

# KEREVİTAŞ GIDA SANAYİ VE TİCARET A.Ş. AND SUBSIDIARIES

**Annual Report for the Period January 1st - December 31st, 2021**

## INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL ACTIVITY REPORT OF BOARD OF DIRECTORS

To General Assembly of Kerevitaş Gıda Sanayi Ve Ticaret A.Ş.

### 1) Opinion

We have audited the annual activity report of Kerevitaş Gıda Sanayi Ve Ticaret A.Ş. ("Company") and subsidiaries ("Group") for the account year 01/01/2021 to 31/12/2021.

In our opinion, the consolidated financial information and discussions of Board of Directors on the position of the Group, as provided in the annual activity report of Board of Directors, present fairly the financial position of the Group and is consistent, in all material aspects, with the full set of audited financial statements and the information we obtained during our independent audit.

### 2) Basis for Opinion

We conducted our independent audit in accordance with the independent audit standards published by Capital Market Board, as well as Independent Auditing Standards ("IAS") which is a part of Turkish Audit Standards as issued by Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the *Responsibilities of Independent Auditor for the Independent Audit of Annual Activity Report* titled section of our report. We declare that we are independent of the Group in accordance with the *Codes of Conduct for Independent Auditors* ("Codes of Conduct") as issued by the POA and ethical requirements of the independent audit regulations in force. We also fulfilled other responsibilities relating to the ethical conduct as prescribed by Codes of Conduct and regulations in force. We believe that independent audit evidences we obtained during the independent audit process is sufficient and appropriate to provide a basis for our opinion.

### 3) Our Auditor Opinion on Full Set of Consolidated Financial Statements

We already expressed in our 10 March 2022 dated auditor's report our positive opinion about the full set of financial statements of Group pertaining to account period 01/01/2021 - 31/12/2021.

### 4) Responsibility of Board of Directors for Annual Activity Report

Pursuant to Articles 514 and 516 of Turkish Code of Commerce No 6102 ("TTK") and Communiqué on Financial Reporting in Capital Market No 11-14.1 of Capital Market Board ("SPK"), Group Management, with respect to annual activity report, is responsible for:

- a) preparing and presenting to general assembly the annual activity report within first three months following the date of balance sheet.
- b) preparing annual activity report so that it will present an accurate, complete, straightforward, fair and honest account of flow of activities and financial position of the Group for the relevant year in every aspects. In this report, financial position is discussed in accordance with consolidated financial statements. Report also clearly points out the development of the Group and potential risks it may face. Report also contains an evaluation of Board of Directors on these matters.



c) Activity report also includes following matters:

- Events of particular importance that occurred in the Group after the end of the activity year,
- Research and development activities of the Group,
- Financial benefits such as remuneration, bonus, gratuities, as well as allowances, travel, accommodation and representation costs, in-kind and cash conveniences, insurance and similar coverages provided to Board members and senior executives.

While preparing the activity report, Board of Directors shall also consider the secondary regulations adopted by Ministry of Commerce and relevant authorities.

#### **5) Responsibility of Independent Auditor for Independent Audit of the Financial Statements**

Our objective is to provide opinion as to whether the consolidated financial information and discussions of Board of Directors as provided in the annual activity report are consistent with the Group's audited consolidated financial statements and information we obtained during independent audit under the provisions of TTK and Communiqué, and accordingly issue a report which contains our such opinion.

We conducted independent audit in line with the independent audit standards as published by Capital Market Board as well as Independent Audit Standards. These standards must be planned and implemented in order to maintain compliance with the codes of conduct, and obtain a reasonable assurance whether the consolidated financial information and discussions of Board of Directors as provided in the activity report is consistent with the consolidated financial statements and information obtained during audit as well as they reflect truth fairly.

Seda Akkuş Tecer is responsible auditor who conducted and concluded this independent audit.

Güney Independent Audit and Public Accountant Financial Advisory Inc.  
A member firm of Ernst & Young Global Limited

SEAL-SIGNATURE  
Seda Akkuş Tecer, SMMM  
Executive Auditor

10 March 2022  
Istanbul, Turkey

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Our Valuable Stakeholders,

Changes, economic and political volatility took the entire world by storm in the last two years naturally created challenges in terms of predictability in global economy. In such a volatile environment, only survivors will, of course, be the businesses which are the most prepared for risks, the most flexible against changes, and the most agile in terms of innovation, which will even further grow. I would like to express gratefully that Kerevitaş, which has these qualities, continued to grow both in Turkey and in the world and completed 2021 with strong financial results, a growing product portfolio and especially a significant increase in exports.

In Turkey, we maintain our leadership in the sector with a 46% market share in the Frozen Food and Canned Food business and a 64% turnover share in the Margarine business. In 2021, our contribution to the export reached a total of 771.2 million TL with a growth of 99 percent. We make new investments, increase employment and contribute to the country's economy, while satisfying our shareholders with the revenues generated from both our domestic sales and exports.

Our brand the SuperFresh continues to be the only company that has products in all categories in the domestic market in its field. Continuing to lead by far in the market with a share of 46 percent, SuperFresh succeeded in reaching the table of 24 million people by entering approximately 1.3 million new households in 2021.

We, happily, managed to maintain our leadership in the Margarine business line in 2021, too. According to AC Nielsen Total Turkey 2021 Brick Margarine Turnover Share and Ipsos HTP 2021 reports, Ülker Bizim Yağ, the most consumed product in the market, continued to rank first with a turnover share of 36 percent. And Ülker Teremyağ also maintained its market leadership in tub margarine with a turnover share of 48 percent.

In the margarine sector, we maintain our strength in exports as well as our success in the domestic market. According to the data of the Turkish Statistical Institute, we have our signature on 37 percent of the margarine exports from Turkey. We see this tremendous success as an important contribution to our country, and we are proud of the added value we provide to the economy.

On the other hand, we continued to offer new and innovative products to the market in line with the expectations of consumers through our innovation and R&D efforts. In this respect, I believe that we are rewarded for our efforts with the intense interest of our consumers and the sales points as well as international awards.

Besides all these successes, we continue our sustainability efforts, which we always prioritize both at our parent company Yıldız Holding and at Kerevitaş, and we continue to grow on the basis of saving and efficiency.

All these successes we achieved in 2021 bolster up our commitment to do even better in the future. I strongly believe, at Kerevitaş, we will continue to develop, grow and add value to our country in all areas from sustainability to exports, from strong financial performance to agile management structure, and I would like to thank all our stakeholders for their contributions and support.

Mehmet Tütüncü

Chairman

Our Valuable Stakeholders,

We, Kerevitaş, as the production, innovation, availability and export leader of Turkey in the frozen food, canned foods and margarine market, continued our successes in 2021, as well.

In 2021 marked with the various economic challenges, supply chain disruptions, and rapidly-changing conjectures in the world, we maintained our growth trend, penetrated in new markets and reinforced our export strength thanks to our seasoned production and distribution backbone, flexibility business approach, and our strategy built upon constant risk preparedness.

Cementing its leadership position in frozen food, canned food and margarine business lines, Kerevitaş today meets consumers at more than 61 thousand points in Turkey, bolstering its domestic sales and distribution channels with about 200 distribution vehicle, and 25 thousand freezers. As one of the most powerful strengths of Kerevitaş, our export continues to grow, progressively developing our sales-marketing organization throughout international markets.

In 2021, we successfully managed our operations in Frozen Food, Canned Food and Margarine Business Lines, increasing our consolidated turnover by 59.2 percent to 4.865 billion TRY

While our SuperFresh brand maintain our clear leadership position in Frozen Food and Canned Food with a market share of 46 percent, we continued to expand our product range with products such as award-winner Pizza Toast and Crispy Balls. We maintained to be one of the popular brands in households in both our country and the world thanks to our products attracting great interest of consumers.

