visible, traceable, and comparable to national and international sustainability standards as it enters a new era in sustainability. In this context, we proudly present our voluntary TSRS-compliant Sustainability Report, which is valid both in Türkiye and worldwide.

This report has been prepared in accordance with TSRS 1 (General Provisions on Disclosure of Sustainability-related Financial Information) and TSRS 2 (Climate-related Disclosures). Hence, this report is consistent with the [IFRS Sustainability Disclosure Standards, IFRS S1 & IFRS S2, ISSB Standards](#) that form the basis of the TSRS. In this context, our report is a voluntary sustainability report prepared in accordance with both national and international sustainability reporting standards.

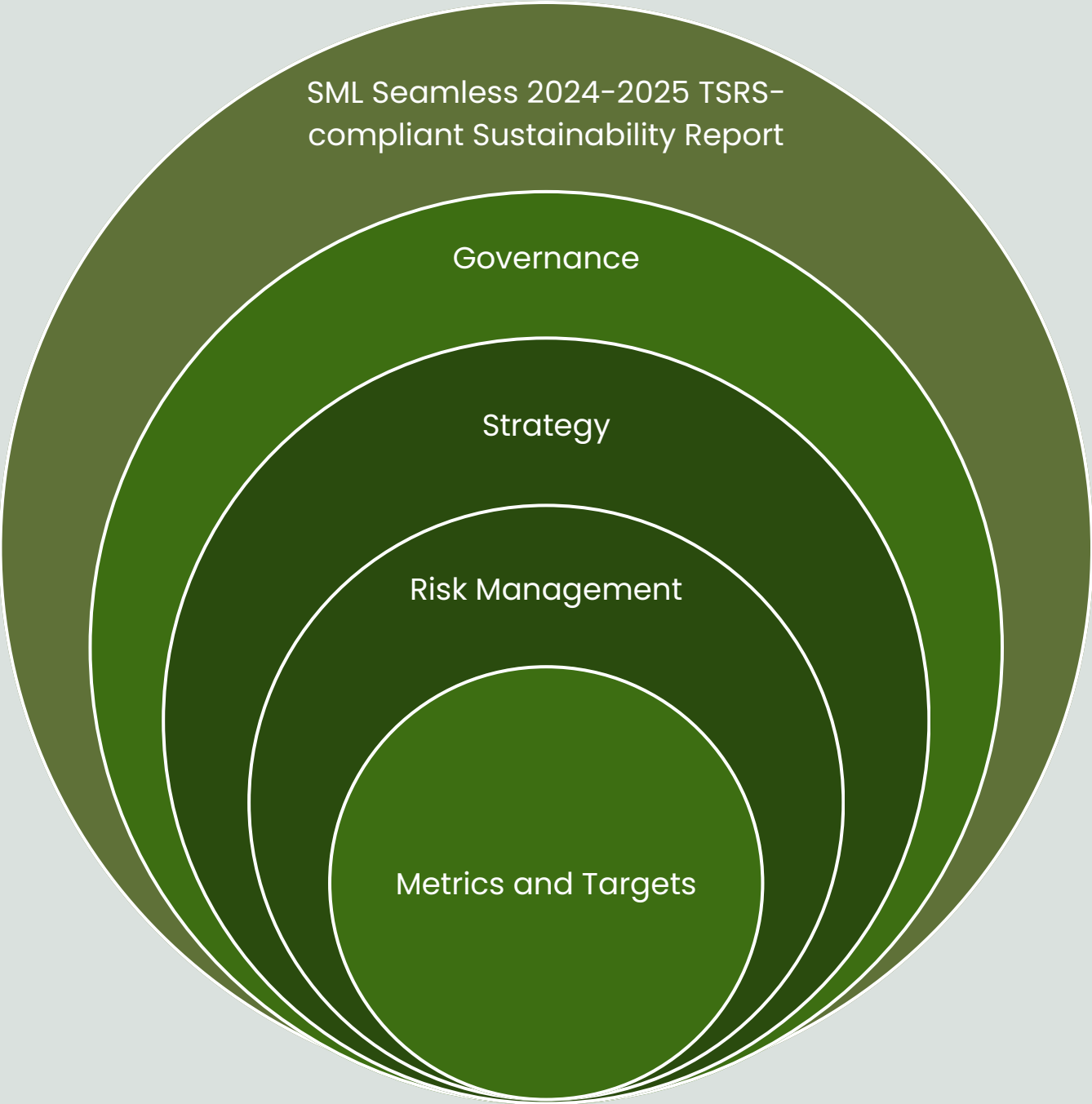
Sustainability factors, particularly climate change, are affecting many sectors. No company, no sector, or no economy is immune to sustainability risks. However, economies, sectors, and companies that take timely action can manage sustainability risks while also capitalizing on sustainability opportunities. SML Seamless has embarked on its voluntary reporting journey with this perspective.

Our report consists of four main sections, as shown in the image here, in accordance with the TSRS system.

Although TSRS approaches reporting from a financial materiality perspective, as a company policy, sustainability reporting does not disregard issues considered in other sustainability standards. On the other hand, our company views TSRS reporting as a sustainability transformation tool, serving as a governance tool for future sustainability steps. In this context, our company uses AI-supported digital TSRS reporting technology, and reporting outputs are integrated into governance processes. However, AI is used as a supporting tool rather than the main actor, in line with its purpose (responsible AI). In this sense, TSRS reporting is seen not as a one-off task but as a tool that spans the year, is ongoing, and affects the entire company.

As our company's shares are not publicly traded, we are not subject to public disclosure requirements under the relevant legislation. In this context, our company is also not subject to the legislation applicable to companies whose shares are traded on the stock exchange. Therefore, users of this report are expected to evaluate the content presented in this report within the framework of the proportionality principle in the context of a non-publicly traded company.

In this context, we believe our first voluntary TSRS report will serve as a model one and contribute to the sector. On the other hand, with the idea that sustainability reports should generate a positive cycle of sustainability performance, our intention to achieve better performance data and publish stronger reports in each new reporting period should also be noted as an inclusive and strategic sustainability goal.



TSRS Compliance Check	
TSRS 1, Relevant Paragraphs	TSRS 2, Relevant Paragraphs
1-25, E3, E5	1-4, C4



Executive Summary



SML Seamless is proud to publish its first voluntary TSRS-compliant Sustainability Report, covering the periods 01.01.2024–31.12.2024 and 01.01.2025–31.12.2025. Although not obligated, SML Seamless chose to participate in the newly introduced TSRS reporting on a voluntary basis, viewing it as a sustainability responsibility.

SML Seamless has integrated sustainability into its corporate governance. Sustainability risks and opportunities, including those related to climate change, can affect all economies, sectors, and companies. Minimizing these risks and maximizing opportunities are possible through science-based, professional, overarching, and proactive sustainability management. With its TSRS-compliant Sustainability Report, SML Seamless presents a high-resolution picture of how it manages risks and evaluates opportunities in this context, in line with international norms and standards.

Our report has been prepared within the framework of both TSRS 1 and TSRS 2, and has also deployed relevant industry standards and guidance resources. While there is an exemption from TSRS 1 for the first year of implementation, both TSRS 1 and TSRS 2 have been used in the reporting. The industry-specific standards of the Sustainable Accounting Standards Board (SASB), which is consolidated within the International Sustainability Standards Board (ISSB) structure, and the Industry-based Guidance on Implementing Climate-related Disclosures of TSRS 2/ IFRS S2 (Volume 1 – Apparel, Accessories and Footwear) have been utilized.

SML Seamless has embarked on a sustainability transformation through its TSRS reporting. Sustainability reporting is a dynamic process that includes improving sustainability performance. Our company views TSRS reporting not just as a temporary undertaking, but as both a reflection and a tool of sustainability transformation. In this context, a full-fledged sustainability transformation is planned.

It is estimated that, with planned and proactive sustainability actions, the impact of risks will be limited, while the impact of opportunities will be significantly high. Consequently, it is estimated that sustainability risks, including climate change risks, will not negatively affect our company's financial strength in the medium and long term under optimistic scenarios, and that, by leveraging emerging opportunities, our company's financial performance, cash flows, and access to sustainable capital will increase. In the short term (1-2 years), the impact of the risks is not expected to be significant. Indeed, the financial impact of risks and opportunities identified as significant through a general assessment remained below the materiality threshold for the reporting periods.



Executive Summary



Our science-based, planned, and proactive sustainability efforts, and the existence of a dedicated and permanent department for this purpose, are the strongest elements of our company's sustainability strategy. Our company monitors progress in publicly available global scenarios and will make dynamic updates to the strategy based on changes in risk. In this context, assuming other factors remain constant, our company's most effective sustainability strategy relies on our science-based, planned, and proactive sustainability efforts and on our dedicated and permanent department – **the Energy and Sustainability Department (ESD)** – for this purpose.

The overall impact of the opportunities on the financials is expected to be significantly high. Although we cannot present this impact on a specific financial statement or break it down item by item due to various uncertainties, a comprehensive assessment suggests that, for SML Seamless, assuming all other factors remain constant, the anticipated opportunities related to sustainability will positively affect its current financial adequacy and performance, as outlined in the table below.

	Short-term	Mid-term	Long-term
Positive Scenario	Below the Materiality Threshold	15% Increase	35% Increase
Moderate Scenario	Below the Materiality Threshold	10% Increase	20% Increase
Negative Scenario	5% Decrease	Measurement Uncertainty	Measurement Uncertainty

In summary, under two main scenarios, the net impact of risks and opportunities on financials is estimated to be below the materiality threshold in the short term, but clearly positive in the medium and long term. In particular, it is anticipated that planned adaptation to the EU's sustainability reforms will significantly enhance our share in the European market, thereby leading to stronger net cash inflows and an improved financial structure. It is also expected that our access to sustainable financing will improve under relatively favorable conditions and that our sustainability investments will not exert pressure on our financials.

smlseamless and Sustainability



SML Seamless, as a manufacturer operating in the sportswear sector, views sustainability not only as an overarching goal but also as a fundamental element of a long-term corporate transformation process. A sustainability-focused approach, encompassing environmental, economic, and social dimensions, is increasingly strengthening the company's business practices and is being integrated into the core of its strategic planning.

Our company manufactures its products at its campus in Kırklareli, covering an area of 52,000 m² and employing 380 people. SML Seamless, which employs approximately 70% women, embraces not only environmental but also social sustainability. This diverse and inclusive workforce structure allows the company to integrate social benefits into its corporate value chain.

In terms of product range, sportswear manufacturing has a characteristic that encourages individuals to adopt healthy lifestyle habits, thereby contributing to sustainability. However, a sustainability strategy goes beyond the functional contributions of products and encompasses a holistic approach, ranging from raw material management and waste control to energy efficiency and logistics.

Unlike traditional textile companies that rely heavily on manual methods, SML Seamless aims to make digital transformation a cornerstone of its business model. Through data science and digitalization, the company plans to monitor resource utilization in production processes more effectively, reduce costs, and increase efficiency. This approach not only provides a competitive advantage but also strengthens the transparency and accountability necessary for sustainable production.

Sustainability goals are not limited to supply and production. Plans are also underway to transition to environmentally friendly methods in the distribution and packaging phases of finished products. In this regard, low-carbon-footprint logistics solutions and recyclable and biodegradable packaging materials are being prioritized with the support of our business partners. These steps will help reduce environmental impacts throughout the lifecycle of our products.

The company's long-term vision is not limited to transforming its own operations. SML Seamless also aims to guide its customers towards sustainable consumption habits. Through awareness campaigns on processes such as recycling, reuse, and proper care of sportswear products, the company aims to promote sustainability across every stage of the value chain.

In conclusion, SML Seamless embraces sustainability not merely as a goal for environmental impact or financial risk and opportunity management but as a holistic transformation strategy that enhances economic resilience, generates social benefits, and aims to build a more livable world for future generations. In this context, TSRS reporting is one of our key initiatives serving our sustainability transformation strategy.

02

Governance at smlseamless



Governance at smlseamless

SML Seamless views governance as a whole and does not differentiate between sustainability governance or any other form of governance. However, in 2024, SML Seamless demonstrated its commitment to sustainability by establishing the Energy and Sustainability Department, specifically designed to ensure stronger and more professional monitoring of sustainability processes, including climate-related issues. This department reports directly to the company's CEO. The Energy and Sustainability Department, or ESD for short, is staffed by a full-time department manager and a team of three – one textile engineer and one environmental engineer – all possessing the skills and competencies required for their roles. ESD also receives continuous professional training and consulting on current developments in sustainability and climate risks and opportunities to enhance and enrich its expertise. The ESD Manager essentially holds the duties and responsibilities of a Chief Sustainability Officer (CSO).

At SML Seamless, we view sustainability transformation as a fundamental factor for our company's long-term success. Therefore, we manage our processes based on scientific data, international standards, and a commitment to continuous improvement. Our newly established Energy and Sustainability Department aims to ensure a holistic approach to our company's energy efficiency, climate impact, waste management, water usage, and overall sustainability. By developing projects that create tangible improvements in both our operational processes and value chain, our department makes a strong contribution to our company's sustainability goals. This approach allows SML Seamless to increase its competitiveness while fulfilling its environmental and social responsibilities.

Eren DİREK, Head of Energy and Sustainability Department, SML Seamless

The company's general manager, Mr. Koray Güvenir, and the ESD manager, Mr. Eren Direk, are jointly responsible for monitoring, managing, and overseeing climate and sustainability-related risks and opportunities. Over time, they plan to implement organizational improvements to increase the participation of all departments in these activities, raise awareness within the company, and even establish a company-wide culture focused on sustainability through multifaceted initiatives, including training programs.

The sustainability unit, ESD, is authorized to manage and monitor sustainability and climate-related risks and opportunities across all processes within the company.

In this context, trade-offs (the impacts of different sustainability practices on each other) are evaluated, and a holistic approach is followed. ESD's work may involve collaboration with other departments, and when collaborative implementation of sustainability and climate issues requires coordination from the company's CEO, the CEO ensures integration within internal functions by involving other departments.

ESD also manages the sustainability transformation within SML Seamless, including developing digital reporting and regularly informing senior management about developments in the sustainability transformation. In this context, our company has assigned responsibilities, authorizations, and job descriptions related to sustainability and climate. ESD updates the work weekly on these issues through information dashboards within our company's automation system. In this context, sustainability performance is regularly monitored throughout the year.

SML Seamless treats the outputs of TSRS, or more broadly, sustainability reporting, as a governance tool. In other words, each topic discussed and addressed in this report, and the report as a whole, constitute a governance tool for SML Seamless and form the core policy document for strengthening sustainability processes. In summary, sustainability risks and opportunities, including those related to climate change, are strategically integrated into the company, and further work in this direction is planned. Our voluntary reporting efforts are an indication of this integration.

On the other hand, sustainability performance metrics are not yet linked to compensation policy, but senior management regularly monitors and evaluates sustainability performance through ESD.

SML Seamless is a limited liability company whose shares are not traded on any stock exchange and are not publicly traded. In this context, it is not subject to any specific legislation, such as the Capital Market Law, in terms of governance.

TSRS Compliance Check	
TSRS 1, Relevant Paragraphs	TSRS 2, Relevant Paragraphs
26, 27	5, 6, 7

03

Our Strategies

The Fundamental Basis of Our Strategies and Decision-making Processes

Sustainability and Climate-related Risks and Opportunities

Business Model and Value Chain

Risks and Opportunities with Financial Position, Financial Performance, and Cash Flow Connections

Scenario Analysis, Climate Resilience, and Climate Transition Plans



The Fundamental Basis of Our Strategies and Decision-making Processes

Our company adopts an inclusive approach in defining its sustainability strategies, within the framework of global, regional, national, and sectoral strategies. The following figure illustrates the fundamental pillars of our company's strategies.



Our global strategy is based on two fundamental sustainability pillars: the [Paris Agreement](#) and the [Sustainable Development Goals](#). At the regional level, the most important pillar of our strategies is the [European Green Deal](#). Within this framework, [EU strategies](#) and regulations, particularly those related to the textile sector, are taken into account.