We also maintained our market leadership and global strong position in the Margarine business line with 36 percent turnover share in Turkey, which grew by 47 percent and reached a value of 10.8 billion TL in 2021, according to AC Nielsen data, while continuing to make significant contributions to the economy of our country with our export capacity. I would like to express proudly that we are awarded by Istanbul Cereals, Pulses, Oilseeds and Products Exporters' Association (İHBİR) as the most successful exporter in "Vegetable Oils and Oilseeds Category" in 2021 for our sales volume, presented at the Export Leaders 2021 Award Ceremony.

In the consumer margarine category, we continued our leadership with our Ona brand in Iraq, Syria and Georgia markets, where we have been operating for more than 30 years. We enjoy the leadership position in the ethnic markets of Madagascar, Kosovo and Germany with our different brands. In the out-of-home consumption sector, our leadership continues in Albania in the pastry category and in Iraq, Romania and Kazakhstan in the catering category. We continue to work with all our strength to increase our market share in countries where we have not yet taken the leading seat, and along with the names of Kerevitaş and Yıldız Holding, we also focus on representing the name of our country in the best way around the world.

Strongly believing that all these our business activities can truly be successful only in an environment centered upon the sustainability and food safety, we are closely collaborating with national and international institutions and authorities, striving for creating a sustainable cycle where waste is prevented at any point from production to the consumption.

Of course, we mainly owe these successful results to all our stakeholders from our personnel to vendors, shareholders to distribution network. Driven by the great interest shown to Kerevitaş and support of our stakeholders, we will continue to work for our company, country and world in 2022, as well.

Şükrü Çin

CEO

## I. BUSINESS SCOPE OF THE COMPANY

Kerevitaş is a producer of frozen and canned foods, which also sells and markets these products in Turkey as well as international markets. Frozen product range includes bakery products, vegetable and fruit products, potatoes and croquette products, meat products, sweets, frozen bakery products as well as ready meals. Canned product range includes canned tuna, vegetable and canned ready meals.

As the leading company of Turkish frozen food industry, Kerevitaş markets its products under the SuperFresh brand. Company has been exporting to European countries, America, Turkic Republics, as well as Arabian peninsula countries since 1978.

Kerevitaş has a production base which includes a factory, located in Akçalar town of Bursa city, composed of 6 main production facilities, on a total area of 131,000 m2 with an indoor area of 43,000 m2, and a factory located in Emirdağ district of Afyon city, on a total area of 253,000 m2 with an indoor area of 33,000 m2. High-technology production is stored in its high-capacity cold and dry air rooms housed in the Bursa and Afyon facilities. Kerevitaş is constantly developing its production infrastructure in line with the needs and expectations of the customers.

With a product availability in over 61,000 points in domestic market, Company has a solid sales-marketing network with its 195 distribution hauler, and 24,500 freezers. It enjoys a sustainable sales-marketing networks thanks to its strong ties with 57 resellers in the domestic market. Having the capability of reaching the markets expeditiously to global markets thanks to internationally high brand recognition of its main shareholder Yıldız Holding, Kerevitaş consistently reinforces its sales-marketing organization in international markets.

With the SuperFresh brand, Kerevitaş enjoys the position of being sole and single company which has products available in all categories of frozen and canned foods in domestic market. SuperFresh maintains its clear leadership in the Fresh Frozen Food Market with a 46.2% turnover market share. Today, SuperFresh has a 100% brand awareness. According to the household preferences, it is the brand that enters the highest number of households in Turkey among the branded products.

Besler Gıda is a producer of vegetable oil and margarine, which also sells and markets these products in Turkey as well as international markets. It produces and sells a total of 66 brands and 551 SKU especially under the brands of Bizim Yağ, Teremyağ, Luna, Ona, Ustam and Evet in Consumer products, EDT (Pastry/Catering/Industrial Oils), and Cooking Oils.

Besler has a capacity of 658,000 tons/year at its 3 facilities in Adana, Istanbul and Brunei. The Marsa Adana plant has the largest capacity in a single area built in Turkey.

Domestic sales of consumer products are carried out by Yıldız Holding companies, Horizon in the traditional channel, Pacific in the modern channel, and Tek Özel in the PL channel. Industrial, pastry, and catering sales are handled by G2m Eksper Dağıtım Pazarlama ve Tic A.Ş., one of the Yıldız Holding companies, together with the company's own sales organization and distributor structure. The company also exports to more than 50 countries through its own sales organization.

## II. SHAREHOLDING STRUCTURE

The shareholding structure of the Company as of December 31, 2021 is as follows:

Partnership	31 December 2021		31 December 2020	
	Share Ratio (%)	Amount (TRY)	Share Ratio (%)	Amount (TRY)
Yıldız Holding A.Ş.	54.27	359,245,941	54.27	359,245,941
Murat Ülker	9.98	66,079,898	9.98	66,079,898
Ufuk Yatırım Yönetim ve Gayr. A.Ş.	6.26	41,429,804	10.34	68,429,804
Other	29.49	195,244,357	25.41	168,244,357
<b>Total</b>	<b>100</b>	<b>662,000,000</b>	<b>100</b>	<b>662,000,000</b>

### Performance of Shares

The closing price of the shares traded on the Stock Exchange Istanbul with the KERVT code as of December 31, 2020, was TRY 4.68. The company's shares are quoted in the BIST INDUSTRIAL / BIST BURSA / BIST FOOD, BEVERAGE / BIST YILDIZ / BIST 100-30 / BIST 100 / BIST SUSTAINABILITY indices.

## III. BOARD OF DIRECTORS

Name-Surname	Position	Office Term
Mehmet TÜTÜNCÜ	Chairman	27.04.2021-27.04.2024
Ali ÜLKER	Vice President	27.04.2021-27.04.2024
Hüseyin Avni METİNKALE	Member	27.04.2021-27.04.2024
Vehbi MERZECİ	Member	27.04.2021-27.04.2024
Ahmet Murat YALNIZOĞLU	Member (Independent)	27.04.2021-27.04.2024
Ceyda AYDEDE	Member (Independent)	27.04.2021-27.04.2024

### Limits of Authority

Board's limits of authority is set in accordance with the Article 13 of Company's Articles of Association as well as provisions of Turkish Code of Commerce. Board Members do not have any activities subject to the restriction of competition in their transactions with the company on behalf of themselves or someone else. Detailed information about board members are provided below;

#### Mehmet Tütüncü Chairman

Mr. Mehmet Tütüncü received his bachelor's degree in Mechanical Engineering Department at Gazi University, and master's degree in Industrial and Organizational Psychology from Maltepe University. He attended various studies including the Production, Quality Control and Maintenance Applications for 6-months in Italy, with IRI scholarship, Strategic Marketing in Harvard Business School, as well as others in IMD/Switzerland, Insead/Singapore.

Began his career as an engineer at Construction Works Department of Ministry of Education in 1981, Mr. Tütüncü served as Production Manager, Facility Manager and General Director, respectively, at Best Rothmans Entegre Sigara ve Tütün Sanayi A.Ş from 1987 to 1996. He joined Yıldız Holding as Facilities Coordinator at Ülker Gıda A.Ş. in 1996. He served as General Director of Ülker Biscuit and Chocolate factories, Vice President of Ülker Group, President of Food and Drink Group, President of Food Group, and President of Ülker International Group. He assigned as Regional CEO responsible for Turkey, Middle East, North Africa and Central Asia in pladis organization formed in Yıldız Holding in 2016. In 2017, he undertook the responsibilities for South Asia and Latin America regions, pladis Global IT Systems, and Business Models Transformation, continued to serve as Vice CEO.



Since October 2018, he has been Vice Chairman, Chairman and CEO of Yıldız Holding. A Board Member of TÜGİS, Tütüncü also has memberships in many Turkish and foreign industrial organizations. He is a member of FoodDrinkEurope Board of Directors and FoodDrinkEurope Liaison Committee.

**Ali Ülker**  
**Vice Chairman**

Born in 1969, Ali Ülker is a graduate of Istanbul Men's High School, received his bachelor's degree in Economics and Administrative Sciences Department of Bosphorus University. He attended various studies at IMD, INSEAD, Wharton and Harvard. He worked with De Boccard & Yorke Consulting Company on the Internal Kaizen Study (1992) and the IESC Sales System Development and Internal Organization Project (1997).

Began his business career as an intern at Quality Control Department of Ülker Gıda A.Ş. Mr. Ali Ülker served as intern, sales manager, sales coordinator, product group coordinator and product group manager in chocolate production facilities and Atlas Gıda Pazarlama A.Ş. between 1986 and 1998. Serving as General Director of Atlas Gıda Pazarlama A.Ş. in 1998 and Vice President for Retail Group in 2000, Mr. Ülker also assumed the role of General Manager in Merkez Gıda Pazarlama A.Ş. in 2001. He was assigned as Food Group Vice President in 2002, and President of Ülker Group in 2005. Having served as Vice Chairman of Yıldız Holding since 2011, Mr. Ali Ülker is currently Chairman of Yıldız Holding, since 29 January 2020.

Having a solid knowledge and experience in marketing and sales discipline, Mr. Ülker has a special interest in innovation, supporting the teams within the Group working on this subject. He speaks English and German. Mr. Ali Ülker is married with three children.

**Hüseyin Avni Metinkale**  
**Board Member**

Mr. Hüseyin Avni Metinkale received his bachelor's degree in Management Engineering Department of Istanbul Technical University. He began his business career as Project Manager at Albaraka Türk Katılım Bankası in 1985, and then served as Managing Partner at Pripack Ambalaj A.Ş. He joined Yıldız Holding in 2001, since when he served as Committee President, Executive Board Member, and President of Packaging Group, and General Director of Yıldız Holding between 2008 and 2020, and General Secretary of Holding Board of Directors between 2010 and 2020. Appointed as CEO of Kökler Yatırım Holding A.Ş. in 2020, Mr. Metinkale has been serving as Board Member of Yıldız Holding since 2019, and Board Member of Kerevitaş since 2017.

**Vehbi Merzeci**  
**Board Member**

Born in 1975 in Istanbul, Mr. Vehbi Merzeci received his bachelor's degree in Business Administration Department of Uludağ University and speaks English. He held offices as Committee President of Istanbul Chamber of Commerce, and Vice President of STG (Aquaculture Promotion Group) Board of Directors. He is currently Vice Chairman of Aquaculture and Animal Products Exporters' Association and Industrial Board Member at Istanbul Union of Exporters' Associations, as well as Assembly Member of TIM (Turkish Exporters' Assembly). Mr. Vehbi Merzeci is Congress Member of Fenerbahçe Sports Club, and is married.

**Ahmet Murat Yalnızođlu**  
**Board Member (Independent)**

Born in 1957, Murat Yalnızođlu is a Senior Industry and System Engineer, graduated from Istanbul Men's High School, Bosphorus University and University of Florida. He began his professional life as an entrepreneur in IT systems and software development in 1982. He joined Arthur Andersen and Andersen Consulting companies as a management consultant focused on information technologies in 1989. Then he directed consulting projects in strategy and organizational development for leading companies of Turkey, as a senior manager, founder and partner at Coopers&Lybrand and ArGe Consulting companies. Since 2006, he has been focusing especially on the design of effective corporate structures in large multi-business corporations. He delivered many projects to improve the effectiveness of Board of Directors, maintain correct organization of the corporations "from the beginning", ensuring significant development. In addition to the management consulting, he held office as Board Member in many companies. He shares his management knowledge with non- governmental and professional groups, institutions, and at numerous seminars and conferences, as well as on social media, to help spread the benefits of "excellent" management.

**Ceyda Aydede**  
**Board Member (Independent)**

Ceyda Aydede graduated from Industrial Engineering and began her professional career at Arthur Andersen. Aydede later served at various levels in Migros. Founding the Global Tanıtım in 1989 by combining his professional experience in different industries with a professional public relation approach, Ceyda Aydede has led and delivered many important public relation projects for more than 25 years. Thanks to these projects, Mrs. Aydede and Global Tanıtım earned many prestigious awards. She is also the winner of the "Most Successful Business Woman" award in Public Relations Sector, organized by Dünya Newspaper in 2000, and "Best Professional Representing the Sector" award by Ankara Public Relations Association and ATO in 2001. Giving lectures on public relations to master's students at Yeditepe University, Aydede has published books in public relations field.

Board's limits of authority is set in accordance with the Article 13 of Company's Articles of Association as well as provisions of Turkish Code of Commerce.

The benefits made available to the Board Members and top executives are outlined below.

	<b>1 January – 31 December 2021</b>	<b>1 January – 31 December 2020</b>
Remunerations and other benefits	17,188,984	14,215,454
	<b>17,188,984</b>	<b>14,215,454</b>

#### IV. SUBSIDIARIES

The details of the subsidiaries of the Group as of 31 December 2021 and 31 December 2020 are provided below.

Subsidiaries	Direct and indirect effective ownership ratios %	
	31 December 2021	31 December 2020
Besler Gıda ve Kimya San. ve Tic. A.Ş.	100.00%	100.00%
Kerpe Gıda Sanayi ve Tic. A.Ş.	100.00%	100.00%
Berk Enerji Üretimi A.Ş.	88.07%	88.07%
Marsa Yağ Sanayi ve Tic. A.Ş.	70.00%	70.00%
Western Foods and Packaging SDN BHD	70.00%	70.00%

#### V. ORGANIZATIONS OTHER THAN CENTRAL ORGANIZATION

The distribution of products in the frozen and canned food business line is carried out with 57 Reseller throughout Turkey. In oil business line, domestic sales of consumer products are carried out by Yıldız Holding companies, Horizon in the traditional channel, Pacific in the modern channel, and Yeni Teközel in the PL channel. Industrial, pastry, and catering sales are handled by G2m Dağıtım Pazarlama ve Tic A.Ş., one of the Yıldız Holding companies, together with the company's own sales organization and distributor structure, and export activities are handled through its own sales organization.

#### VI. MATERIAL EVENTS DURING PERIOD

General Director of Company Mr. Şükrü Çin is appointed by Board of Directors as Executive Director.

#### VII. EVENTS AFTER THE PERIOD

The Law on Amendment to Tax Procedures Law and Corporate Tax Law has been enacted with Law No 7352 on 20 January 2022, and it is decided to not make inflation adjustments to the financial statements, regardless of whether inflation adjustment conditions, as provided in Duplicate Article 298, have arisen, in account periods 2021 and 2022, including interim account periods, and interim tax periods of the account period 2023. In line with Law No 7352, inflation adjustment will be applied to the financial statements dated 31 December 2023, and profit/loss difference arising from said inflation adjustment will be shown in retained profit/loss account, but not subject to the tax.

In the 17/02/2022 dated decision of our Board of Directors, it is decided to complete the Business Combination with Besler Gıda ve Kimya Sanayi ve Tic. A.Ş. ("Besler"), which is currently 100% subsidiary of our company, together with all assets and liabilities on the basis of financial statements dated 31/12/2021 pursuant to facilitated combination provisions of Article 13 of Combination and Demerger Communiqué No II 23.2 of Capital Market Board, Article 155 of Turkish Code of Commerce No 6102, and Articles 19 and 20 of Corporate Tax Law, as a result of the planned maturation of the synergies expected to reflect on the company efficiency either in organizational simplification and operational areas, which process was began in 2017 when our company acquires entire capital shares of the Besler.

## **VIII. INDUSTRY OF THE COMPANY AND ITS PLACE IN THE INDUSTRY**

### **Frozen Food Industry;**

The frozen food sector, a main business line of Kerevitaş, is a food industry branch that includes processes from the sourcing of raw materials suitable for freezing (seed selection, production, purchase) to the transportation of raw material to the facilities under suitable conditions, from the storage, selection, washing, sizing and processing with product-specific techniques to the deep freezing and suitably packaging in the dedicated plants, and from storage, loading, transportation, distribution, and consumption of the end products finally to the keeping track of the customer results.