The foundation of our national strategies is [Türkiye's Long-term Climate Strategy](#). In this context, our company takes into account the potential impacts of the [net-zero emissions target](#) for 2053, announced on September 27, 2021, and the Climate Law published on July 9, 2025, which confirms this target. Türkiye has [committed](#), within the framework of the [Paris Agreement](#), to implement a stronger policy in this field by increasing its greenhouse gas emission reduction target from 21% to 41% (695 Mt CO2 eq) by 2030. Türkiye's commitment in this direction can primarily be achieved through companies reducing their own emissions. Although new regulations and the Climate Law will impose some obligations on companies to meet these targets, companies need to take proactive action on these issues concerning the future of our planet. In this way, instead of a hard-landing involving high costs and risks, a soft-landing with minimal risk can be achieved. SML Seamless has embarked on its path of sustainability transformation with this perspective.

Türkiye's Long-term Climate Strategy is based on a low-emission and climate-resilient development approach in line with the 2053 net-zero emissions target. [Türkiye's Climate Change Mitigation Strategy and Action Plan](#) (2024-2030) includes seven key mitigation sectors: energy, industry, buildings, transportation, agriculture, waste, and LULUCF (Land Use, Land Use Change, and Forestry), as well as two horizontally intersecting areas: just transition and carbon pricing mechanisms. The [Green Deal Action Plan](#) is considered one of the fundamental tools in determining our strategies. Our national strategies also include voluntary compliance with the TSRS, published under the authority granted to the Public Oversight Board ([Kamu Gözetimi Kurumu](#)) by the Turkish Commercial Code. This report also contributes to this strategy.

In terms of sectoral/industry-based strategies, the [Textile Sector Sustainability Action Plan](#) developed by the Turkish Exporters' Council (TİM) is taken into consideration. Furthermore, the [EU Strategy for Sustainable and Circular Textiles](#), within the framework of the EU Green Deal, is one of the key strategic pillars considered in our industry-based strategies. In this context, the [Ecodesign for Sustainable Products Regulation](#) (ESPR), one of the EU regulations, entered into force on July 18, 2024, marks a new era. The Ecodesign for Sustainable Products Regulation introduces a "[Digital Product Passport](#) (DPP)" for textile products, containing information on sustainability performance, environmental footprint, and product recycling. Our company has decided to initiate a project to comply with the requirements of the Ecodesign for Sustainable Products Regulation's digital product passport starting in early 2026. Thus, compliance with the legislation and expectations is planned as soon as the legislation comes into force for the textile industry. An important approach considered by our company is [Extended Producer Responsibility](#) (EPR). On the other hand, given that [numerous other EU regulations](#) related to sustainability and sustainable textiles will also affect companies operating in Türkiye, EU regulations are closely monitored both in a sectoral context and in the context of regional strategies.

The Fundamental Basis of Our Strategies and Decision-making Processes

SML Seamless strategies take all the relevant elements into account in terms of business model, value chain, and decision-making processes. Since sustainability risks and opportunities are fundamentally global issues, the four policy pillars mentioned above, the risks and opportunities underlying them, and the risks and opportunities identified as significant for our company are integrated into both our risk management and general management processes. In this context, our company's dedicated department works full-time on this matter, supporting decision-making processes with weekly updates.

Our company is operating with a strategy of transforming its current actions into a positive cycle that can self-finance through investments. This includes transitioning to renewable energy, increasing production technology with green-labeled machines and expanding digitalization, managing sustainability and climate risks proactively to minimize them, increasing access to low-cost sustainable financial resources, and turning the changing customer profile into an opportunity. In this context;

- Managing sustainability risks and opportunities through a proactive approach,
- The fact that sustainability awareness at the senior management level is reflected throughout the entire company with strong messages,
- The fact that strategic investments have been made that can positively impact financial performance,
- The fact that, in addition to having a dedicated department established within the company, sustainability consulting services are also being obtained from external sources,
- The fact that the integration of digitalization into both production technology and governance and reporting processes has resulted in timely and robust decision-making processes,
- The timely implementation of transition plans through a proactive approach,
- Carrying out the reporting activities throughout the year under scientific principles

enable us to progress toward better sustainability, risk management, and sound decision-making.

These features provide our company with a predictable transition plan and demonstrates that achieving the defined goals is realistic and achievable. Within this framework, the subheadings in this main section collectively contain detailed analysis and information regarding strategy and decision-making.

TSRS Compliance Check	
TSRS 1, Relevant Paragraphs	TSRS 2, Relevant Paragraphs
29, 29, 33	8, 9, 14

Sustainability and Climate-related Risks and Opportunities

Our company defines the short term as a two-year period, the medium term as a two- to five-year period, and the long term as a period longer than five years in the context of sustainability factors and policies, including climate risks and opportunities.

In risk and opportunity analyses, our interactions with stakeholders, society, the economy, and the natural environment throughout the value chain have been considered. The identification of significant risks and opportunities utilized the SASB Standards for Apparel, Accessories & Footwear, and the TSRS 2 Industry-specific Guidance – Guidance for Apparel, Accessories & Footwear.



Table 1: Risk Analysis				
Sustainability and Climate-related Risks	Our Strategy against Risks	Impact on our 2024-2025 Financials	Risks and Trade-offs in the Short, Medium, and Long Term	Potential Impact on our Financials in the Short, Medium, and Long Term (Depending on Strategy Implementation)
Conventional Energy Use / Greenhouse Gas Emissions (Transition Risk)	Renewable energy transition and energy efficiency investments. Emission reduction practices.	The amount invested in solar power plants in 2024: USD 364,000 (1% of turnover).	Increasing the use of renewable energy sources to mitigate the potential for rising carbon prices would result in a net reduction in risks, short- to medium-term cash outflows, and significant long-term savings in energy costs.	Investment-related cash outflows in the short and medium terms, in return, strong cash inflows and cost cutting in the medium and long term.
Adaptation to Climate Change (Transition Risk)	Establishing a new department (ESD) across the company and integrating risks into overall risk management. Increasing sustainability interactions with upstreams and downstreams in the value chain and deploying awareness-raising communication tools.	Our spending on sustainability-related initiatives, including climate change, is under 5% of our revenue for both 2024 and 2025.	Positive effects in the short, medium and long term in relation to human resources costs.	Net positive effects in the short, medium, and long term.
Water Stress (Physical Risk)	Currently, the rainwater collected in our facility's rainwater harvesting channels is passed through carbon filters before being used in the facility's reservoirs. We are researching and developing new methods, technologies, and products that will reduce water usage in this way.	As-usual effects.	In the short term, there are manageable risks; in the medium and long terms, investment requirements to reduce water stress.	In the short term, potential impacts are below the materiality threshold; in the medium term, there may be financing needs or cash outflows due to the investment, increased costs; and in the long term, the positive impact of positive externalities from the industry (increased technology and innovation), however, measurement uncertainty on financials in the long term due to multiple factors.

Sustainability and Climate-related Risks and Opportunities

Table 1: Risk Analysis (continued)				
Sustainability and Climate-related Risks	Our Strategy against Risks	Impact on our 2024-2025 Financials	Risks and Trade-offs in the Short, Medium, and Long Term	Potential Impact on our Financials in the Short, Medium, and Long Term (Depending on Strategy Implementation)
Raw Materials, Chemicals and Microplastics (SASB: Management of Chemicals in Products) (Transition Risk)	Reducing the risks arising from the use of raw materials in terms of recycling and the chemicals they contain through the use of materials such as organic cotton, recyclable and recycled polyester. Currently, no harmful chemicals are used, and all chemicals used in the printing and dyeing processes of our products are OEKO-TEX certified. None of the chemicals used fall into the ZDHC (Zero Discharge of Hazardous Chemicals) category of harmful and prohibited chemicals.	As-usual effects.	Since no harmful chemicals are used, no risk is perceived. A transition to products with high recycling rates based on the raw materials used is planned. It is anticipated that these products will further reduce product-related risks within the sustainable product category.	While the transition to sustainable products is expected to result in initial investment costs and cash outflows in the short term, a net increase in cash inflows and an improvement in financial capacity and performance are expected in the medium and long term.
Raw Material Supply (SASB: Raw Materials Sourcing / TSRS 2 - Industry-based Guidance) (Transition Risk and Physical Risk)	Suppliers who prioritize sustainability in raw material procurement and can provide the necessary data will be preferred. Furthermore, suppliers in areas with low physical risk will be prioritized over those in risky regions, aiming to reduce both transition risks and the impact of physical risks on raw material supply.	As-usual effects.	In terms of raw material procurement, it is predicted that, on the one hand, the use of different raw materials and a shift from risky to relatively less risky sources will lead to transition risks, as well as physical risks related to climate change, which may become influential in the medium term.	While a low impact on financials is expected in the short term, a net positive impact is anticipated in the medium term due to increased sales of sustainable products offsetting cash outflows related to production with sustainable raw materials. Measurement uncertainty exists regarding the net effects in the long term.

Sustainability and Climate-related Risks and Opportunities

Table 1: Risk Analysis (continued)				
Sustainability and Climate-related Risks	Our Strategy against Risks	Impact on our 2024-2025 Financials	Risks and Trade-offs in the Short, Medium, and Long Term	Potential Impact on our Financials in the Short, Medium, and Long Term (Depending on Strategy Implementation)
Production and Waste Management for the Circular Economy (Transition Risk)	Focusing on the product lifecycle from the design phase onwards, and developing and producing products suitable for the circular economy, are the core of our current strategies. Effective waste management, waste reduction, and production aimed at lowering post-consumer waste rates are implemented and are being further developed. The implementation of a Digital Product Passport under the EU reforms is planned.	As-usual production costs.	The risks are gradually decreasing. It is anticipated that our efforts towards meeting the EU's expectations regarding the Eco-design and Digital Product Passport will significantly reduce our risks in the medium and long term.	While there may be short-term cash outflows due to work on innovative solutions in products and production, net positive effects are expected in the medium and long term.
Value Chain (SASB: Supply Chain) (Transition Risk and Physical Risk)	Scope 3 involves reducing emissions and raising awareness throughout the upstream and downstream value chains. Plans include conducting studies on alternative suppliers in the value chain and developing new production approaches that reduce waste generated by the end consumer. Currently, registrations have been created for the Higg FEM, Higg FSLM, and Higg FDM modules, and data entries have been made. On the other hand, FEM and FSLM verifications will be completed.	As-usual effects.	The risks are gradually decreasing.	Increasing positive effects are expected.
Labor Turnover Rate (Transition Risk)	We plan to develop inclusive human resources practices to increase motivation and a better sense of belonging, and to ensure technological transformation in labor-intensive operations.	As-usual effects.	The risks are gradually decreasing. Investments in technological solutions and training activities are expected to reduce these risks.	Net positive effects are expected across all terms.
Other Physical Risks (Acute and Chronic)	Our company provides comprehensive insurance coverage to protect the facilities, for example, against damage to solar power plants from hail. This approach will continue.	As-usual effects.	The risks have been minimized.	There is no risk of a significant impact on the financials.

Sustainability and Climate-related Risks and Opportunities

According to the [European Energy Agency](#), the textile industry is the third largest consumer industry in Europe in terms of water and land use, and the fifth largest in terms of raw material use and greenhouse gas emissions. Even in Europe, the textile sector ranks fourth on average in terms of negative impact on [the environment and climate change](#), after food, housing, and transport. Therefore, the climate and environmental contributions of any efforts towards production and consumption in line with the circular economy are clear. In this context, SML Seamless will continue to design highly durable products and strengthen its existing strategies for developing suitable products for recycling.

One of the areas that the circular economy should focus on in the textile industry is textile waste generated after consumer use. [According to a study](#), 82% of textile waste is generated after consumption, while the remaining amount is related to unsold products from production. Our company is planning projects that will provide fundamental solutions in this regard.

It should be noted that the risks identified by our company are not unique to us; these risks are general risks of the textile industry and also related to our company. However, we anticipate that the proactive efforts undertaken by our company will mitigate the potential impact of industry-related risks on our company. In this context, while our company is working to minimize risks for itself, it is also planning to maximize the benefits from opportunities in the shortest possible time. The table below summarizes the sustainability opportunities for our company.

Table 2: Opportunities Analysis			
Sustainability and Climate-related Opportunities	Opportunity-oriented Strategy	Opportunities and Trade-offs in the Short, Medium, and Long Term	Potential Impact on Financials in the Short, Medium, and Long Term
Voluntary and Proactive Actions	Timely monitoring of global, regional, and national trends and taking action before legislative requirements arise, and integrating these actions into governance.	Significant opportunities are expected to materialize across all timeframes. In this context, there will be a transformation towards sustainability across the company, involving multiple trade-offs.	A relatively low potential impact is expected in the short term, but positive effects with a high probability (more than 75%) are anticipated in the medium and long term.
Export-oriented Business Model	Increasing sustainability visibility in the export markets and entering new markets through sustainability channels. Preparing and publishing sustainability reports according to internationally recognized standards such as TSRS and GRI.	The key to significantly increasing market share, particularly in the EU region, is capacity expansion, but this capacity expansion will be accompanied by increased energy consumption.	In the medium to long term, this results in net positive cash flow, improved financial performance, and increased access to relatively low-cost and sustainable financing.
Product Category	Highlighting the health and, consequently, sustainability aspects of sportswear.	Positive effects across all maturity periods.	Positive effects on financials, especially in the medium and long term.
Potential in the EU Region	Greater compliance with increasing sustainability policies in the EU and increasing market share in the EU region.	The new standards, which are expected to come into effect in 2026 and 2027 in particular, are anticipated to have significant impacts in the medium and long term.	Positive effects on financials, especially in the medium and long term.
Consumer Trends	Developing sustainable products based on consumer trends, thereby creating sales opportunities based on premium pricing (sustainability premium).	The increasing and expected further demand for sustainable products, and the shift in consumer behavior towards them, present growing opportunities across all timeframes.	Positive effects on financials, especially in the medium and long term.

Sustainability and Climate-related Risks and Opportunities

Table 2: Opportunities Analysis (continued)			
Sustainability and Climate-related Opportunities	Opportunity-oriented Strategy	Opportunities and Trade-offs in the Short, Medium, and Long Term	Potential Impact on Financials in the Short, Medium, and Long Term
Renewable Energy Transition	The share of renewable energy will be gradually increased, and the necessary investments will be made as a priority.	Reducing our greenhouse gas emissions, lowering our energy costs, and protecting ourselves from the expected medium-term increases in carbon prices in Türkiye are seen as significant opportunities.	Positive effects on financials, especially in the medium and long term.
Sustainable Finance	When needed, deploy low-cost sustainable finance products and services in return for increasing the corporate sustainability level.	Both various sustainable finance products, such as green bonds, and more favorable sustainable finance options are powerful opportunities in connection with our sustainability transformation.	Positive effects on financials, especially in the medium and long term.
Female Employee Density	The possibility of developing strong social policies.	With the development of social factors, there are significant opportunities in terms of the S factors of ESG (Economic, Social and Governance factors).	Positive effects on financials, especially in the medium and long term.
Creating a Better Qualified Workforce	Sustainable policies have the potential to increase the ability to attract and retain qualified human resources and reduce employee turnover rates.	Despite expectations of increased personnel costs in the short term, investments in human resources are expected to generate new value for the company in the medium and long term, creating positive externalities for society and the industry.	Positive effects on financials, especially in the medium and long term.
Positive Externalities and Network Externalities	Innovative solutions to fundamental problems encountered in the textile industry, such as production technologies to reduce water stress, digital solutions, and artificial intelligence-based technologies, are expected to develop over time, originating from industry firms or related research and development activities. Our company is pursuing a strategy of quickly adapting to these developments.	Advances in textile production machinery technology and innovative solutions in raw materials worldwide present significant transformation opportunities.	Although these opportunities may result in short-term cost increases or cash outflows due to their high initial investment costs, they are expected to have a positive impact on financials in the medium and long term.
Effects of Legislation Worldwide and Particularly Originating from the EU	Legislative pressures related to sustainability, including climate change, are having an impact on the value chain. In particular, EU-originated legislative pressure is increasing positive externalities and reducing negative externalities. Our company views these regulatory impacts as a driving opportunity within its strategies and plans to highlight these issues in communication with value chain stakeholders.	Adapting to changes in the value chain opens the door to costs and new risks, but is expected to have significant positive effects on strengthening our company's sustainability capacity in the medium and long term.	Due to the multiple interactions involved, it is not possible to give a specific percentage. However, the value chain impact is estimated to be positive and significant in the medium and long term. The probability of this opportunity is estimated to be higher than 50%.