According to the Turkish Food Codex, Quick-frozen foodstuffs refer to foodstuffs that are quickly frozen, with maximum crystallization as quickly as possible, depending on the type of product, where thermal stabilization at all points of the product is maintained at  $-18^{\circ}\text{C}$  or lower, which is constantly preserved and marketed as such.

Freezing is the food preservation method where food quality, flavor, smell, and nutritional content is preserved best. In this method, food is preserved in its most natural state thanks to quick freezing at  $-40^{\circ}\text{C}$ , where the water in the foods is frozen into ice crystals, inhibiting the growth of microorganisms that cause spoilage, as well as limiting chemical and biological changes. It is vital to maintain a temperature of  $-18^{\circ}\text{C}$  in all links of the chain from production to shipment and point of sale. Consumers who purchase food stored in  $-18^{\circ}\text{C}$  freezers at retail locations are advised to store them in their home freezers or cook them within 2 hours.

Today, fruits and vegetables processed using the IQF (Individual Quick Freezing) technique in frozen food facilities are frozen directly by quick/flash-freezing. With this method, the raw materials supplied from the source and in the season are cleaned and individually frozen at  $-40^{\circ}\text{C}$  in a short period of 5-8 minutes by applying the "Individual Quick Freezing Process" (IQF). The procedure involves freezing the water in the products, giving them a lengthy shelf life without using additives. Freezing food: This is the process of freezing cell sap together with the ingredients that make up the food without cracking the core membrane, by applying the IQF (Individual Quick Freezing) method. Since the products are harvested in its season and frozen in their freshest form and at low temperatures, they retain their freshness and nutritional value until the moment of consumption.

Frozen food investments began in Turkey in the early 1970s for export, and the Frozen Food Market began to flourish in 1990 when Kerevitaş starts to offer its products to the domestic market for the first time. Today, it has become a category, sold in both retail and out-of-home consumption channels, including different categories such as Pizza, Pastry, Puff Pastry, Ravioli, Pita, Vegetables-Fruit, Potato-Croquettes, Desserts, Meat Products, Canned Products and Frozen Bakery, with a size of approximately TRY 2.7 billion. Retail Fresh Frozen Food Market, which grew by 42%, above the total FMCG industry average (26%), reached a value of TRY 2.7 billion\* in 2021.

Since the 1930s, this market has grown to nearly \$290 USD billion. Consumption per capita is over 20 kg in countries such as the U.S., Germany and the UK. In Turkish market, the annual per capita consumption is 6.1 kg, showing there is still potential of growth.

### **Vegetable Oil/Fat Industry;**

The production of vegetable oil in the world is mainly covered by palm oil, as well as soy, rapeseed and sunflower. In our country, a large part of the oilseed and vegetable oil production is obtained from sunflower. In addition, cotton seed, soy, rapeseed, safflower, corn, and olive are among the key ingredients used for vegetable oil production. Margarine is the fat category most open to branding. Sunflower oil is the largest category in the market.

The Turkish oil market averages 582 thousand tons in size. In 2021, it grew by 47%, reaching to a size of TRY 10.8 billion\*\*\*. The margarine category, which is the fat category most open to branding, recorded a 37% increase in turnover.

\*Source: Nielsen Total Turkey, Fresh Frozen Food Market Report 2021

\*\*Source: Nielsen Total Turkey, Oil/Fat Market Report 2021

## **IX. GOOD AND SERVICE PRODUCTION ACTIVITIES**

### **Frozen Food and Canned Food Business Unit**

#### **Production**

Operating under the Kereviş brand in the frozen and canned food segments, the Company has an advanced production infrastructure in this business line. Company's product range in this segment includes bakery products, vegetable and fruit products, potato and croquette products, meat products, and dessert products.

Canned product category includes canned tuna, corn and vegetable. Kereviş has a production base which includes a factory, located in Akçalar town of Bursa city, composed of 6 main production facilities, on a total area of 131,000 m<sup>2</sup> with an indoor area of 43,000 m<sup>2</sup>, and a factory located in Emirdağ district of Afyon city, on a total area of 253,000 m<sup>2</sup> with an indoor area of 33,000 m<sup>2</sup>. High-technology production is stored in its high-capacity cold and dry air rooms housed in the Bursa and Afyon facilities. Kereviş is constantly developing its production infrastructure in line with the needs and expectations of the customers. As a result of the measures and hygiene standards maintained during the Covid-19 pandemic, company received the TSE COVID-19 Safe Production Certificate.

#### **Sales and Marketing**

With a product availability in over 61,000 points in domestic market, Company has a solid sales-marketing network with its 195 distribution hauler, and 24,500 freezers. It enjoys a sustainable sales-marketing networks thanks to its strong ties with 57 resellers in the domestic market. Having the capability of reaching the markets expeditiously to global markets thanks to internationally high brand recognition of its main shareholder Yıldız Holding, Kereviş consistently reinforces its sales-marketing organization in international markets. With the SuperFresh brand, Kereviş enjoys the position of being sole and single company which has products available in all categories of frozen and canned foods in domestic market. SuperFresh maintains its clear leadership in the Fresh Frozen Food Market with a 46% turnover market share. Today, SuperFresh has a 100% brand awareness. According to the household preferences, it is the brand that enters the highest number of households in Turkey among the branded products. SuperFresh products enter approximately 1.3 million new households in 2021 and reach the tables of 24 million people. This year, the company continued to be the category leader in the "leader & expert brand in frozen food" image score. SuperFresh offered 657 different products to the customers in retail, business and out-of-home consumption channels, increased by 24% compared to previous year. In 2021, it infused a new breath to the market with new innovative products that will support its "leader brand" position, advertising them via TV and digital media, steering the industry.

To serve for this purpose, the brand added sandwich bread to its 'Frozen Bakery' portfolio, the new opportunity category which will meet the expectations of availability, easy access, freshness, and practicality in channels where the consumer can purchase bakery products other than patisseries and bakeries. The potato portfolio has been expanded by launching the 'Thin Cut' potato flavors in 2 types (classic & crinkle), as a snack or as a side dish, bringing a difference to the classic potato perception of the consumers, As a first in Turkey, a new type of croquet, tuna-stuffed "Crispy Balls", is added to the portfolio. Bringing a whole new flair to the Pizza Category, the Turkey's first toast-able pizza, Pizza Toast family is now joined by a new member, Cheddar cheese stuffed variety, which is promoted via advertising campaign. "SuperFresh Pizza Toast" launch campaign is awarded Silver in 2 categories ("Product Launch" & "Social Media Marketing") at the SMARTIES awards organized every year by MMA Turkey (Mobile Marketing Association).

With the addition of 4-Cheese member to our specially concaved-crust Stone Oven Pizza Gourmet family, baked on a real stone oven, we cemented our leadership in this category. We aimed at increasing household penetration with channel-special products, non-competitive Smiles croquet, Leek-stuffed Roll Pastry & Tahini Peanut Roll Pastry which distinguishes with different stuffing and format, as well as Pizza King Slimmo and Pizza King Mix. Also, we aimed at introducing new applications with iconic duo Meatball & French Fries promo packs, and, with Super Mix Pizza Menu exclusive to Online channel, rising star of purchasing channels, meeting with new consumers as a TV binge snack, a quick and tasty solution to the friend meetings.

The target audience spending the majority of their daily lives in the kitchen, was active throughout the Ramadan month with a TV culinary program, now in the 3rd year, developed in collaboration with a chef and famous presenter/moderator, whom latter included in this year, answering the most important question in their daily lives: "What to cook for iftaree?". The program highlighted the "practicality" and taste", as the main functional benefits offered by SuperFresh to consumers, using and introducing them all products in our broad portfolio. Being a first in the competition, the culinary program has achieved the success of being the third most-watched program in its 12-minutes time slot, outperforming the "Arda's Ramadan Kitchen" program which has been aired since 2012. SuperFresh Tuna with Sunflower Oil is honored with the ITQI Outstanding Taste Award.