Sustainability and Climate-related Risks and Opportunities

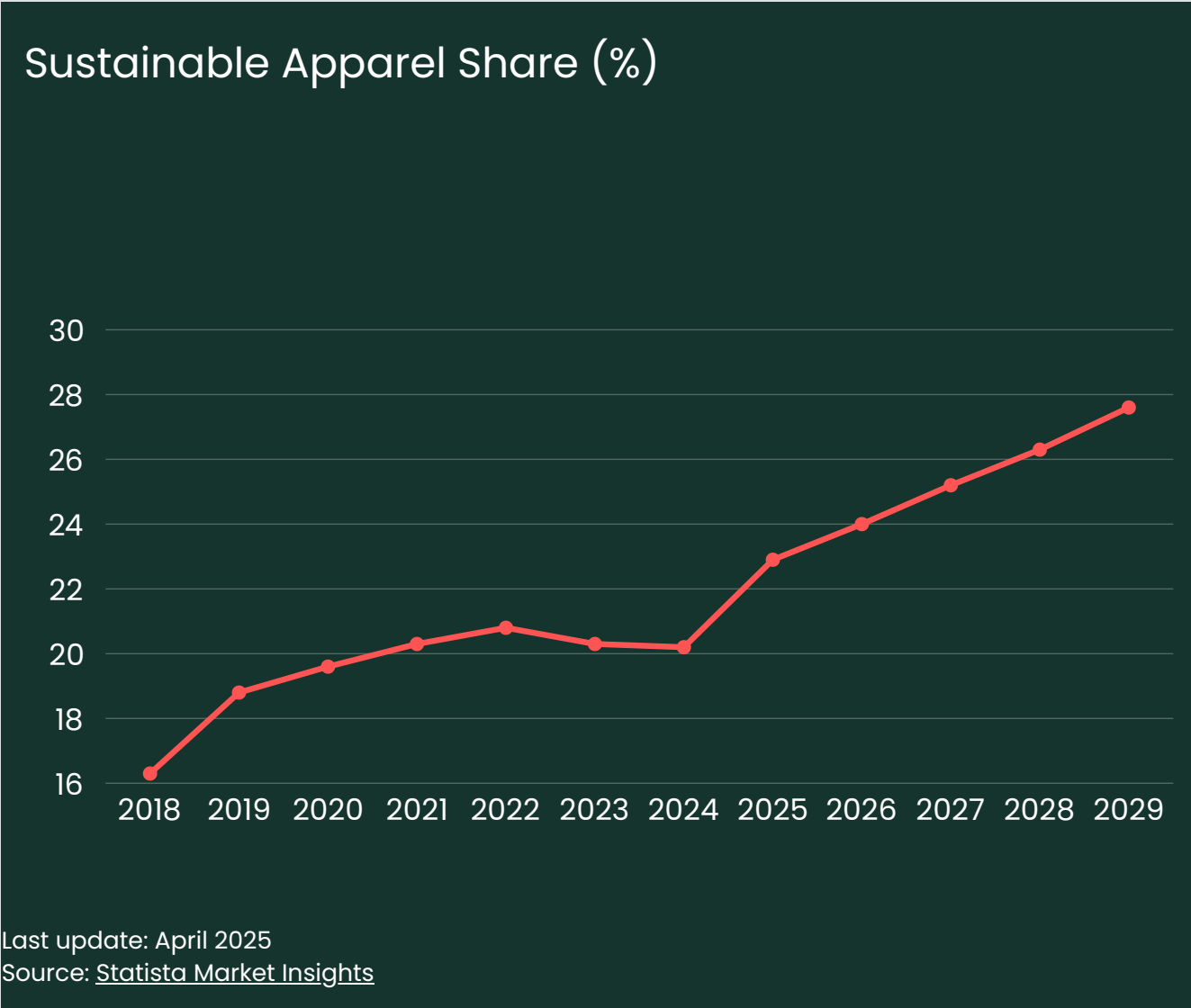
Our company's proactive and voluntary sustainability transformation practices have a scope that can positively impact every aspect and possess high potential for influence. New trends in the textile industry point towards sustainability. Numerous studies, with corroborating and strong evidence, show that consumers place significant importance on sustainable textile products. For example, [a market research on the apparel industry](#) indicates that 57% of consumers prioritize sustainable and environmentally friendly products in 2024. Sustainable textiles are among the top [trends in the textile industry](#). Another [study on consumer trends](#) reveals that 80% of the new generation of consumers prioritize sustainable products. Even more significant data in this context shows that consumers are willing to pay up to 10% more for sustainable textile products, a kind of "[sustainability premium](#)." According to data provided by [Statista](#), the trend towards sustainable apparel products is steadily increasing in Europe.

As an analysis of industry trends ([McKinsey, The State of Fashion 2025](#)) indicates, the climate crisis is not only a significant issue in the textile industry's supply chain but also a factor influencing consumer behavior. Changing consumer priorities [present significant opportunities](#) for textile companies. This industry analysis concludes that textile companies that approach sustainability issues with a long-term perspective and overcome short-term cost and turbulent period problems will gain a significant competitive advantage.

Essentially, when risks are identified and managed effectively in a timely manner, they can transform into opportunities. For example, failing to take steps to adapt to climate change will expose the entire company to unmanaged risks. However, by taking timely and necessary steps to adapt to climate change through a proactive approach, these risks are minimized, and the opportunity to capitalize on them arises. Therefore, risks and opportunities are not unrelated. On the other hand, issues of whether and to what extent risks and opportunities are integrated into governance are important. SML Seamless is working to identify risks and opportunities in a timely manner and take the necessary steps, and plans to further expand the scope of these efforts as a key area within its strategies.

Due to multiple uncertainties, the impact on financials cannot be presented on a financial statement or item-by-item basis. However, a holistic and combined assessment estimates that, for SML Seamless, assuming other factors and influences remain constant, the impacts of anticipated opportunities in the context of sustainability factors, including climate, on its current financial strength and performance are expected to be as shown in the table below.

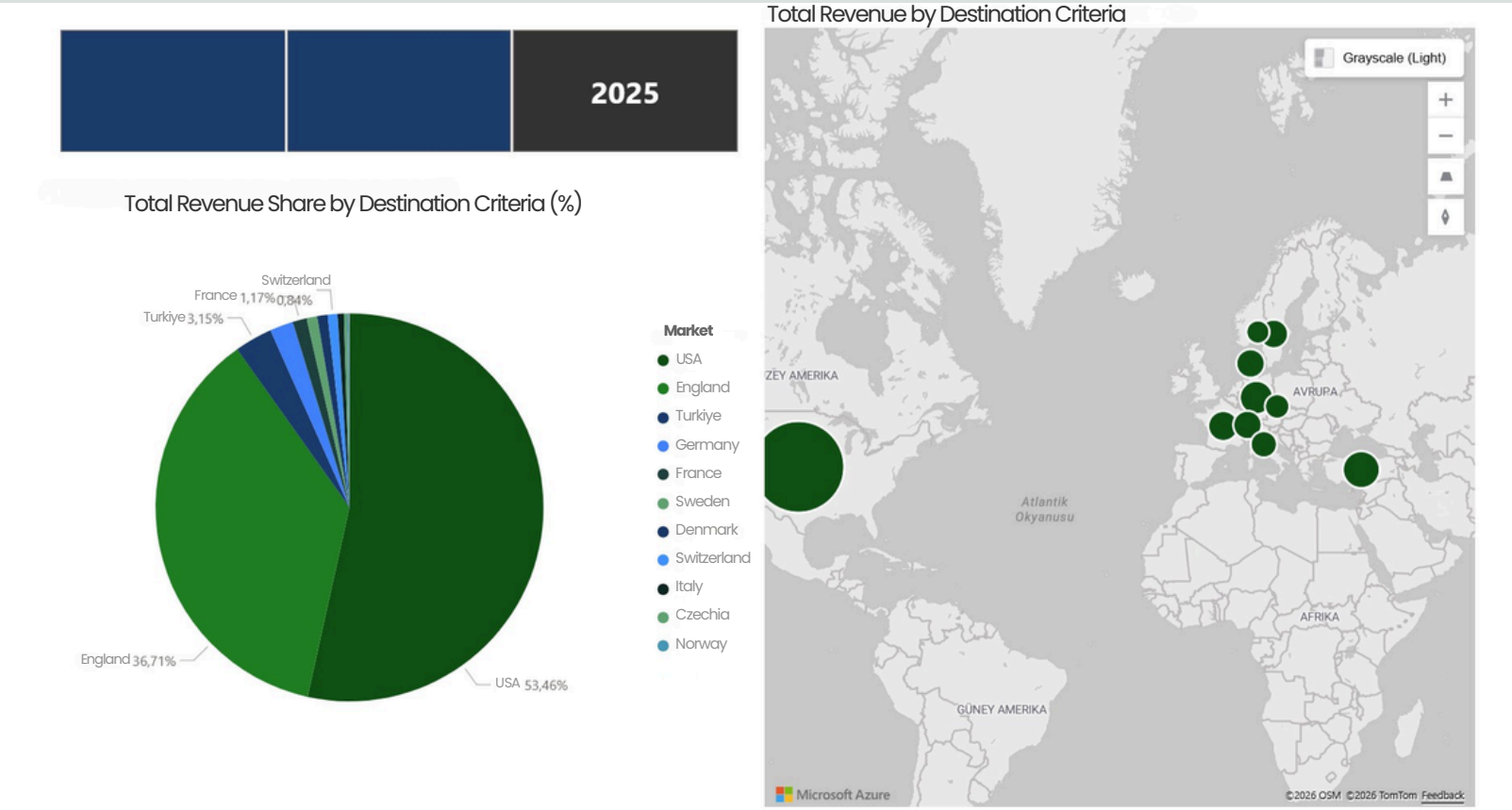
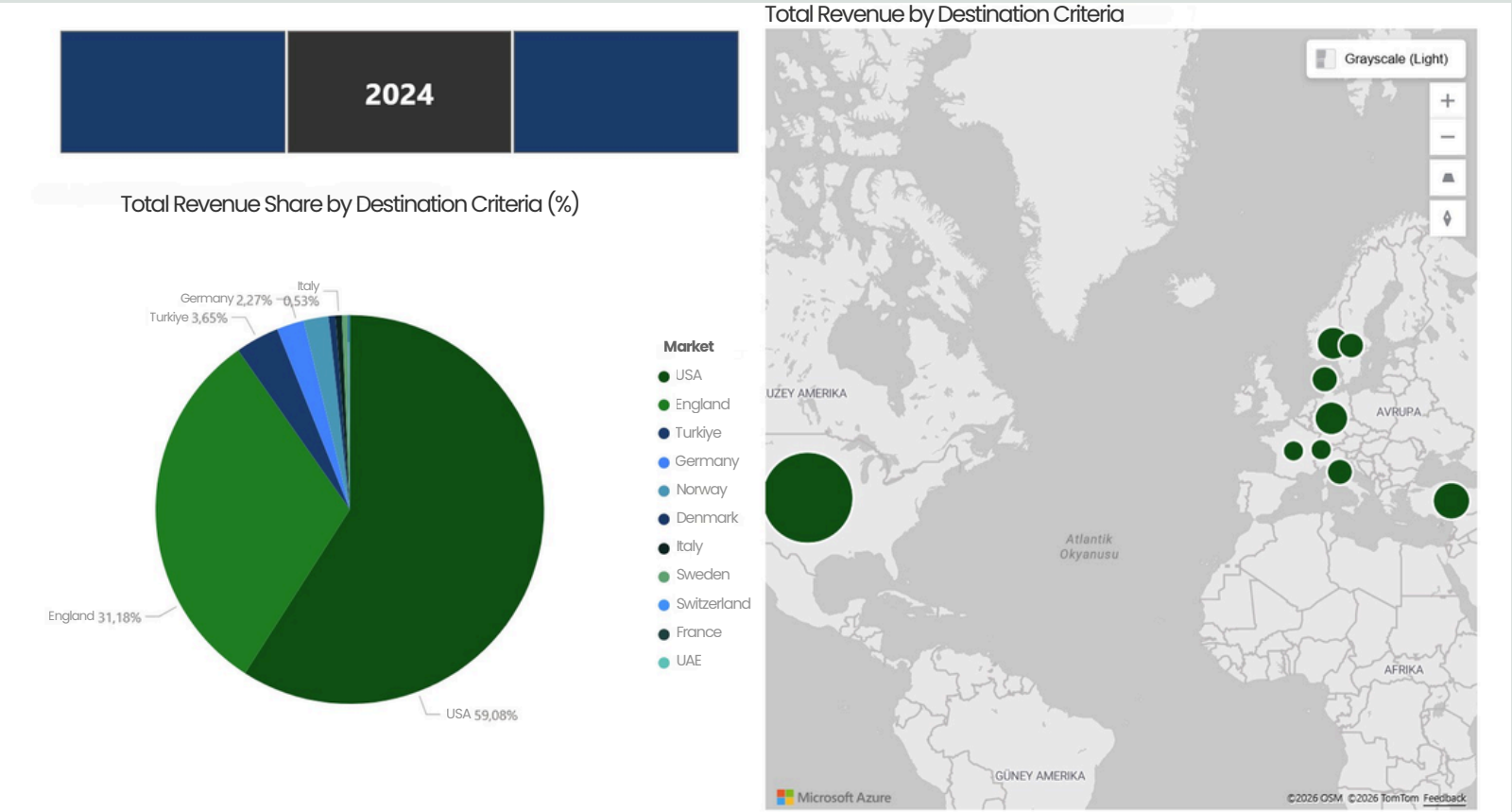
	Short-term	Mid-term	Long-term
Optimistic Scenario	Below the Materiality Threshold	15% Increase	35% Increase
Moderate Scenario	Below the Materiality Threshold	10% Increase	20% Increase
Pessimistic Scenario	5% Decrease	Measurement Uncertainty	Measurement Uncertainty



TSRS Compliance Check	
TSRS 1, Relevant Paragraphs	TSRS 2, Relevant Paragraphs
30, 31	10, 11, 12

Business Model and Value Chain

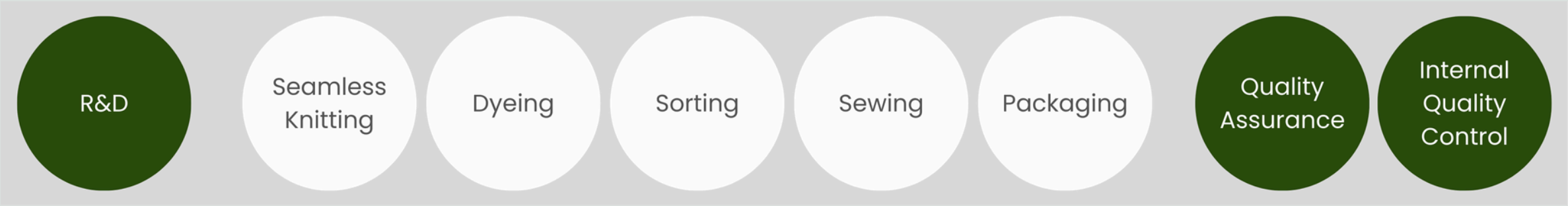
SML Seamless has a business model based primarily on the production and export of sportswear. The image below shows the percentage distribution of total sales according to destination.



For SML Seamless, we see a significant opportunity, and with the increase in sustainability levels, we expect our sales in the European Economic Area and EU member states as we transform towards more sustainability.

On the other hand, the processes that are fundamentally applicable in the textile industry also apply to our company in the production of sports products. The image below shows the processes in our business model, from R&D to quality control.

The fact that the products manufactured are primarily sports products is seen as an advantage in itself in terms of supporting healthy living, and as a significant opportunity in terms of consumer behavior, showing a trend towards sustainable products.



Business Model and Value Chain

As of the reporting period, no significant impact on financials has occurred in terms of business model and value chain. However, in the medium and long term, our business model, along with our sustainability transformation policies, is expected to strongly enhance our financial adequacy and performance, including increased turnover and stronger cash flow, proportional market diversification, increased net profit, and access to cost-effective sustainable financial resources.

As is known, our industry has the highest rate of female employment in the manufacturing industry, with 41%. In our company, this rate is 70%. The fact that women are predominantly employed in blue-collar jobs in the textile industry is seen as an important sustainability element in our company's business model in terms of women's inclusion in working life in Türkiye and social factors.

In summary, the goal is to transform the existing business model into a sustainable one, encompassing all stages and stakeholders. ESD, under the leadership of the company's senior management, will manage this transformation process. The business model has been updated to allocate capital to areas such as renewable energy investments, energy efficiency projects, and waste management improvements in response to climate risks and opportunities. Increased investment in these areas is anticipated in the future.

Within the value chain, it is anticipated that challenges will arise, particularly in managing Scope 3 emissions, due to the predominant sourcing of raw materials used in upstream chains (for 2024: 46% nylon, 26% elastane, 10% wool, 16% polyester, 1.75% regenerated cellulosic fiber, 0.25% other; for 2025: 58% nylon, 19% elastane, 8.5% polyester, 8% regenerated cellulosic fiber, 6% wool, 0.5% other) from Chinese markets. However, given China's announcement of a net-zero target for 2060, the establishment of the world's largest carbon market in 2021, and its consideration of sustainability transformation as an economic policy, this risk is not considered uncontrollable. On the other hand, research and data show increasing interest in sustainable products in the US, our most important export market, in market and consumer behavior.

In our own operations, the implementation and plans to transition to production methods that are both cost-efficient and waste-free in the short, medium, and long term, thanks to renewed production equipment and technologies and digitally supported production methods, provide our company with controllable advantages.

Our company regularly measures and reports environmental performance indicators such as energy efficiency, reduction of greenhouse gas emissions, waste management, and monitoring of chemical use. Production is carried out using a solar power plant, which is part of our low-carbon production strategy. Hazardous and non-hazardous wastes are registered in accordance with legal codes, and disposal processes are monitored. Chemical stock management helps to identify risks to the environment and employee health in advance, thus keeping environmental and social risks under control. These strategies are systematically implemented to identify climate-related physical and transition risks and to assess opportunities, as asked in TSRS 2.

Business Model and Value Chain

Furthermore, our company possesses the necessary certificates and documents that align with our business model. These certificates and documents are given below.



The Meaning and Functions of Our Certificates

SEDEX (Supplier Ethical Data Exchange) is not actually a certification, but rather an ethical platform. It helps companies in the supply chain, including the textile industry, to transparently demonstrate their working conditions, worker rights, and ethical practices.

LEED certification (Leadership in Energy and Environmental Design) is a green building certification for buildings. In the textile industry, it is generally obtained for factories, production facilities, and offices. LEED is an international certification that proves that textile factories have environmentally friendly and sustainable buildings.

LEED certification levels, in short and easy to understand:

- LEED Certified (40–49 points): A facility that meets basic environmental building criteria.
- LEED Silver (50–59 points): Facilities that demonstrate more advanced practices in energy, water, and environmental management.
- LEED Gold (60–79 points): An environmentally friendly and efficient facility that meets high sustainability standards.
- LEED Platinum (80+ points): The highest level. A facility with the most advanced environmental, energy efficiency and sustainability practices.

Our facility has LEED Gold certification.

HIGG INDEX is a sustainability measurement tool used in the textile industry. The goal is to transparently measure and improve a factory's or brand's impact on the environment and its employees.

OEKO-TEX Standard 100 is one of the most widely used product safety certifications in the textile industry. If a fabric, yarn, button, zipper, or ready-made garment has an OEKO-TEX 100 certificate, it means that the product does not contain chemicals harmful to human health and can be used safely. Under this certification, products are tested in international laboratories for azo dyes, heavy metals, formaldehyde, and similar harmful chemical residues. This proves that the product is safe for consumers of all ages, from babies to adults. In the textile industry, brands can use this certificate to transparently demonstrate to their customers that their products are free of harmful substances, while factories gain significant credibility, especially in export and production for international brands. In short, OEKO-TEX 100 is an international standard that guarantees textile products are skin-friendly, harmless to health, and reliable.

The Global Recycled Standard (GRS) is an international certification that documents that the recycled materials used in products are truly recycled and that this has been verified throughout the entire supply chain.

The Organic Content Standard (OCS) is an international standard that verifies that a product contains a specific percentage of organic raw materials (e.g., organic cotton) and that this content is traceable throughout the supply chain.

Business Model and Value Chain

Furthermore, our company aims to obtain ISO 50001 Energy Management System and ISO 46001 Water Efficiency Management System certifications by 2026. To achieve this goal, our company has started using Carbon Ninja software, an online platform designed to measure and reduce energy consumption and carbon emissions. This software offers advantages such as identifying energy efficiency potentials and opportunities, generating reports compliant with ISO energy management standards, tracking sustainability target, facilitating internal team collaboration, and monitoring performance. We also aim to obtain the globally significant BlueSign certification by 2026.

In the downstream value chain, there are significant opportunities alongside substantial risks, and the potential impact of these opportunities is expected to have a positive net effect. In this context, the risks stemming from our significant sales to the US markets and the prevalence of uncertain policies (frequent re-imposition of taxes and tariffs) in this economic region, despite the lack of clearly supportive sustainability policies, are seen as market risks rather than environmental or social sustainability risks. Conversely, the shift in consumer behavior towards sustainable products in the US markets is seen as an opportunity for our company. In the medium to long term, we anticipate that risks will diminish while opportunities strengthen, leading to increased market share and sales and revenue in the US markets. Furthermore, our sustainability transformation is expected to significantly increase our market share in the European Union. Changes in consumer behavior, alongside sustainability reforms, reinforce our predictions for realizing opportunities in the EU market. In summary, our strategies, considering both risks and opportunities, are reshaping our business model while also taking the future of the value chain into account.

TSRS Compliance Check	
TSRS 1, Relevant Paragraphs	TSRS 2, Relevant Paragraphs
32	13

Financial Position, Financial Performance, and Cash Flows in Connection with Risks and Opportunities

Our company's balance sheet, income statement (profit and loss statement), and cash flow statement are linked to this report. Sustainability risks and opportunities, including the ones related to climate change, identified within the context of our strategy, and their potential impact on financials—that is, financial statements, financial position, financial performance, and cash flows—are presented in the Risks Analysis (Table 1) and Opportunities Analysis (Table 2). However, since providing specific figures in these estimates is not possible for these reporting periods and not convenient for report users, risks and opportunities are presented in their potential future impact levels and directions (TSRS 1, 36–40 and TSRS 2, 17–21).

In the materiality analysis, probabilities are presented as ranges through the representation of risks and opportunities using a risk and opportunity matrix. The fundamental rationale for this approach is the qualitative characteristics of useful financial information as defined in TSRS 1 Appendix D, and especially the fair presentation rule, and the justifications stated in TSRS 1 Paragraphs 38 and 40 and TSRS 2 Paragraphs 19 and 21. At this stage, it is considered that linking risks and opportunities, which are subject to multiple factors and spread over different periods, or even subject to uncertainty, to specific numerical amounts would not be compatible with the fair presentation rule, would not be useful, and would even convey the risk of misleading report users. However, it is thought that it will be possible to provide more specific ratios and amounts if stronger and clearer data emerges over time.

The table below is a financially focused version of the Risks Analysis (Table 1) and Opportunities Analysis (Table 2) tables above and serves as a supplement.

Table 3: Financial Impact Analysis				
	Impacts Realized – 2024 and 2025	Risks – Anticipated and Potential Impacts	Opportunities – Anticipated and Potential Impacts	Combined and Net Potential Impacts of Risks and Opportunities in the Short, Medium, and Long Term
Financial Situation	The realized impacts of significant risks and opportunities during the reporting years are below the materiality threshold (however, these risks and opportunities have the potential for material impact in the medium and long term).	There is no risk that could significantly impact the financial situation in the short term. In the medium and long term, risks will be brought under control, and only water stress is expected to have a debilitating effect.	It is anticipated that the opportunities will not have a significant impact in the short term, but will significantly and substantially strengthen the financial situation in the medium and long term.	Potential effects are expected to be below the threshold of significance in the short term, but significant positive effects are anticipated in the medium and long term.
Financial Performance	Below the materiality threshold.	There are no significant risks that could have a major impact in the short term. In the medium and long term, risks will be brought under control, and only water stress is expected to have a debilitating effect.	It is anticipated that the opportunities will not have a significant impact in the short term, but will significantly and substantially strengthen financial performance in the medium and long term.	Potential effects are expected to be below the threshold of significance in the short term, but significant positive effects are anticipated in the medium and long term.

Financial Position, Financial Performance, and Cash Flows in Connection with Risks and Opportunities

Table 3: Financial Impact Analysis (continued)				
	Impacts Realized – 2024 and 2025	Risks – Anticipated and Potential Impacts	Opportunities – Anticipated and Potential Impacts	Combined and Net Potential Impacts of Risks and Opportunities in the Short, Medium, and Long Term
Cash Flow	Below the materiality threshold.	There are no significant risks that could have a major impact in the short term. In the medium and long term, risks will be brought under control, and only water stress is expected to have a debilitating effect.	It is anticipated that the opportunities will not have a significant impact in the short term, but will significantly and substantially strengthen cash flow in the medium and long term.	Potential effects are expected to be below the threshold of significance in the short term, but significant positive effects are anticipated in the medium and long term.
Cost of Capital (from the company's perspective)	Below the materiality threshold.	There is no risk that could have a significant impact in the short term. Since risks will be brought under control in the medium and long term, no significant weakening effect on the cost of capital is anticipated.	It is anticipated that the opportunities will not have a significant impact in the short term, but will yield substantial advantages in terms of capital cost in the medium and long term.	Potential effects are expected to be below the threshold of significance in the short term, but significant positive effects are anticipated in the medium and long term.
Access to Finance Opportunities	Below the materiality threshold.	There is no risk that could have a significant impact in the short term. Since risks will be brought under control in the medium and long term, no significant impact that would weaken access to finance is foreseen.	While no significant impact is expected in the short term, it is anticipated that our access to financing will be significantly strengthened in the medium and long term.	In the short term, it is below the threshold of significance, but in the medium and long term, it has significant positive effects.
Risks and Opportunities Requiring a Significant Adjustment to the Book Value of Assets and Liabilities in the Next Reporting Period	Below the materiality threshold.	Below the materiality threshold.	Below the materiality threshold.	Below the materiality threshold.

Financial Position, Financial Performance, and Cash Flows in Connection with Risks and Opportunities

Table 3: Financial Impact Analysis (continued)				
	Impacts Realized – 2024 and 2025	Risks – Anticipated and Potential Impacts	Opportunities – Anticipated and Potential Impacts	Combined and Net Potential Impacts of Risks and Opportunities in the Short, Medium, and Long Term
Relevant Financing Sources	Our company's resources include internal sources, conventional financial sources, and sustainable financial sources. Energy efficiency incentives and environmental investment incentives are also among our sources of funding.	No risks are foreseen regarding our company's financing sources.	Our company anticipates a significant increase and diversification in its potential sources of financing.	Diversification of financing sources and strengthening of access to sources are expected.
Strategic Investment and Divestment Practices and Plans	The investment made in solar power in 2024 was USD 364,000 (1% of turnover). Solar power generation reduced energy costs and positively impacted financial performance.	The need to renew existing technological infrastructure when technological advancements render current technology economically obsolete.	Investing in new technologies offers opportunities to increase efficiency and reduce costs.	Clearly positive effects are expected in the medium and long term.

Sustainability and climate risks/opportunities have been integrated into strategic planning and budgeting processes. Our efforts and practices in this direction are expected to increase investments in the short term, while positively impacting financial status and performance in the medium and long term through energy savings, increased efficiency, and legal compliance. Sustainability opportunities such as energy efficiency and emission reduction may initially require high investment costs. While this may create financial pressure in the short term, it provides cost advantages and environmental benefits in the long term. Such transitions and trade-offs have been evaluated.

Our company plans to utilize internal sources, green investment incentives, energy efficiency support, and sustainable financing tools to implement its strategies. The increasing financial capabilities and sources will support investment needs in the short term and transformation goals in the medium and long term.

TSRS Compliance Check	
TSRS 1, Relevant Paragraphs	TSRS 2, Relevant Paragraphs
34-40	15-21

Scenario Analysis, Climate Resilience, and Climate Transition Plans

Our company conducted a scenario analysis to determine its climate resilience and assess its exposure to climate-related risks and opportunities. The analyses were integrated into our strategy, business model, and governance, ultimately evaluating the connections between climate resilience and financials based on the scenario analysis results. This scenario analysis is linked to the explanations in our Risks Analysis and Opportunities Analysis tables.

Our scenario analysis uses climate-related scenarios aligned with the most current international agreement on climate change. Considering the targets set out in the [Paris Agreement](#), our scenario analysis includes different scenarios where these targets are met and where they are not.

Our scenario analysis takes into account national policies and practices in mitigating climate change. In this context, the scenario analysis considers the [National Contribution Statement](#) (NDC), which includes Türkiye's commitment to reduce greenhouse gas emissions by 41% by 2030, and the Climate Law, which was published and entered into force in July 2025. The Directorate of Climate Change is one of the key actors in climate policy work in Turkey and carries out the relevant work in this way. [Türkiye's Long-term Climate Strategy](#), prepared in coordination with the Ministry of Environment, Urbanization and Climate Change and the Directorate of the Republic of Türkiye's Strategy and Budget, reflects the current situation in a broad perspective, including Türkiye's climate policies and economic outlook.

Our company has the capacity to adapt its strategy and business model to different scenarios in the short, medium, and long term. SML Seamless has not experienced any significant impact on its financial resilience in terms of sustainability risks or physical or transition risks in 2024 and 2025. Our company is acting with a newly established Energy and Sustainability Department and a sustainability transformation perspective, including this TSRS report, to maximize climate resilience through proactive policies.

While our climate scenario analyses utilize a globally applicable approach to assess climate resilience based on the big picture of risks and opportunities, we have also considered data specific to Türkiye, particularly regarding water stress, since our production facility is located in Türkiye.

The scenario analysis models, techniques, and details were selected to reflect the climate risks and opportunities identified by our company. This report marks the first scenario analysis conducted by our company to assess climate resilience, and it will be reviewed annually based on updated data. In addition to in-house expertise, external consulting was utilized in the scenario analysis.

In the scenario analysis, external data, reports, and information were primarily used in the context of the potential impacts of physical risks, and our sources are indicated with links to the relevant sources. In the scenario analyses of physical risks specific to our country, the textile industry, and the company, the company's internal data, information, experience, and expertise were utilized.

Scenario analysis, like strategy analysis, was conducted starting from the big picture, from a global scale to regional, national, and sectoral levels. The fundamental approaches used in global climate change scenarios were followed in the scenario analyses, and these approaches also took into account the climate policies and transition plans of our country, where our company's production takes place, the countries that are our main export markets, and the countries where our main supply chain is concentrated.

Our company manufactures its products in Türkiye but operates on an export-oriented business model. Our primary export markets are the USA, the UK, and the EU. For raw material sourcing, we are mainly connected with China, Italy, the USA, and Spain. In this context, the climate change policies of these countries have also been considered in our scenario analyses.

Each scenario includes different projections with varying probabilities and levels of change. Different scenario analysis models provide more information for climate resilience analyses with different assumptions and varying numbers and contents of scenarios. The following scenario analysis models have been considered in our analyses.