Being active also with in-store promotional activities, SuperFresh expanded its presence in e-commerce channel, which has been getting quickly popular among consumers, through product listing, special promotions and special product packs.

In the social media channels, it showed its presence with social media influencers, collaborations and projects to reach new users, improving brand awareness, loyalty and hype. The brand maintained consumer interaction all year round in the channels where target audience spends most of their times.

### **Distribution**

Having a strong domestic distribution infrastructure in frozen and canned food, Kerevitaş manages sales and distribution with strong and knowledgeable exclusive distributors. Kerevitaş stands out with its strong logistics chain in the fields of frozen and canned food and the diversity of its product range. The Company ensures that the products reach the consumers with the specific deep-freezer investment it has made under the Kerevitaş brand since 1990, based on the concept that the most important factor in the frozen food market is the precise positioning of the items. These freezers are delivered to points of sale that make a turnover above certain amounts in exchange for a loan of use agreement. Said freezers are used only for Kerevitaş products and are inspected by Kerevitaş.

### **Export**

With its SuperFresh brand, Kerevitaş offers a wide range of the frozen food and canned food to the consumers all around the world. Kerevitaş exports frozen food and canned food to more than 20 countries on five continents thanks to its strict commitment to international quality standards and product diversity.

Aiming to expand its distribution network and expand its portfolio with new customers, Kerevitaş participated in the world's leading fairs, GulFood, World Food Moscow and Anuga Germany.

Kerevitaş carried out activities in the focus countries selected for growth with the support of Ministry of Economy within the scope of the "Turquality" program created with the goal of "creating and embedding the image of Turkish goods in international markets".

### **Retailing**

Kerevitaş has a broad range of Frozen Food and Canned products in the retail product group, as well. The Company's products in this group range from vegetable and fruit products to bakery products, potato and croquette products.

### **Out-of-home**

Out-of-home consumption products of Kerevitaş in the frozen food and canned food segment shows a wide diversity from french fries to fruit&vegetable, Turkish ravioli to pizza, pastries through tuna up to canned meals. Kerevitaş took part in the "International Tourism Gastronomy, Investments and Hospitality Summit", the meeting point of the professionals from Tourism and Gastronomy industry, organized in Antalya in June.

### **Export**

Products of Kerevitaş in the export product group in Frozen Food and Canned segments cover the Company's entire product portfolio.

### **Oil Business Unit**

#### **Production**

Kerevitaş began operating in the oil business after acquisition of Besler Gıda, and produces oil and margarine at three facilities located in Adana, Istanbul, and Brunei. With a total capacity of 658,000 tons/year at its three facilities, the Company's Marsa Adana Factory is the production facility with the largest single-site capacity in Turkey. Kerevitaş also sells and markets its vegetable oil and margarine production in Turkey as well as international markets. In the main categories of consumer margarine, EDT (Pastry/Catering and Industrial Oils) and Cooking Oils, the company produces and sells a total of 66 brands and 551 SKUs, especially Bizim Yağ, Teremyağ, Luna, Ona, Ustam, and Evet, in its three facilities, which it has structured in the light of international quality standards. The company began its operations in 1999 by deciding to build an Integrated Management System, which has been a model in the oil industry from the year it began production (ISO-9001, ISO-14001 and OHSAS- 18001), and set an example for other industrial organizations as the first company in its sector to receive three certificates. The company maintained its quality leadership with AIB (American Institute of Baking) and ISO 22000 Food Safety Certificates in 2012 and 2013, respectively. Finally, it received the ISO 50001 Energy Management System Certificate in 2014, making it one of the industry's pioneering organizations in the energy management and sustainable business. In 2020, company received the TSE COVID-19 Safe Production Certificate thanks to the measures and hygiene standards maintained during the Covid-19 pandemic, In 2021, company received Vegan production certificate.

#### **Sales and Marketing**

Yıldız Holding Oil Business Unit maintains its clear leadership position with a share of 64% (Source: AC Nielsen Year 2021– Turnover Share wo HD) in the margarine industry where local and global actors are present, steering the market with its leading brands Bizim Yağ, Teremyağ and Luna with a strong focus on consumer insight. The oil business unit manages its sales mainly through Yıldız Holding distribution companies. As the most-consumed, chosen by the highest number of households, having the most loyal consumer base, Ülker Bizim Yağ cemented its clear leadership in the wrapped market with a turnover share of 36% (Source: AC Nielsen Total Turkey 2021 *Wrapped Margarin Turnover Share, Ipsos HTP 2021*). Supporting its successful business results with the constant and high-impact communication, Bizim Yağ met with consumers in Ramadan month for a third year with the new format of "What Should I Cook For Iftaree?" TV culinary program, as its synergy project with the SuperFresh brand. Highlighting the "taste" and "performance" of Bizim Yağ and attaining high brand visibility, the program ranked most-watched 3rd program in its time slot outperforming the many culinary programs which has been aired for long years. The communication campaign "Bizim, Turkey's oil, our taste", which was implemented in the last quarter, attained successful business results.

Bringing its leadership in market share also to the digital platforms, Bizim Yağ was interactively in touch with the consumers in digital channels. Reaching 367 thousand followers in social media, it ranked first among over 400 brand in the FMCG category. In its YouTube Channel "Baking is our job", a total of 530 fun-packed recipe videos and counting were produced in cooperation with famous chefs, ranking 4th in Youtube Channels in FMCG category with its 222 thousand followers. Channel also enjoyed the status of having the highest interaction ratio in this ranking.

The market leader in the tub margarine segment, Ülker Teremyağ maintained its clear leadership in 2021 with the turnover share of 48%. Being the tub margarine brand chosen by the highest number of the households, Teremyağ continued its dominant position in the terms of brand value and brand desire in 2021, clearly outperforming its competitors. Recognized by consumers as the taste alternative to the whipped-cream butter, Teremyağ maintained its category leadership in the image score "has the best whipped-cream butter taste" in 2021. Being the most innovative brand of the category in both product and communication, Teremyağ continued in 2021 to turn the platform into an almost organic platform of Teremyağ thanks to the Delicious Recipes, heavily visited and found reliable by the target audience, as well as the project launched in the most important period of the year, Ramadan. "Your Iftaree Menu is Ready" project received 60 million single access, where 182 Teremyağ menu is created, Teremyağ menus are shared 14,428 times organically in social media.

The long-rooted brand of the market, Luna started to be marketed via Besler in 2021 with a change of sales company. By reaching a market share of 10.5% in the local market in December, it outperformed its competitor which is a generic brand of the market.

Marsa, a subsidiary of Besler, is the market leader in the out-of-home consumption and pastry margarine category with its "Ustam Pastry Margarines". Ustam continues to be cementing its market position thanks to its wide product range meeting all needs in the pastry category, ease of use, taste and strong communication. Ustam is the first brand whose entire portfolio is trans-fat-free thanks to its advanced technology and specially developed product recipes.

Ustam brings its leader and visionary stance in the out-of-home consumption market to the digital platforms, where its communication efforts are focused to increase target audience (pastry chefs) loyalty, to reach new users and be the brand who comes first in the mind in purchasing decisions. In this context, company engages in target audience-focused communication which includes creation and publication of the contents in cooperation with chefs of Turkey's leading patisseries, Ustam demo chefs as well as pastry master all around the Turkey via social media account and website. It reinforces the brand communication with the ads, and advertorials in the Turkey's leading and highest-circulated trade magazines (FoodinLife, Gastronomi, Patisserie by FoodinLife).