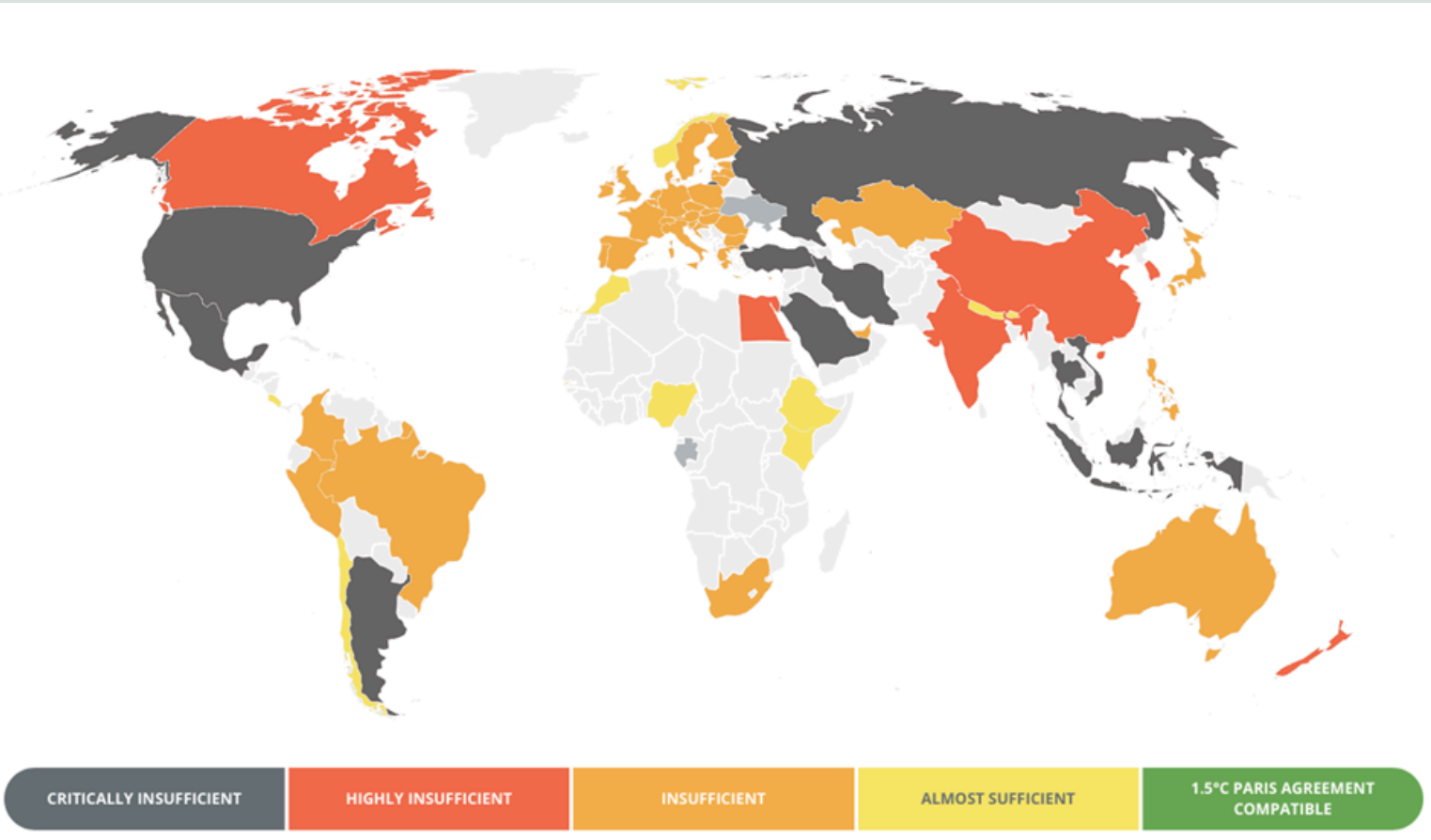
Scenario Analysis, Climate Resilience, and Climate Transition Plans

Climate Scenario Analysis Models Considered	
Scenario Analysis Model	Key Features
Representative Concentration Pathways (RCPs) Scenarios	RCPs scenarios consider the change in total radioactive impact (radiative forcing) due to possible greenhouse gas emissions for the year 2100 at levels of 2.6, 4.5, 6.0, and 8.5 W/m-2 (watts per square meter). Therefore, these scenarios are called RCP2.6, RCP4.5, RCP6.0, and RCP8.5.
Shared Socio-economic Pathways (SSPs)	SSPs scenarios are those that include technological, socioeconomic, and policy changes aimed at mitigating and adapting to climate change. In this context, there are five levels of scenarios, ranging from sustainable development (SSP1) to fossil fuel-based development (SSP5). RCPs scenarios were used in the IPCC's Fifth Assessment Report. In the Sixth Assessment Report, the transition was made from RCPs scenarios to SSPs (SSP-RCP scenarios). SSPs are complementary to RCPs scenarios.
NGFS Scenarios	NGFS (The Network for Central Banks and Supervisors for Greening the Financial System) is primarily an organization focused on the general economy and financial sector, but it also provides related information and data for scenario analysis, helping to predict the potential impact of financial risks in different scenarios.
Climate Action Tracker Scenarios	It is an organization that provides scenario-based data and information to the climate change policies of the countries it monitors.
Aqueduct Water Risk Atlas Scenarios	It provides mapping and presentation of both physical and some transition risk scenarios related to water risks, including water stress, covering Türkiye as well.
WWF Risk Filter Suite	It provides water risk mapping in different categories and identifies different types of water risks.
IEA Global Energy and Climate Model (GEC)	It essentially includes three main scenarios on energy trends: Stated Policies Scenario (STEPS), Announced Pledges Scenario (APS), and Net Zero Emissions by 2050 Scenario (NZE Scenario).
ThinkHazard	ThinkHazard! provides a general view of the hazards, for a given location, that should be considered in project design and implementation to promote disaster and climate resilience.

Scenario Analysis, Climate Resilience, and Climate Transition Plans

Although we have not exceeded the 1.5°C limit for human-caused long-term global average temperature change as set out in the Paris Agreement, current Climate Action Tracker analyses show that global policies and practices in combating climate change are not aligning with the 1.5°C target. Due to these inadequate policies, global warming and rising sea levels pose an increasingly significant threat to economies and companies. In other words, the policies of governments, including those in developed countries, are insufficient to address climate change. In this context, it is possible to see how valuable the voluntary climate change strategies and voluntary sustainability transformation practices of companies like ours are.

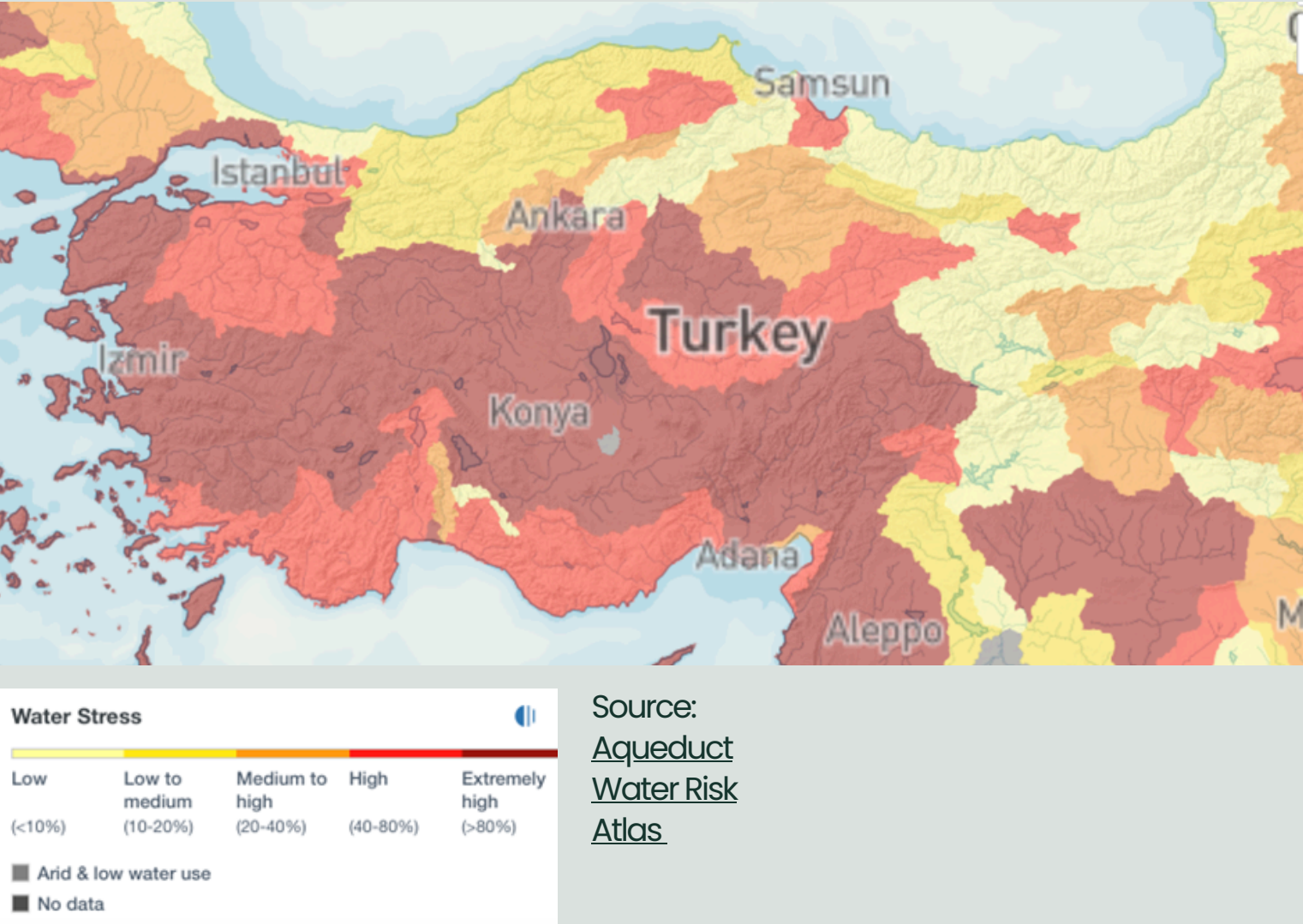
The map below shows the global picture, including the situation in the countries within our company's value chain map, in the context of policies aligned with the goals set out in the Paris Agreement.



Source: Climate Action Tracker (December 2025)

This indicates that, based on current data, the probability of achieving the optimistic scenarios is low.

When we zoom in and focus on the big picture on a topic-by-topic basis, we see water stress risk among the fundamental risks of our industry. The map below shows that even in an optimistic scenario projected for 2030, water stress will remain at a high level in Türkiye.



Source: Aqueduct Water Risk Atlas

The risks and opportunities presented in the risk and opportunity tables indicate that, in all current scenarios, the depletion of water resources, the risk of groundwater depletion, and the possibility of water supply problems could lead to increased production costs, depending on our company's business model and industry features.

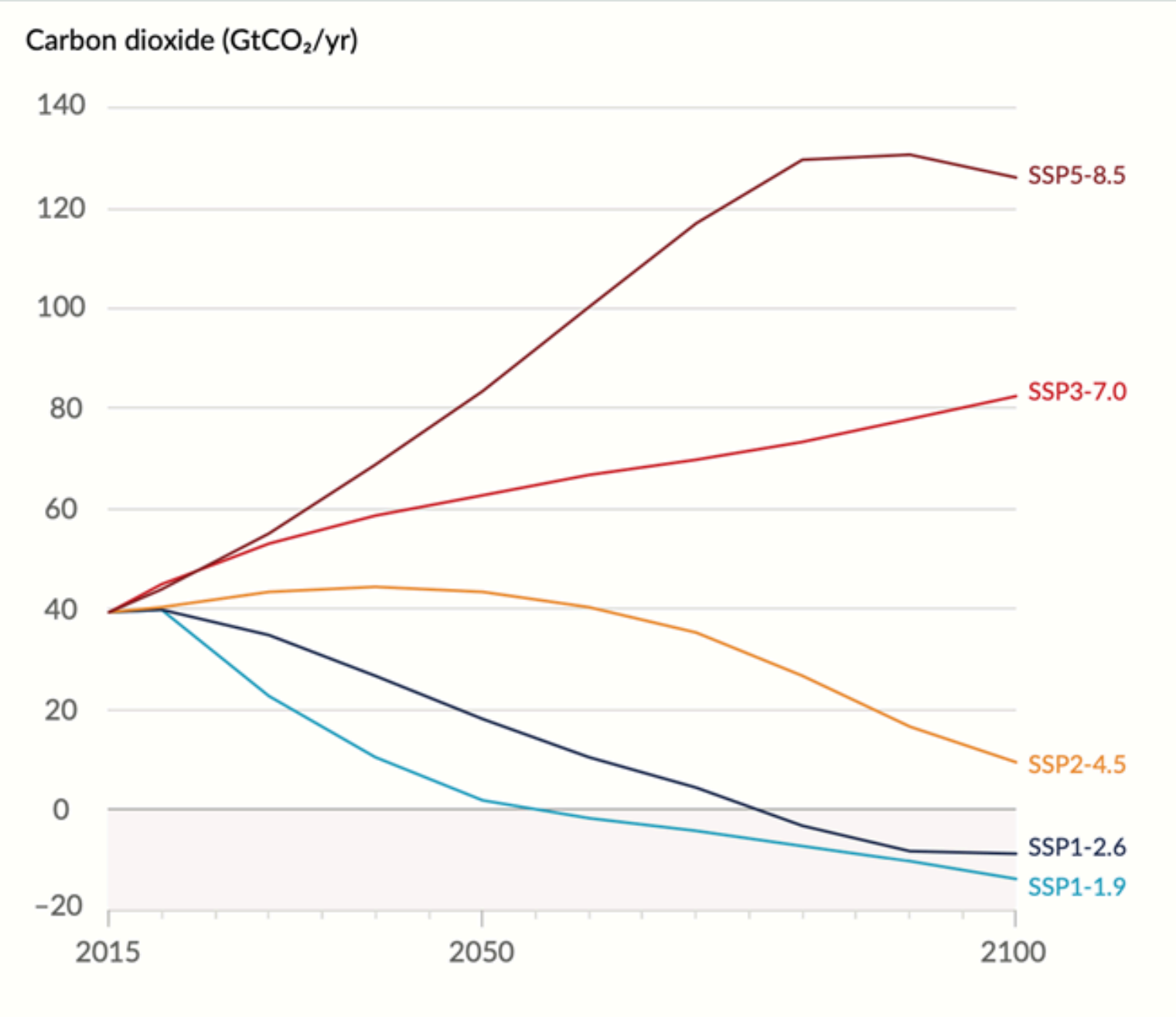
Scenario Analysis, Climate Resilience, and Climate Transition Plans

As presented in the Intergovernmental Panel on Climate Change (IPCC) AR6 Report (Sixth Assessment Report), climate-related scenarios are categorized into five main categories. In our company's scenario analyses, the SSPs scenarios given in the AR6 Report were considered in both for the term (2026-2040) and the medium term (2041-2060), and the potential impacts of scenario outcomes on our company's climate resilience were evaluated. The latest IPCC Sixth Assessment Report (AR6) presents five emission scenarios, as shown in the table below.

Global Surface Temperature Change (°C)		
SSP-RCP Scenarios (SSPX-Y scenarios) / Period	-2040	2041-2060
SSP1-1.9	1.2 – 1.7	1.2 – 2.0
SSP1-2.6	1.2 – 1.8	1.3 – 2.2
SSP2-4.5	1.2 – 1.8	1.6 – 2.5
SSP3-7.0	1.2 – 1.8	1.7 – 2.6
SSP5-8.5	1.3 – 1.9	1.9 – 3.0

Source: [IPCC AR WGI SPM](#)

SSP1-1.9 and SSP1-2.6 scenarios represent very low and low levels of emissions, while SSP3-7.0 or SSP5-8.5 scenarios represent high and very high levels of emissions. Global carbon dioxide emissions under the given scenarios are shown in the projections below.



Source: [IPCC AR WGI SPM](#)

Scenario Analysis, Climate Resilience, and Climate Transition Plans

The table below lists the key elements of climate resilience according to different scenarios.

Climate Resilience Analysis According to Different Scenarios (2026–2040 and 2040–2060)			
	SSP1–1.9 / SSP1–2.6	SSP2–4.5	SSP3–7.0 / SSP5–8.5
The potential impact of the scenario on strategy.	Current strategies deliver powerful results.	The strategy and business model are adapted to the new circumstances.	The scenario can be updated according to high levels of uncertainty.
Potential Impact of the Scenario on the Business Model	Current and planned business model development efforts are ongoing.	The planned business model adaptation efforts are strengthened.	The business model can be made flexible due to the uncertain environment.
Asset Adaptation Capacity	Current adaptation practices will continue.	Existing adaptation practices are strengthened.	The capacity to transition to new production technology can be assessed according to the new conditions.
Impact of Existing and Planned Investments	Current and planned investments will continue.	Existing and planned investments will be increased.	Investments can be made in more technologically advanced production options that will minimize the anticipated risks.
Financing Capacity and Flexibility	Enhanced financing capacity and flexibility will be available.	According to the adaptation strategy, access to finance and financing flexibility can increase.	According to the adaptation strategy, access to finance and financing flexibility can increase.
Financials – Potential Impacts on the Financial Structure	The financial structure and financial capacity will be further strengthened.	It continues to maintain its financial structure and financial capacity strength.	It continues to maintain its financial structure and financial capacity strength.
Net Financial Impact	Positive effects of 15% in the medium term and 35% in the long term.	Positive effects of 10% in the medium term and 20% in the long term.	In the short term, there can be negative impacts of up to 5%, and for the medium and long term, there is measurement uncertainty.

The table above outlines our company's assumptions: carbon regulations will tighten, energy costs and water stress may increase, and demand for sustainable products will rise. In short, our transition plans are based on seizing opportunities in a timely manner and controlling risks, such as reducing carbon emissions, increasing the share of renewable energy, improving energy efficiency, and adapting to climate change.