Marsa is also the leading margarine exporter of Turkey. According to Turkish Statistics Agency, Marsa accounts for %37 of the total margarine export of Turkey. Marsa awarded by Istanbul Cereals, Pulses, Oilseeds and Products Exporters' Association (İHBİR) as the most successful exporter in "Vegetable Oils and Oilseeds Category" in 2021 for its sales volume, presented at the Export Leaders 2021 Award Ceremony.

Marsa is today the market leader in many export markets thanks to its strong brands and wide portfolio answering the market needs. The brand seizes the sales opportunities at Alibaba, the world's largest B2B platform, and takes part in the world's leading food expos with the goal of maintaining its position as the Turkey's leading margarine exporter and cement its distribution network with new prospects. In 2021, the brand takes part in the Gulfood Dubai, Prodexpo Moscow, Food & Beverage Nigeria, Dubai Manufacturing and Agropack Iraq expos. It continued to bolster up its position in the markets by including 46 new customers in its portfolio.

The star export brand of Marsa, the Ona has been the clear leader in consumer margarine in Middle East and Central Asia markets for long years. New products and formats are constantly developed to meet the needs of consumers in order to reinforce its leadership position of the Ona brand in the markets and reap the new sales opportunities. In 2021, new products are launched as 450&800g bucket format for Ona, Luna and Bizim Yağ brands in consumer margarine category.

Particularly in the Iraq and Georgia markets, where we enjoy clear leadership, the projects have been implemented to projects to ensure continuous interaction with target audience. In December, "Long Live Ona, Long Live Life" TV commercial campaign is run in the Georgia.

## **Distribution**

In oil business line of Kerevitaş, domestic sales of consumer products are carried out by Yıldız Holding companies, Horizon in the traditional channel, Pacific in the modern channel, and Yeni Teközel in the PL channel. Our consumer products are present and available in more than 115,000 points. Industrial, pastry, and catering sales are handled by Eksper Gıda, one of the Yıldız Holding companies, together with the company's own sales organization and distributor structure. The company also exports to more than 50 countries through its own sales organization.



## Export

In oil business line, Kerevitaş exports to more than 50 countries on five continents.

## Consumer Products

Bizim Yağ, Ona, Teremyağ, Luna, Sabah, Yayla, Halk, Evet, Evin, Butter Dreams brands

## Out-of-Home Consumption

- Pastry and Catering Oils/Margarines

*Ustam, Usta, Proser, Teremyağ and Bizim brands*

- Industrial Oils

*Akbis, Akrim, Akyavaş, Arma, Mars, Akao, Spy, Besler, Bes, Beska, Bizim*

*Cooking Oils*

- Sabah, Evet, Bizim Bereket

## X. ADMINISTRATIVE ACTIVITIES

### a) Managerial Staff

Our company's top executives and their roles are shown in the following table.

Mehmet Tütüncü	CEO	Yıldız Holding
Şükrü Çin	CEO (Executive Manager)	Oil Business Unit, Frozen Food and Canned Food Business Unit
Sadettin Atilla	Vice President-Supply Chain and Production	Oil Business Unit, Frozen Food and Canned Food Business Unit
Burak Deniz	General Director - Turkey Sales and Commercial, Marketing	Frozen Food and Canned Food Business Unit
Verda Duysak	CMO-Marketing	Oil Business Unit, Frozen Food and Canned Food Business Unit
Ufuk Kasar	Director - Financial Affairs	Frozen Food and Canned Food Business Unit
Adnan Kaplan	Director - Financial Affairs	Oil Business Unit
Uğur Tendik	Director - Sales	Marsa
Ali Ertuğrul Yemiş	Director - Sales	Frozen Food and Canned Food Business Unit
Özhan Nuri Özesenli	Director - Supply Chain	Frozen Food and Canned Food Business Unit
Hatice İçeli	Director - R&D&Business Development	Oil Business Unit
Murat Turan	Director - Human Resources	Oil Business Unit, Frozen Food and Canned Food Business Unit
Hülya Karslı	Director - Information Technologies	Oil Business Unit, Frozen Food and Canned Food Business Unit

## b) Information about Personnel

Company has 1,565 employees as of 31 December 2021. (31 December 2020: 1,704)

## XI. SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

### SUMMARIZED BALANCE SHEET (TRY)

	Independently Audited Current Period	Independently Audited Previous Period
	31.Dec.21	31.Dec.20
<b>ASSETS</b>		
Current Assets	3,272,199,465	2,348,202,185
Fixed Assets	1,449,847,908	1,191,994,026
<b>TOTAL ASSETS</b>	<b>4,722,047,373</b>	<b>3,540,196,211</b>
<b>LIABILITIES</b>		
Short-Term Liabilities	2,455,866,002	1,093,409,010
Long-Term Liabilities	684,245,719	999,152,164
Shareholder's Equity Total	1,581,935,652	1,447,635,037
<b>TOTAL EQUITY</b>	<b>4,722,047,373</b>	<b>3,540,196,211</b>

### SUMMARIZED INCOME STATEMENT( TRY )

	Independently Audited Current Period	Independently Audited Previous Period
	01.01-31.12.2021	01.01.-31.12.2020
<b>Revenues</b>	<b>4,865,330,171</b>	<b>3,055,708,233</b>
<b>Gross profit</b>	<b>976,893,074</b>	<b>746,021,860</b>
Gross Profit Margin	20,08%	24,41%
<b>Operating Profit (*)</b>	<b>535,727,955</b>	<b>416,251,844</b>
Operating profit margin	11,01%	13,62%
<b>EBITDA</b>	<b>594,638,258</b>	<b>468,654,860</b>
EBITDA	12,22%	15,34%

(\*) Operating profit before other incomes and expenses from main operations.

## XII. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

There is no amendment to Articles of Association during the period.

### **XIII. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT FOR 2021**

#### **SECTION I- STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES**

Capital Market Board ("CMB") made certain Corporate Governance Principles mandatory for the companies quoted in the Borsa Istanbul (BIST) with the "Corporate Governance Communiqué" on the basis of Article 17 of Capital Market Law No 6362 of 06.12.2012, and Corporate Governance Communiqué No II-17.1 of 03.01.2014. To this end, it is exactly decided to ensure compliance with the mandatory requirements of CMB. Our works are continuing to ensure the compliance with non-mandatory requirements of relevant communiqué.

The reasons for non-application of those Corporate Governance Principles are provided below:

No model or mechanism is created for participation of stakeholders in the management. However, independent board members make it possible for Company and shareholders as well as all stakeholders to be represented in the management. Company considers the opinions and suggestions of the personnel, suppliers, various non-governmental organizations as well as all other stakeholders.

Some of the Board Members hold office in multiple committees.

Pursuant to Article 4.6.5 of Corporate Governance Principles, remunerations and all other benefits made available to the Board Members and top executives are publicly disclosed via annual activity report. However, the disclosure is not based on individual, rather an aggregated format expressed as the benefits made available to the Board Members and top executives.

There is no provision of Articles of Association that entitles shareholders, acting as an individual, to request General Assembly to conduct a private audit. Turkish Code of Commerce and Capital Market Board regulations are considered to be adequate in terms of assignment of private auditor. Each shareholder's right to request private audit is respected in line with the regulations of Turkish Code of Commerce No 6102 which came into force on 01.07.2012.

Although the principles in exceptional nature, that have not yet been implemented, has not yet led to any conflict of interest among stakeholders, they are planned to be implemented as part of a process.

We aim at ensuring full compliance with the non-mandatory Corporate Governance Principle, however, full compliance could not be ensured because of practical challenges in some of the principles, with others not fully accommodating the current structure of the market and Company. Our Company is working on the principles that are not yet implemented, planning to implement them after finalization of administrative, legal and technical infrastructure to ensure contribution to the effective management of the Company.