Scenario Analysis, Climate Resilience, and Climate Transition Plans

The business model has been made resilient to climate change through practices such as the use of renewable energy, waste and chemical management. Our flexible production structure and compliance processes with environmental regulations support our adaptability. In our business model, various collaborations and research studies are also being conducted to ensure the use of innovative raw materials with high sustainability qualities. In this context, our company will strengthen its transition plans with innovative solutions in raw materials, production, and the value chain. It should be noted that significant innovations towards sustainability are seen in the machinery used in the textile sector. Our company is investing in green-labeled machinery. Moreover, our company is working on transitioning to raw materials with high recycling rates. Both production technology and raw material quality are progressing towards sustainability. This increase in innovation and technological development significantly reduces our transition risks. In all these processes, performance measurement is carried out using relevant cross-industry and industry-based metrics, especially for climate risks and opportunities, in terms of the aspects of the scenarios that look at the risks and opportunities determined by our company.

Our company plans to respond to the impacts identified in the scenario analysis using internal sources, external sources, and sustainable financing tools. The current and potential resources will meet operational needs in the short term. In the medium and long term, the resources can be sufficient and flexible to adapt the business model to climate change.

It has been noted that climate scenarios, considered as a tool in determining climate resilience, contain significant uncertainties. Since climate scenarios are constructed based on multiple assumptions, the trade-offs and interactions between different assumptions are not always clear. In this context, technical uncertainty is inherent in the nature of scenario analysis. On the other hand, scenario analyses make long-term projections into the future using data from a specific period, not dynamic data. This reduces the chance of scenario analyses capturing reality and leaves a gap of uncertainty. Despite the inherent limitations of scenario analyses, publicly available, generally accepted scenarios, as referenced here, provide very important projections and offer significant protection against uncertainty.

04

Risk Management and Materiality Analysis



Summary of Risk Management and Materiality Analysis

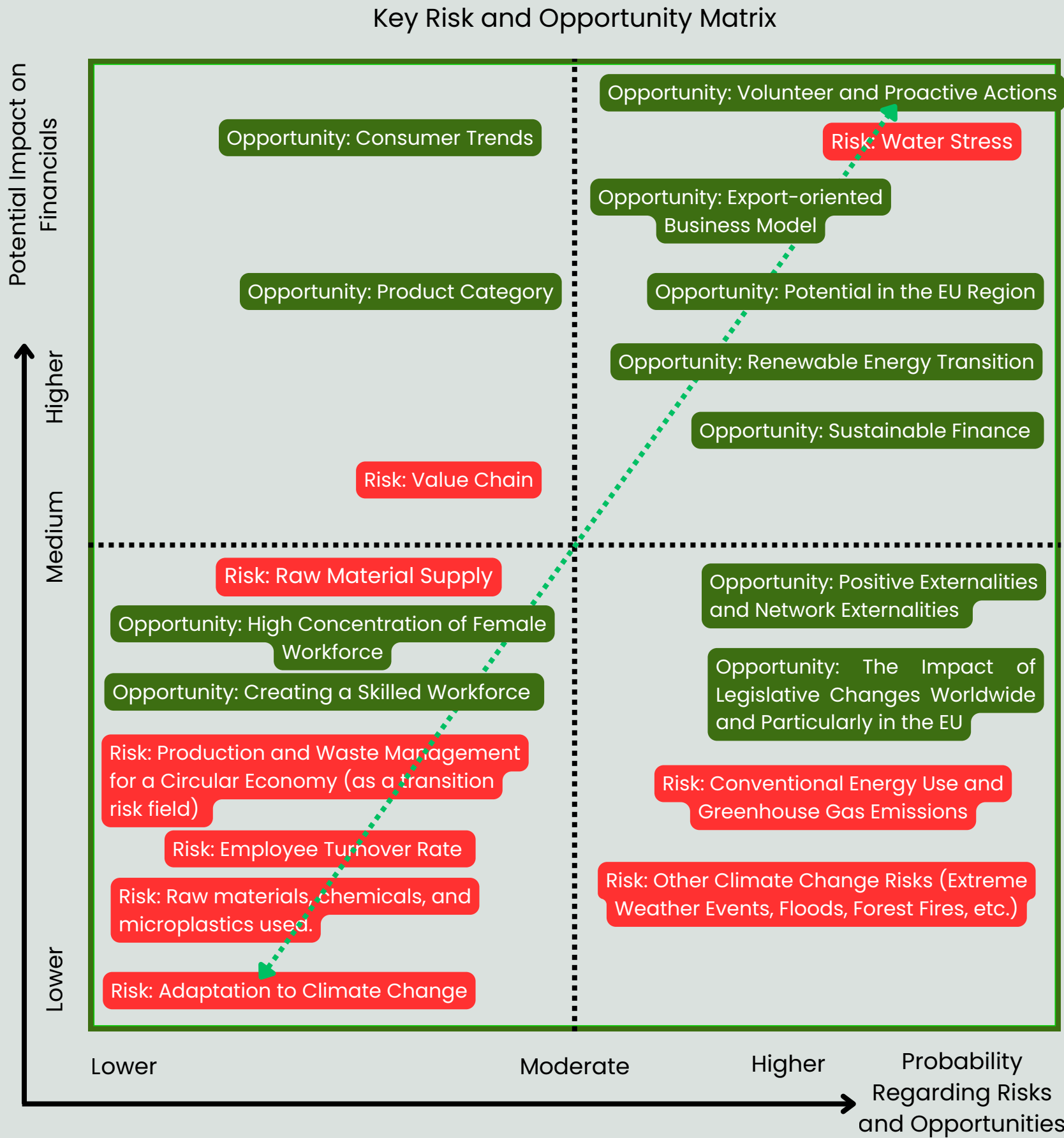
TSRS mandates that both risks and opportunities be managed under corporate risk management. Our company's processes for identifying, assessing, prioritizing, and monitoring sustainability risks and opportunities, including climate ones, have been integrated into our overall risk management. Furthermore, the impact of these risks on financials and their interactions with financials have begun to be identified, monitored, and managed.

Under the heading of strategy, our company's sustainability risks and opportunities, including climate change, are explained. Risks and opportunities have been identified through a materiality filter. It is possible to represent these identified risks and opportunities with their probability and impact weights for management purposes. In this determination, the impacts on our company's operations and business model have been considered, and their potential impact on financials has been evaluated. Here, rather than a single threshold value, issues that are continuous and form the basis of operations and the business model have been taken into account. Since these issues primarily involve future projections, we believe that assigning a specific threshold value for each risk and opportunity in this report would not be appropriate. In this section, significant risks and opportunities are collectively shown using a materiality matrix in terms of their probability of impact and their capacity to affect financials.

Our company has not included any information that is not significant in terms of financial adequacy and performance regarding climate and sustainability issues. In other words, our risk and opportunity analyses only identify material and significant risks and opportunities, and disclose significant information related to them. These risks and opportunities are those that can reasonably be expected to negatively or positively impact our company's future financial adequacy and performance. The figure on the right presents the topics and information we provided under the heading of risk and opportunity analysis as a materiality matrix.

As the figure shows, the weight, probability, and potential impact of opportunities on financials far outweigh the risks. In other words, our proactive and science-based strategies provide significant leverage for our risk management, with the potential to transform risks into opportunities. Our efforts in this direction will continue at an increasing pace in 2026 and beyond.

In identifying key issues, cross-industry, industry-specific and firm-specific issues were considered, along with the SASB Materiality Map. The visual representation shows significant risks and opportunities. Although at a low level, the identified risks and opportunities are still considered significant. However, this assessment is based on the current dataset and is subject to change over time.



Summary of Risk Management and Materiality Analysis

The figure on the previous page shows the connection between our company's voluntary and proactive actions and projects against sustainability risks, including climate change adaptation risks, within the framework of our company's strategies. To address climate change adaptation risks, a dedicated, full-time department has been established to manage this process, and this department has adopted a strategy of turning risks into opportunities. Our company's ESD is directly linked to the management of all sustainability risks. The financial impacts of sustainability risks, including climate change ones, are also linked to ESD and our voluntary and proactive work strategy. The core of our risk management approach is "planned sustainability transformation and planned transition management – low and manageable transition risks." Our current risk management approach also adopts a dynamic risk management approach that can adapt to different scenarios.

On the other hand, although the visual representation shows a four-region structure based on impact and probability, this should not be considered as a prioritization of risks and opportunities. Instead of prioritizing risks and opportunities, our company prefers to integrate each risk and opportunity into management processes according to its nature. Prioritization carries the risk of placing one risk or opportunity before another, or leaving one behind, thus failing to effectively manage all risks and opportunities. Therefore, instead of prioritization, our fundamental risk management policy is to manage all risks within the scope of materiality effectively, appropriately, and in a timely manner according to their nature. While prioritization is possible for opportunities, at this stage, we prioritize balanced opportunity management in terms of the timing of realization and the allocation of resources for all opportunities. In this context, a matrix of significant risks and opportunities, based on their potential impact weights, has been created as given above.

As part of our materiality analysis, the following point may be illuminating for users of this report: The materiality analysis considered both the past and the future. For example, water stress did not have a significant impact on financials for the reporting period. However, it is one of the most important risk factors for the future. Therefore, water stress was considered a material factor in all cases.

Scenario analysis is one of the fundamental tools in the context of risk management. Our company has conducted a climate-related scenario analysis, and this analysis, along with scenario analysis models, is presented in the strategy section. Scenario analyses are critical management tools for understanding what kinds of scenarios might emerge in the future. Our company's scenario analyses indicate that risks will be dynamic, not static, and that in the event of a shift towards different scenarios, our company will also update its adaptation policies. In this context, ESD strives to increase the dynamic policy and implementation capabilities of risk management by utilizing both company resources and external expertise. With ESD, general management and all main units under general management regularly address climate and sustainability issues as part of their meeting and implementation agendas.

Relevant explanations have also been provided in the governance section within the context of risk management. In summary, our company structures governance, strategy, risk management, and metrics and targets as the supporting pillars serving one another, and these four pillars are connected to the financials.

TSRS Compliance Check	
TSRS 1, Relevant Paragraphs	TSRS 2, Relevant Paragraphs
43-44	24-26

05

Metrics

and Targets

Our Metrics

Our Targets



Our Metrics

Cross-industry Metrics
Industry-based Metrics



Our Metrics and Targets

Our company uses metrics to measure performance regarding sustainability-related risks and opportunities, including climate change ones, and sets targets based on these metrics.

Our metrics

For all the risks and opportunities we have identified, monitoring performance using either quantitative or qualitative metrics is a fundamental approach. However, this reporting period will primarily focus on mandatory metrics. This is because we have only recently begun using standards-based sustainability reporting. However, we plan to gradually increase the number of metrics we use and monitor all risks and opportunities with appropriate key performance indicators.

The metrics related to greenhouse gas emissions and water footprint have been verified by external experts.



Cross-industry Metrics

The cross-sector metrics are explained below under separate headings.

Greenhouse Gas Emissions and Energy Use/Consumption

Emissions are calculated in accordance with the [GHG Protocol Corporate Accounting and Reporting Standard](#) with the support of an expert. Our company's Scope 1, 2, and 3 emissions for 2024 are given in the table below.

Our company's Scope 1, 2, and 3 emissions for 2025 are given in the table below.

Total Internal Greenhouse Gas Emissions – 2024		
	Emission Amount (tons CO2-e)	Emission Percentage
Scope 1	318,76	4,30%
Scope 2	0	0%
Scope 3	7100,53	95,70%
Total	7419,29	100%

Total Internal Greenhouse Gas Emissions – 2025		
	Emission Amount (tons CO2-e)	Emission Percentage
Scope 1	467,02	5,35%
Scope 2	0	0%
Scope 3	8268,85	94,65%
Total	8729,92	100%

Scope 3 emissions account for 96% of the total emissions in 2024. The figures given are gross amounts.

Our company did not use any carbon credits in the reporting period.

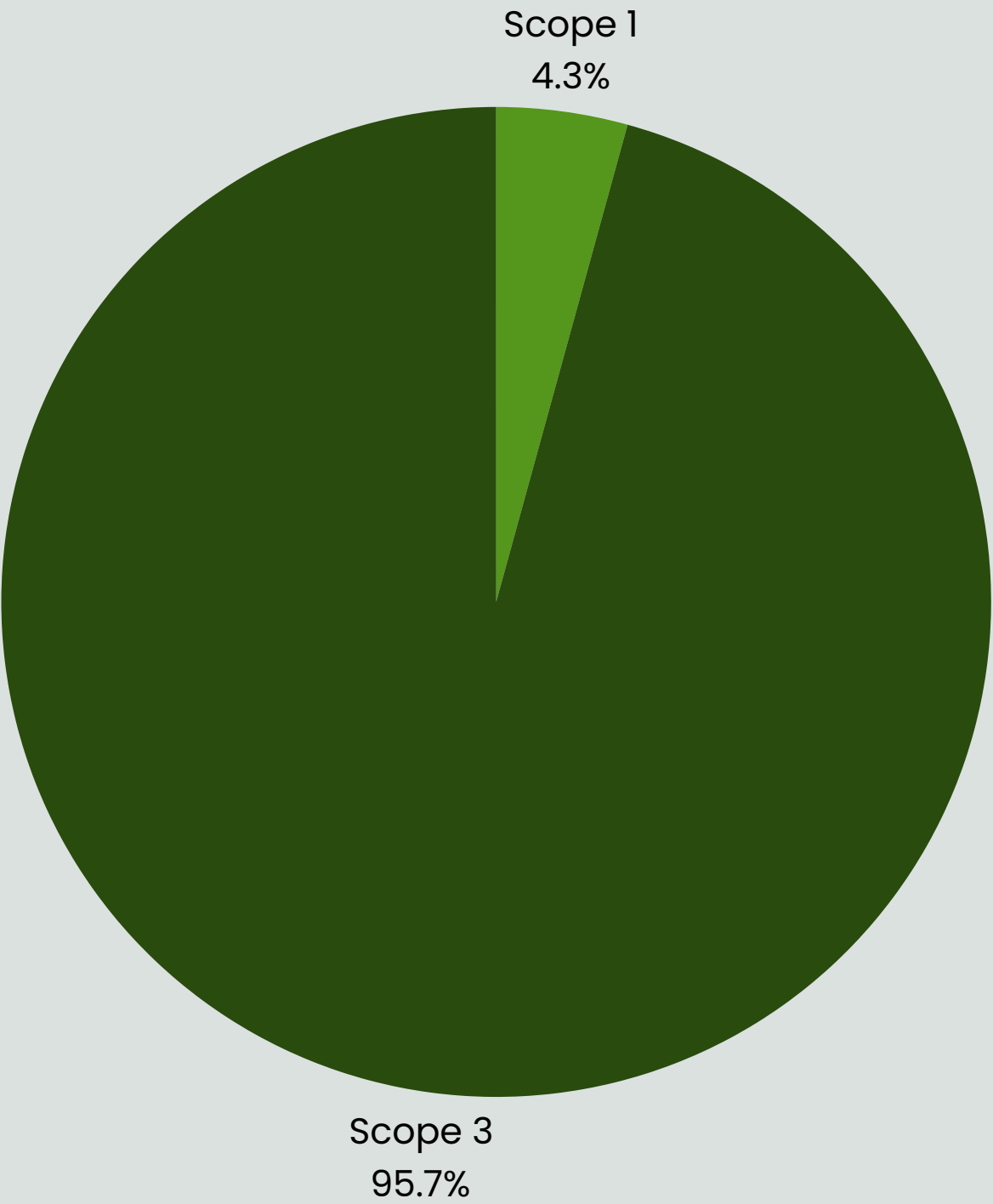
Scope 3 emissions account for 95% of the total emissions in 2024. The figures given are gross amounts.

Our company did not use any carbon credits in the reporting period.