As required by the CMB Decision No 2/49 of 10.01.2019, Corporate Governance Compliance Reporting No II-17.1 will be made over KAP platform using Corporate Compliance Report (URF) and Corporate Governance Information Form (KYBF) templates. You can find relevant reports on <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/1002-kerevitas-gida-sanayi-ve-ticaret-a-s>. Corporate Governance Principles Report are made publicly available on "http://www.kerevitas.com.tr" as well as <http://www.kerevitas.com.tr/tr/yatirimci-iliskileri/kurumsal/kurumsal-yonetim-ilkeleri-uyum-raporu>.

## **SECTION II - SHAREHOLDERS**

### **2.1 Investor Relations Department**

Investor Relations are managed by Investor Relations Department reporting to the Head Office. This Unit is under management of Mr. Serkan Yandı who has Capital Market Activities Level 3 License and Corporate Governance Rating License.

Main activities of the unit include:

- Informing shareholders about activities of the Company,
- Answering the questions of shareholders about exercise of Company or partnership rights,
- Communicating all necessary special circumstances disclosures to all investors via Borsa Istanbul, CMB and Public Disclosure Platform (KAP) by also considering the Special Circumstances Communique of CMB.
- Preparations of the General Assembly, delivery of the necessary documentation to shareholders, and organization of the General Assembly Meetings,
- Keeping up-to-date with legislative amendments, informing relevant units about them,
- Carrying out the works as part of the Public Disclosure Platform and Central Registration System applications, overseen by Capital Market Board, as well as Corporate Management Principles.

Investor Relations Unit carries out local and international promotion of our Company to natural and legal person investors, and provide prospective investors and shareholders information via phone, fax and [yatirimci@kerevitas.com.tr](mailto:yatirimci@kerevitas.com.tr) e-mail address.

#### **Investor Relations Unit**

Serkan YANDI – Investor Relations Director  
Ufuk KASAR – Financial Affairs Director

#### **Contact Details of Investor Relations Unit**

Phone: 0216 524 23 92 / 0850 209 18 31  
E-mail: [yatirimci@kerevitas.com.tr](mailto:yatirimci@kerevitas.com.tr)

### **2.2 Shareholders' Right to Information**

Written and verbal requests of the shareholders for information are satisfied, except for the business secrets and information not made publicly available. All information required for exercise of shareholding rights healthily are made shareholders available in annual activity reports, special circumstance disclosures and via personal requests. Article 16 of the Articles of Association provides information on the procedures and principles for the audit of company. No request has been received from the shareholders for the assignment of private auditor in 2020.

### **2.3 General Assembly Meetings**

Our Company holds e-General Assembly on the same date and simultaneously with the physical General Assembly in accordance with the Article 1527 of the Turkish Code of Commerce No 6102 of 13.01.2011(TTK) which provides for that attending the general assemblies of joint stock companies electronically, including but not limited to the proposals, delivery of opinions and voting, have same legal consequences of physical attendance and voting, and that existence of an electronic attendance and voting system in general assemblies is mandatory for companies listed on the Stock Exchange. One General Assembly convened on April 27, 2021, which was the "Ordinary General Assembly Meeting for 2020".

## **2.4 Voting Rights and Minority Rights**

Pursuant to Articles of Association, each share has one voting right.

Shareholders may attend the General Assembly meetings electronically pursuant to Article 1527 of Turkish Code of Commerce. Company may setup an electronic general assembly system which will enable Shareholders to attend the General Assembly meetings, to deliver their opinions, to furnish suggestions and exercise their voting rights or may purchase service of systems set up for such purposes pursuant to the provisions of Regulation on Electronic General Assembly Meetings of Joint-Stock Companies. Pursuant to foregoing article of Articles of Association, at all general assembly meetings, shareholders and their proxies shall be allowed to exercise their rights provided in the provisions of said Regulation over such a system set up.

There is no privileges granted for the share groups and shares of the Company capital. There is no mutual subsidiary relation between Company and any of its shareholder. No accumulated voting method is used by the Company.

In the Articles of Association, there is no provision which prevents persons who are not shareholders from voting in proxy acting as a representative.

## **2.5 Dividend Right**

Company has a specific and consistent dividend policy in accordance with the Turkish Code of Commerce, Capital Market Board, tax laws, and other applicable legislation, as well as the Company's Articles of Association. This policy is presented to shareholders for approval at the general assembly meeting, provided in the activity report, and publicly made available on the website of the Company.

Dividend Distribution policy of our Company is defined by considering the our Company's strategies, operational performance and financial status, and market developments in accordance with the provisions of Turkish Code of Commerce, Capital Market Legislation, Tax Legislation and other applicable legislation, as well as article of our Articles of Association concerning the dividend.

Our Company adopts the policy of distributing minimum 10% of the net distributable period profit as dividend in the form of cash and/or bonus share for each account year with the proposal of Board of Directors, and approval of General Assembly, subject to the changes that may be made by them, and the applicable legislation in Turkey, by also considering the cash flow requirements of the company.

The profit distribution proposal of our Board of Directors, also specifying the details as required by the dividend policy, regulations of Capital Market Board, and the Corporate Governance Principles is made publicly available on the website of our company and Public Disclosure Platform.

This policy is subject to annual review of Board of Directors to consider any changes in the national and global economic conditions, and current projects and company's financial resources.

Dividend Distribution policy observes a balance between interests of the shareholders and interests of the company. In line with the dividend distribution policy of the Company, profits are distributed to entire shares as of the distribution date. Our company does not have dividend advance application in place.

## **2.6 Transfer of Shares**

Our Articles of Association does not have provisions that prevents shareholders from transferring their shares freely, or restricts the share transfer.

## **SECTION III - PUBLIC DISCLOSURE AND TRANSPARENCY**

### **3.1 Corporate Website and Its Contents**

Company website has the addresses of [www.kerevitas.com.tr](http://www.kerevitas.com.tr), as well as webpage at <http://www.kerevitas.com.tr/tr/yatirimci-iliskileri> which is dedicated to the Company's investor relations. The following information are published on the website of the Company in order to inform shareholders:

- Information about Company
- Ethical Principles
- Information about Board of Directors and Management
- Committees
- Company's Shareholding Composition
- Trade Registry Details and Company ID
- Company's Articles of Association
- Financial Statements and Footnotes
- Annual Activity Reports
- Special Circumstance Disclosures
- Corporate Governance Principles Compliance Report
- General Assembly Details (Notice, Agenda, Minutes, List of Attendees, Proxy Voting Form, and General Assembly Information Document)
- Company Information Disclosure Policy
- Policies
- Presentations for Investors
- Frequently Asked Questions

### **3.2 Activity Report**

Company's activity report is prepared in such detail so that shareholders and public can access full and accurate information about the activities of the Company in accordance with the Corporate Governance Principles as defined in the Serial: II-17.1 "Corporate Governance Communiqué" as well as the legislative requirements.

## **SECTION IV - STAKEHOLDERS**

### **4.1 Informing Stakeholders**

In the cases where rights of stakeholders are not regulated by legislation or agreement, interests of the stakeholders are protected under good faith rules and using the means available to the Company by also observing the reputation of Company.

In addition, Company personnel is provided with the access to circulars and announcements via Intranet of the Company with certain important announcement directly and immediately e-mailed to all personnel.

Company has no practice in place which may prevent stakeholders from reporting all illegitimate and unethical transactions of Company to the Corporate Governance Committee or Supervisory Committee. Said Committee are accessible by all stakeholders via any communication channels they may prefer.

### **4.2 Participation of Stakeholders in Management**

According to Articles of Association, Board of Directors is composed of minimum five and maximum seven members, which are selected by General Assembly upon the proposal of various shareholders in line with the provisions of Articles of Association. Board of Director is composed of six members, two of whom are independent members. There is no work for participation of stakeholders in the management.

### **4.3 Human Resources Policy**

Company has created a human resources policy which is effectively in place. In this respect, recruitment policies, career planning, personnel development and training policies, etc. are implemented under the Personnel Regulation. All rights of the Company personnel are taken under assurance so that they will not be exposed to any discriminative practices or harsh treatments. There is no complaint in terms of discrimination lodged against the human resources policy of Company in place.