Scope/Category		Data Type	Unit	EF CO2 (kg e)	Period 2024		Period 2025	
					Amount	Total CO2 (ton e)	Amount	Total CO2 (ton e)
Scope 1	Direct Emissions from Stationary Combustion	Natural gas	kWh (Net CV)	0,20	1538395,00	311,74	1724314,38	349,52
	Direct Emissions from Mobile Combustion	Gasoline	Liter	2,37	22,21	0,05	28390,69	67,19
		Diesel	Liter	2,75	14,54	0,04	18282,11	50,30
Scope 2	Direct Emissions Resulting from Leaks	Air conditioners	Kg	1924,00	3,60	6,92	0,00	0,00
	Indirect Emissions from Purchased Electricity	Electricity	KWh	0,43	0,00	0,00	0,00	0,00
Scope 3	Category 1 - Emissions from Purchased Goods and Services	Environmental Consulting Services	TL	0,09	96000,00	0,29	108000,00	9,72
		LDPE and LLDPE (Including processed)	Tonnes	1097,90	176,80	192,52	176,50	193,78
		Paper and Cardboard: mixed	Tonnes	1068,77	1212,00	1288,37	698,24	746,27
		%72 PA66 - %28 EA	Kg	9,80	1011,00	9,91	530,25	5,20
		%83 Wool - %17 PA	Kg	13,64	0,00	0,00	8,10	0,11
		%100 PP	Kg	2,50	994,00	2,49	1428,40	3,57
		%22 PA6 - %78 EA	Kg	14,58	2016,00	29,39	50732,94	739,69
		100% WOOL	Kg	15,00	45428,00	681,42	28559,26	428,39
		100% REGENERATED FIBER	Kg	2,75	8188,00	107,49	18684,60	51,38
		%40 PA6 - %60 EA	Kg	13,00	83870,70	1090,32	89772,49	1167,04
		%56 PA6 - %44 EA	Kg	11,40	8550,00	97,47	16000,83	182,41
		%67 PA6 - %33 EA	Kg	10,23	43980,00	449,92	341,12	3,49
		%100 PES	Kg	4,00	15362,00	61,45	25125,00	100,50
		%48 PA6 - %52 PES	Kg	5,44	112352,00	611,19	100806,80	548,39
		%50 CO - %50 PA	Kg	5,53	0,00	0,00	27,12	0,15
		%33 PA6 - %67 EA	Kg	13,53	81685,00	1105,20	77992,90	1055,24
		%50 PA66 - %50 EA	Kg	12,00	2566,00	30,79	4440,56	53,29
		%100 PA66	Kg	7,00	93114,00	651,80	315461,45	2208,23
		50% Wool - 50% PES	Kg	9,50	210,00	2,00	0,00	0,00
		%100 EA	Kg	17,00	6323,00	107,49	0,00	0,00
		%35 PES - %65 EA	Kg	12,45	2333,00	29,05	0,00	0,00
		%51 PA6 - %49 PES	Kg	5,53	3926,00	21,71	0,00	0,00
	Category 3 - Emissions from Fuel and Energy-Related Activities	WTT-Natural gas	kWh (Net CV)	0,03	1538395,00	51,49	177694,16	5,95
		Gasoline (Standard Biofuel Blend)	Liter	0,52	22,21	0,01	0,00	0,00
		Kerosene (Red Diesel)	Liter	0,63	14,54	0,01	0,00	0,00
		International Standard Passenger	passenger-km	0,02	67700,00	1,46	0,00	0,00
	Category 4 - Emissions from Upstream Transport and Distribution	Average (up to 3.5 tonnes)	Km	0,25	33315,00	8,32	0,00	0,00
		Class III (between 1.74 and 3.5 tons)	Km	0,27	501350,00	137,19	0,00	0,00
	Category 5 - Emissions from Waste Generated in Operations	Textile Waste	Kg	0,43	50530,00	21,73	71520,00	30,76
		Waste containing oil	Tonnes	0,09	0,05	0,00	0,00	0,00
		PE (Mean Plastics)	Tonnes	8,88	5,00	0,04	0,00	0,00
		Plastic Packaging	Tonnes	6,41	5,00	0,03	0,00	0,00
		Contaminated Packaging	Tonnes	2510,00	150,00	376,50	0,00	0,00
		Waste Toner	Tonnes	0,72	0,01	0,00	0,00	0,00
		Contaminated Cloth Gloves	Tonnes	17310,00	0,25	4,33	0,00	0,00
	Category 6 - Emissions from Business Travel	Long-distance flight (>3500km) - with RF effects.	passenger-km	0,15	0,00	0,00	70170,00	10,67
	Category 7 - Emissions from Personnel Transportation	City Bus (low congestion)	passenger-km	0,15	0,00	0,00	542700,00	79,23
	Category 9 - Downstream transportation and distribution and other indirect emissions	All Tracks	tonne-km	0,135	0,00	0,00	100447,00	13,56
		Average (up to 3.5 tonnes)	Km	0,25	100,00	0,03	0,00	0,00

Cross-Industry Metrics

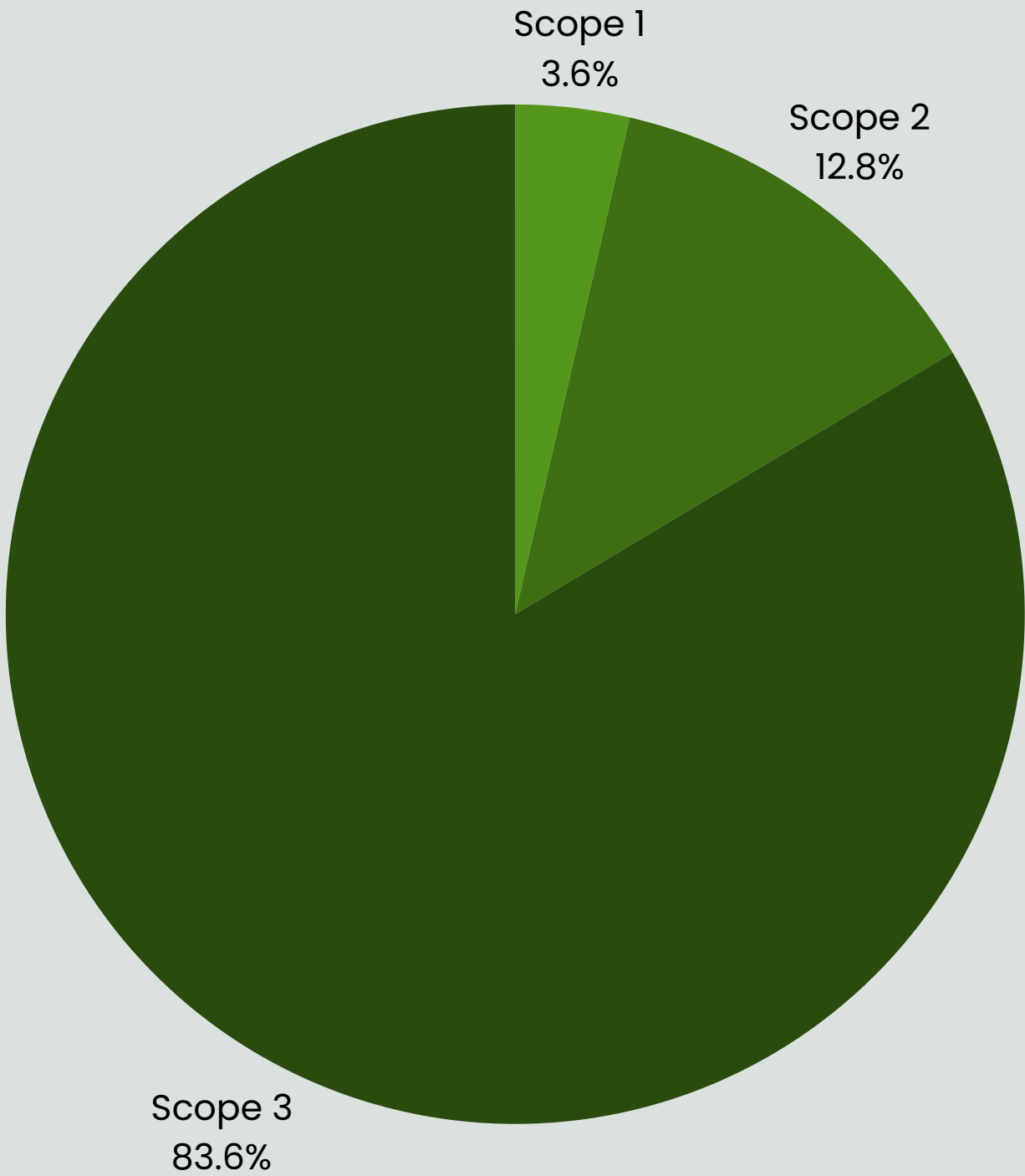
Carbon Emission Distribution



Market-based Carbon Emission Distribution for 2024

A portion of the energy consumed at the facility is met by electricity generated from solar panels located on the roof. For the remaining amount, we use I-REC certified electricity. The I-REC certificate (International Renewable Energy Certificate) is an international document that proves that the electricity used by an organization is produced from renewable energy sources (solar, wind, hydro, etc.).

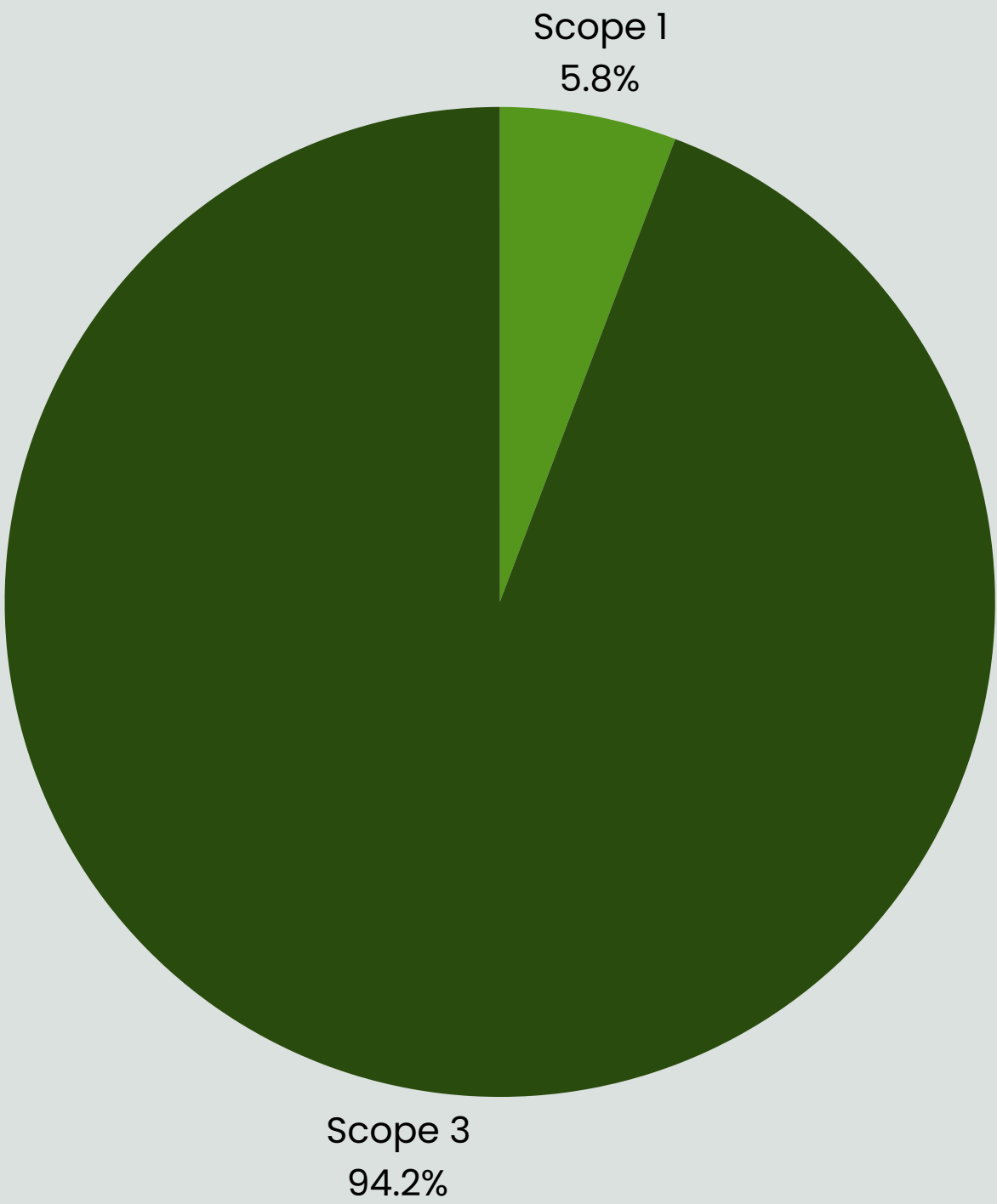
Carbon Emission Distribution



Location-based Carbon Emission Distribution for 2024

Cross-industry Metrics

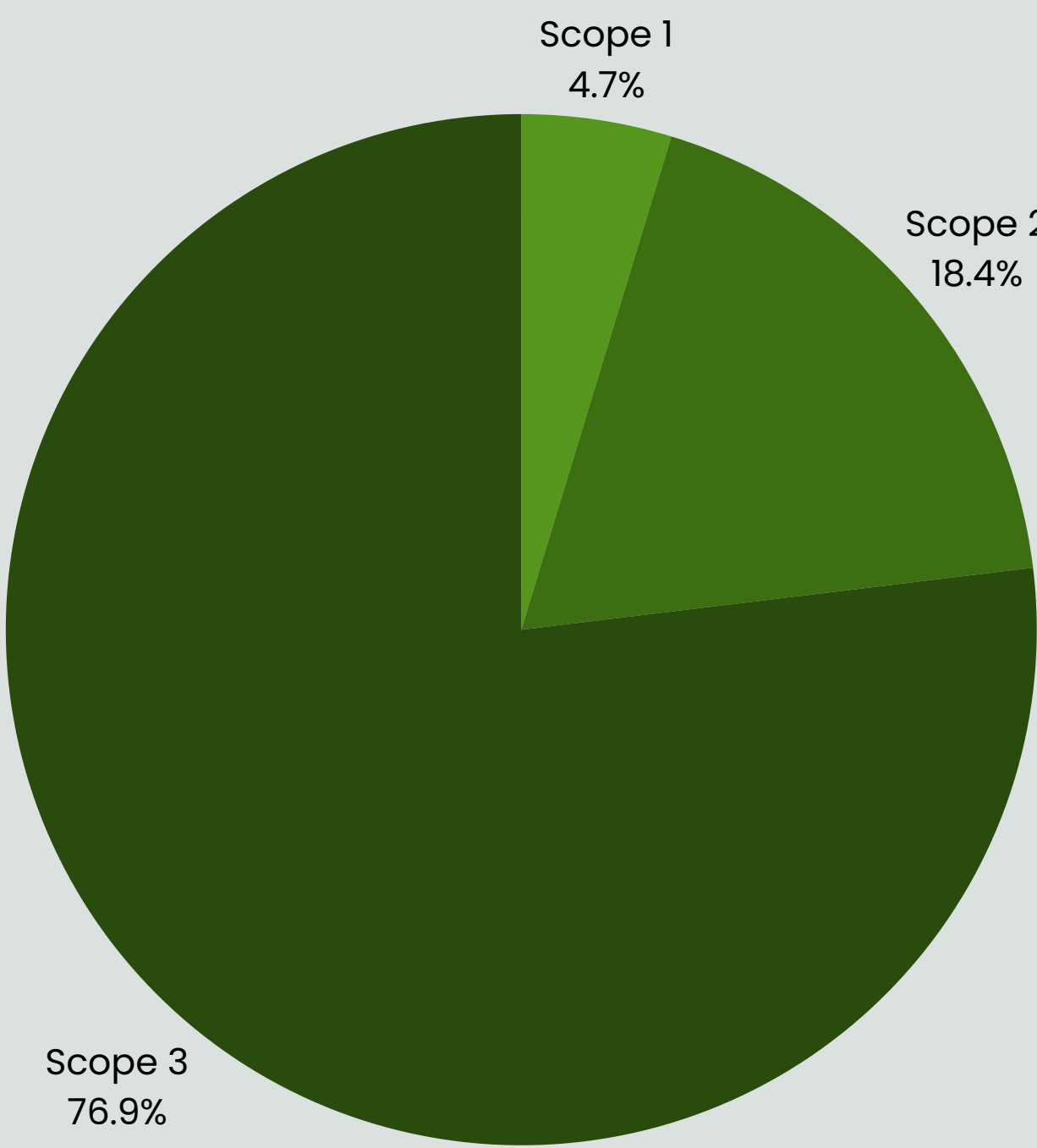
Carbon Emission Distribution (GHG)



Market-based Carbon Emission Distribution for 2025

A portion of the energy consumed at the facility is met by electricity generated from solar panels located on the roof. For the remaining amount, we use I-REC certified electricity. The I-REC certificate (International Renewable Energy Certificate) is an international document that proves that the electricity used by an organization is produced from renewable energy sources (solar, wind, hydro, etc.).

Carbon Emission Distribution (GHG)



Location-based Carbon Emission Distribution for 2025

Cross-industry Metrics

Climate-related Transition Risks

Climate transition risks are explained in the Risks Table.

Climate-related Physical Risks

Climate-related physical risks are explained in the Risks Table.

Climate-related Opportunities

Climate-related opportunities are explained in the Opportunities Table.

Capital Deployment

In terms of capital allocation, our climate-related investments and planned investments are detailed in the Risks Table and Opportunities Table.

Internal Carbon Prices

Our company calculates the internal carbon price as a shadow price representing the cost of greenhouse gas emissions from our own operations, and is primarily based on data from the EU Emissions Trading System (EU ETS).

Remuneration

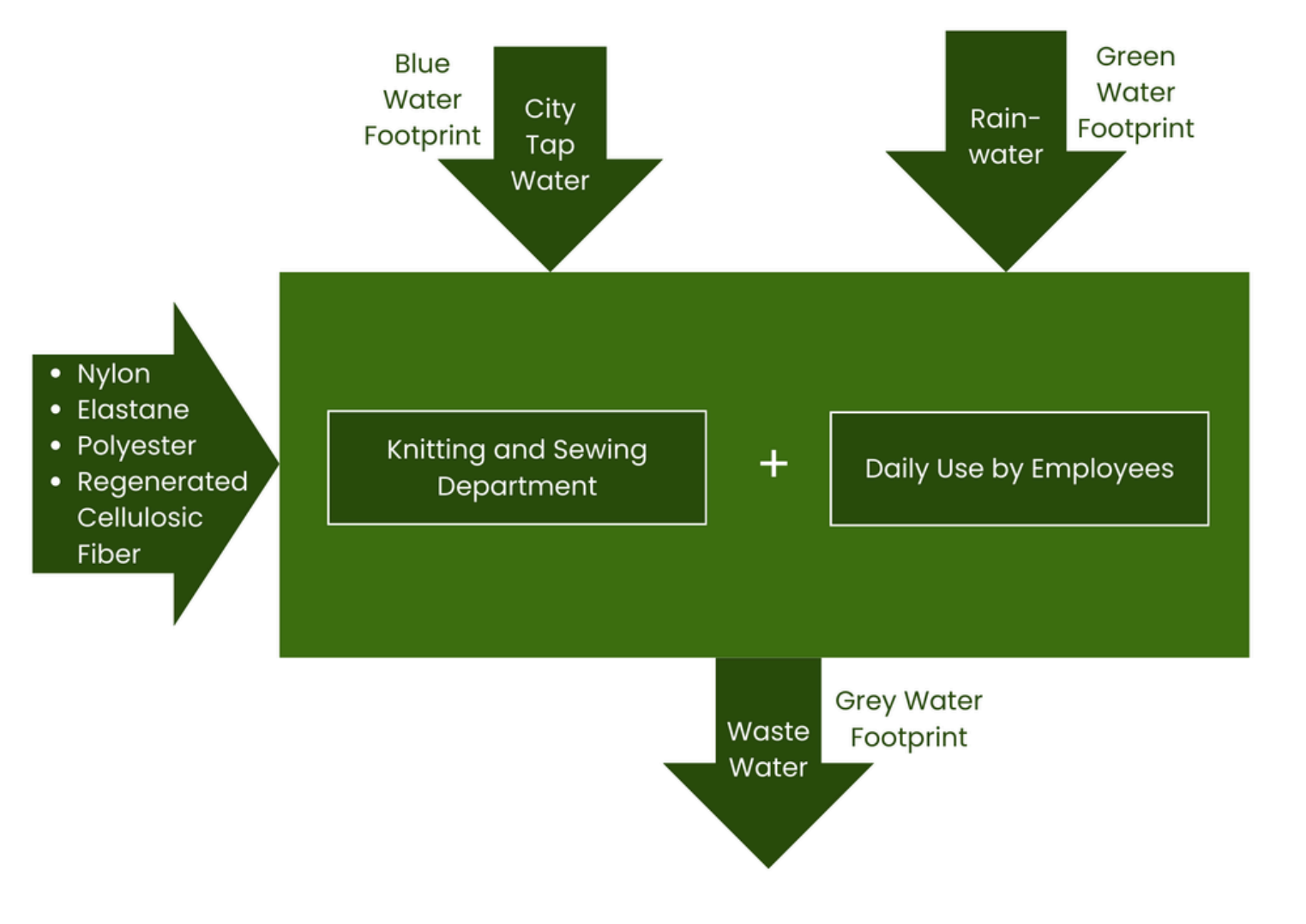
Our company does not yet include climate-related factors in executive compensation.

Industry-based Metrics

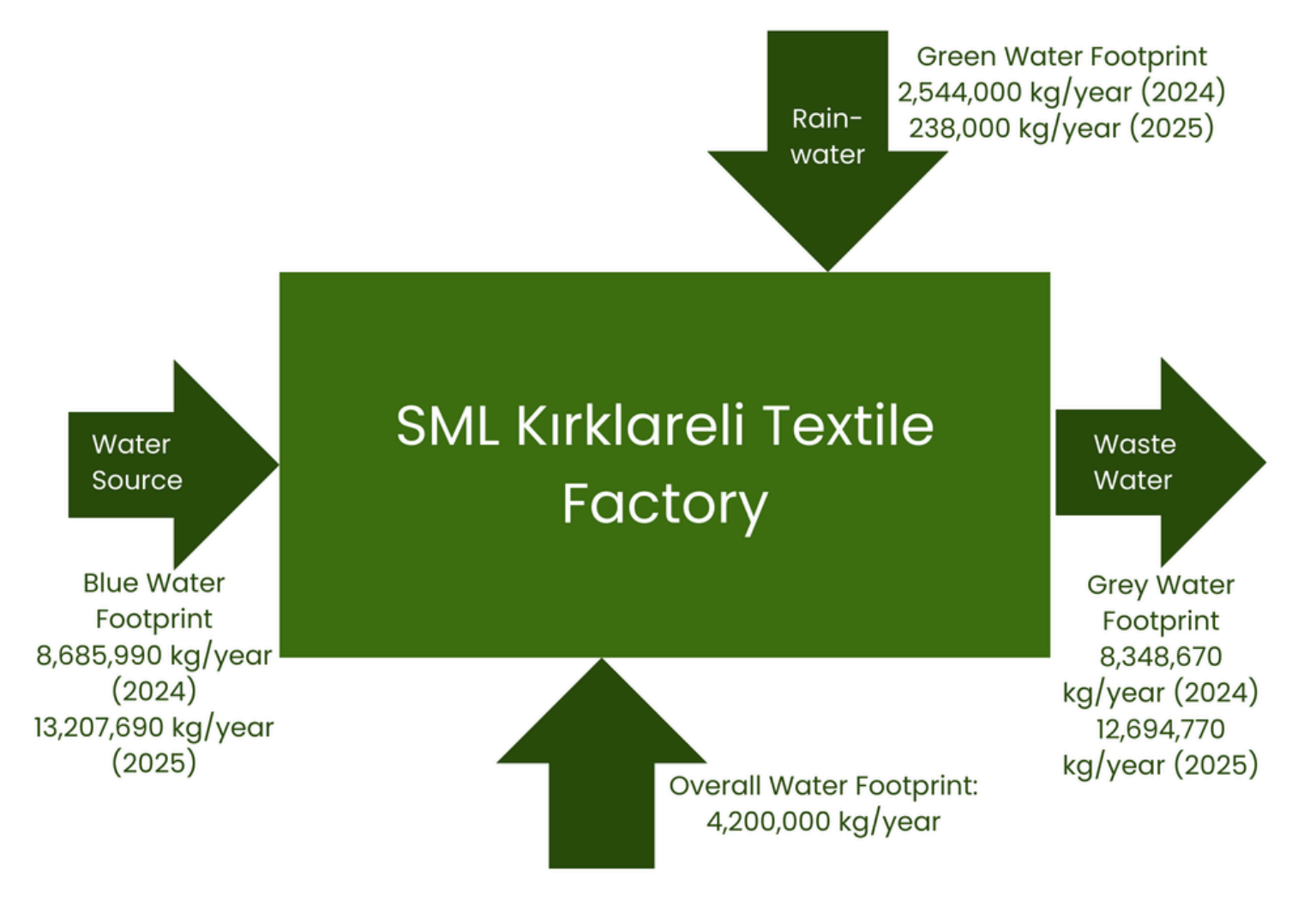
Our company also uses the following metrics within the scope of the Industry-based Guidance on Implementing Climate-related Disclosures of TSRS 2 / IFRS S2 in the industry-based metrics category (Volume 1 – Apparel, Accessories and Footwear).

Water Usage

Our company's water usage system is shown in the diagram below.



Our company's water usage data for 2024 and 2025 is given below.



Excluding production operations, the amount of water used in our company for general needs and cleaning is 4200 tons per year.

Raw Material Supply (IFRS S2, Industry-based Guidance on Implementing Climate-related Disclosures, Volume 1)

The following metrics are given in the context of raw material supply.

Priority Raw Material	Environmental and Social Factors	Business Risks and Opportunities Related to Environmental and Social Factors	Management Strategy for Risks and Opportunities
Nylon	Due to its use as a fossil-based raw material, it has a challenging recycling process, and there are social risks such as environmental concerns, worker health during production, water pollution/emissions, and waste management.	From a sustainability perspective, there are transition costs and the need to invest in alternatives. While the transition process is risky, it is anticipated that a planned transition will turn these risks into opportunities.	Increasing the number of approved suppliers, identifying high-risk suppliers and finding new ones, and more rigorous oversight of certification areas like ZDHC for social risks.
Elastane	Due to its polyurethane base and challenging recycling process, it poses environmental and social risks such as water pollution/emissions and waste management.	From a sustainability perspective, there are transition costs and the need to invest in alternatives. While the transition process is risky, it is anticipated that a planned transition will turn these risks into opportunities.	Increasing the number of approved suppliers, identifying high-risk suppliers and finding new ones, and more rigorous oversight of certification areas like ZDHC for social risks.
Polyester	Because it is a fossil-based raw material, there are social risks involved in its production, such as worker health, water pollution/emissions, and waste management.	From a sustainability perspective, there are transition costs and the need to invest in alternatives. While the transition process is risky, it is anticipated that a planned transition will turn these risks into opportunities.	Increasing the number of approved suppliers, identifying high-risk suppliers and finding new ones, and more rigorous oversight of certification areas like ZDHC for social risks.

Priority Raw Material	Amount Purchased (2024) / (2025) (Metric Ton)	Certified Amount / Standard		Supplier Distribution	Number
		Certification / Standards & Related Statements	Certified Amount		
Nylon	217/365	Not available.	Not available.	Primary Suppliers (Tier 1 Suppliers)	1
Elastane	120/119	Not available.	Not available.	Secondary and Subsequent Chain Suppliers	29 Yarn Suppliers, 98 Accessory Suppliers
Polyester	77/53	Not available.	Not available.		

Rate of Harmful Chemical Use

Our company does not use any harmful chemicals. Therefore, this rate is zero and will remain zero. Our facility does not use any chemicals classified as harmful and/or hazardous by the ZDHC (Zero Discharge of Hazardous Chemicals). All chemicals used in our production processes are selected and regularly inspected in accordance with ZDHC requirements.

All dyeing chemicals used in our product dyeing processes are ZDHC Level 3, meeting the highest standards of compliance and transparency. Furthermore, all chemical products used in our facility are fully compliant with ZDHC MRSL (Manufacturing Restricted Substances List) and RSL (Restricted Substances List) requirements.

In this context, our facility effectively manages its chemical processes in line with environmental, human health, and sustainability principles, and maintains production activities in accordance with international standards.

Our Targets



Our Targets

Our company voluntarily sets sustainability targets, including climate ones, and there is no regulatory obligation for our company to set such targets. However, we take into account global, regional, and national climate goals, which form the cornerstones of our strategy. On the other hand, since this is the first time our company is preparing TSRS-compliant sustainability reports, 2024 is chosen as the base year. In this context, we believe that performance comparisons will be more appropriate in subsequent reporting periods.

The targets set by our company are primarily measurable and trackable targets related to environmental factors, which are also sustainability factors, as provided in the metrics section. When setting targets, our company considers short, medium, and long-term periods. Here, different scenarios presented to the public through scenario analyses conducted by our company have also been taken into account. The potential impacts of risks and opportunities on achieving the targets are taken into account when setting the targets.

Climate-related Targets		
Metric	Target	Target Characteristics
Greenhouse Gas Emissions	The target is to reduce greenhouse gas emissions by 55% by 2035 compared to 2024, and to reach net zero emissions by 2050.	Gross Scope 1, 2, and 3 emissions are included in the target. The target has been established by our company, and verification by a third party is not deemed necessary at this stage. The target is monitored regularly throughout the year. Both the Paris Climate Agreement and Türkiye's current greenhouse gas reduction targets were taken into account when setting the target.
Use/Production of Renewable Energy	Our company uses 100% renewable energy, including our I-REC certificates. Renewable energy production started in December 2024. In 2025, it accounted for 18.3% of energy consumption. We plan to increase this rate to 75% by 2035.	This target is established by our company and monitored regularly throughout the year.
Water Management (m³ / year)	To reduce the amount of water used/drawn in production by 5% per crop on an annual basis.	This target is established by our company and monitored regularly throughout the year.

Our Targets

The aim of the climate-related targets is to reduce the risks of climate change and environmental hazards, and consequently to benefit from the opportunities. Climate-related targets are determined taking into account both national and international goals.

Targets Related to Other Environmental Factors		
Metric	Target	Target Characteristics
Raw Material Supply	Target 1: Diversification of raw material supply sources (reduction of intensity objective) Target 2: Prioritizing (focusing on) countries or suppliers with relatively stronger sustainability policies.	It falls under the category of industry-specific issues.
Renewable Raw Material Usage Rate	Fibers classified as renewable raw materials include wool and regenerated cellulose fibers. The total percentage of these types of fibers used was approximately 11.5% in 2024 and approximately 14.4% in 2025. The target is set at 20% by 2030.	It falls under the category of industry-specific issues.
Rate of Harmful Chemical Use	Target 1: To maintain the zero-harm chemical usage rate achieved in the base year of 2024. Target 2: To provide staff with training on hazardous chemicals twice a year.	Target 1 has been achieved and will be monitored regularly. Target 2 will be monitored regularly.

Our Targets

Targets Related to Social Factors		
Metric	Target	Target Characteristics
Increasing Employees' Sustainability Awareness	The target is to increase awareness by using sustainability information brochures and displaying energy efficiency and sustainability posters in common areas.	Leak drills are conducted for personnel working with hazardous chemicals, and all personnel receive training twice a year on environmental pollution, zero waste, separation of waste, energy efficiency, and sustainability.
Increasing Employee Loyalty and Satisfaction with the Company	The celebration of New Year's, the distribution of refreshments during regular breaks, holiday bonuses and assistance, treats on religious holidays, and an annual salary bonus for each employee are among the ongoing efforts to increase satisfaction and motivation.	The plan is to add more sustainability awareness to existing practices.

Targets Related to Governance		
Metric	Target	Target Characteristics
Sustainability Reporting According to Global Standards	The targets include standardizing sustainability reporting, implementing GRI reporting in addition to TSRS from 2026 onwards, and gradually expanding its scope.	The target is to contribute to measuring the sustainability transformation through holistic reporting and communicating messages to stakeholders.
Digital Governance	Our company aims to manage operations more effectively, increase energy efficiency, and integrate all these processes into digitally supported management and information systems.	The aim is to support twin transformation.

TSRS Compliance Check	
TSRS 1, Relevant Paragraphs	TSRS 2, Relevant Paragraphs
45-53	27-37

06

Appendix—Other Disclosures



Significant Events After the Reporting Period

There are no significant events that could impact the company's risks, opportunities, financials, or climate resilience from the end of the reporting period until the report's publication date.

Statement of Compliance

In preparing this report, our company has used all relevant and supportable information, proportionate to all the skills, capabilities, and resources available to our company as of the reporting date, in the context of compliance with TSRS 1 and TSRS 2 (IFRS S1 and IFRS S2).

Assurance

This report is not subject to independent assurance as we report voluntary-basis.

Consulting Company in Reporting, and Publication Date

This report was prepared by SML Seamless Energy and Sustainability Department and Ecolithic Sustainability Solutions GmbH, with support from EcolithicTSRS and EcolithicAI.

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