The main criteria forming the policy of Company's Human Resources Policy include:

- To assess performance of all personnel, and handling the success criteria in parallel with these assessments,
- To ensure a transparent management,
- To maintain easy access to management,
- To ensure personnel have convenience to express and share their ideas,
- To attach importance to the job discipline,
- To ensure all personnel work in a team spirit.
- To guarantee equal opportunity among the successful personnel in terms of training, benefits, remuneration and career,
- To organize social activities.

### **4.4 Ethical Rules and Social Responsibility**

Carried out with the responsibility, service awareness and experience as a requirement of food industry, the social responsibility activities are geared towards contributing value to the social needs in the highest level and quality. In this respect, all measures for the prevention of the environmental pollution that may arise from the production activities have been put in place, including the treatment facilities which meet the legal requirements. In addition, internship requests from secondary and higher education institutions as a required by Turkish education system are being satisfied to the maximum level with the awareness of importance of high-quality qualified workforce. Ethical rules adopted by Yıldız Holding are implemented throughout holding members including the Company, which are made available to the shareholders on the website in accordance with the information policy.

## **SECTION V - BOARD OF DIRECTORS**

### **5.1 The Structure and Composition of the Board of Directors**

Company's Board of Directors is composed of six members. Following the General Assembly Meetings where board members are elected, Board of Directors elects the Chairman and Vice Chairman with a decision.

Board of Directors include executive and non-executive Members. Most of the Board Members consists of non-executive member. Non-executive Board Members include the Independent Members who satisfy the criteria set by Capital Market Board regulations, are qualified to carry out his/her tasks without any influence, can spare time to Company affairs sufficient to follow up the activities and to completely fulfill the requirements of the role he/she assumes.

General Assembly approval is required for the Chairman and Board Members to carry out the Company activities in person or on behalf of others, and to partner with companies which carry out such activities under the relevant Articles of Turkish Code of Commerce.

Board Members of the company are as follows.

Name-Surname	Position	Office Term
Mehmet Tütüncü	Chairman	27.04.2021 - 27.04.2024
Ali Ülker	Vice Chairman	27.04.2021 - 27.04.2024
Hüseyin Avni Metinkale	Board Member	27.04.2021 - 27.04.2024
Vehbi Merzeci	Board Member	27.04.2021 - 27.04.2024
Ahmet Murat Yalnızoğlu	Independent Board Member	27.04.2021 - 27.04.2024
Ceyda Aydede	Independent Board Member	27.04.2021 - 27.04.2024

#### DECLARATION OF INDEPENDENCE

Joint "declaration of independence" of Independent Board Members is provided below.

#### DECLARATION OF INDEPENDENCE

I herein declare for the information of our Board of Directors, shareholders and all relevant parties, that I am willing to take office as a "Independent Member" at the Board of Directors of Kerevitaş Gıda Sanayi ve Ticaret A.Ş. ("Company") in accordance with the criteria set under the Corporate Governance Principles as defined in the Articles of Association, and by Capital Market Board, and in this context;

that, in the last five years, there has been no business relations in the nature of employment in director position assuming directly or indirectly important tasks and responsibilities, capital or particular importance between myself, my spouse, and my relatives by blood and marriage up to second degree and the Company, any related parties of Company, or legal persons that have relations in terms of management or capital with shareholders of the company holding directly or indirectly 5% or above shares in the Company capital.

that, in the last five years, I have not worked, or held office as a board member for the companies which provided services for entire or certain part of the organization of the Company under the agreements, notably of those companies which provided the audit, rating and consulting services to the Company,

that, in the last five years, I have not been a partner, employee or board member to any of the companies which provide Company a significant level of services and products.

that I have no more than 1% of shares in the capital, and these shares are not privileged ones. that I have the professional education, knowledge and experience which will enable me to fulfill duly the tasks that I will undertake due to my office as Independent Board Membership,

that I am not currently holding a full-time office in public institutions and organizations, and I am considered as a Turkey-resident according to Income Tax Law,

that I have the strong ethical standards, professional reputation and experience, allowing me to contribute positively in company activities, maintaining my impartiality in interest conflicts between Company and shareholders, freely decide by considering the rights of beneficiaries,

that I will spare my time to company affairs, sufficient to follow up company activities and completely fulfill the requirements of tasks that I assumed.



## **5.2 The Working Principles of the Board of**

### **Directors**

Board of Directors performs and executes the tasks assigned to them by provisions of Turkish Code of Commerce, Capital Market Board, Articles of Association and the decisions passed by company's General Assembly on such matters. All acts and actions which do not require General Assembly resolution pursuant to provisions of applicable legislation and Articles of Association are performed by Board of Directors. While performing its tasks and responsibilities, Board of Directors may assign some of them to Company Committees and/or Company Managers, without releasing them of their responsibility for these matters.

Company's Board of Directors passed 25 (twenty) five decisions at the meetings held between 01.01.2021 and 31.12.2021. Board of Directors convenes in such frequency so that it can perform its tasks effectively. Chairman, other Board Members sets the agenda of Board Meeting in consultation with CEO/General Director.

Board of Directors convenes with the majority of total number of members and resolutions are passed by the majority of members present in the meeting. In case of a tie, that subject will be deferred to the next meeting. If tie still cannot be broken in the second meeting, then said proposal shall be deemed to have been rejected. In activity period 2021, there were no dissenting opinions concerning the decisions passed by the members of the Board of Directors.

## **5.3 The Number, Structure and Independence of the Committees Established by the Board of Directors**

### **5.3.1 Supervisory Committee**

The duty of the Supervisory Committee is to ensure that financial and operational activities are carried out in sound manner. Reporting to the Board of Directors, the Committee aims at controlling the accounting system and publicly disclosing financial data of the Company and overseeing the working and effectiveness of the internal control system. Supervisory Committee composed of Two Independent Board Member convenes at least four times a year. Supervisory Committee convened 4 (four) times during 2021. Head of Supervisory Committee is Ahmet Murat YALNIZOĞLU, and Committee Member is Ceyda AYDEDE.

### **5.3.2 Corporate Governance Committee**

A Corporate Governance Committee is formed in line with the "Capital Market Board Corporate Governance Principles Communique". Corporate Governance Committee follows up the works and management processes in line with the Corporate Governance Principles of CMB. Board of Directors did not form a separate Nomination Committee and Remuneration Committee due to its structure, whose tasks are assumed by the Corporate Governance Committee. Corporate Governance Committee convenes at least four times a year. Corporate Governance Committee convened 4 (four) times during 2021. Head of Corporate Governance Committee is Ceyda AYDEDE, and Committee Members are Ahmet Murat YALNIZOĞLU and Serkan YANDI.

### **5.3.3 Early Detection of Risk Committee**

Early Detection of Risk Committee is formed to carry out works under the Board of Directors required for early detection of the risks that may jeopardize the existence, development and continuity of the Company, for taking measures for the identified risks and managing the risks pursuant to "Capital Market Board Corporate Governance Principles Communique". Committee convenes at least quarterly and submits meeting results to Board of Directors. Early Detection of Risk Committee convened 6 (six) times during 2021. Head of Early Detection of Risk Committee is Ahmet Murat YALNIZOĞLU, and Committee Member is Hüseyin Avni METİNKALE.

## **5.4 Risk Management and Internal Control Mechanism**

The activities of the risk management of the Company is overseen by the Early Detection of Risk Committee. In addition, company is subject to regular audit of the audit units of its parent company Yıldız Holding A.Ş. as well as independent audit firms. The findings of these audits are communicated to Supervisory Commission Members as well as other Board Members. The workflows and procedures of the Company, authorities and responsibilities of our personnel is taken under control and subject to continuous audit within the framework of risk management.

### **5.5 Strategic Goals of Company**

To be a company that, first of all, respects customers, where personnel from every level participates in the management, adopting the continuous and widespread training, respecting the laws and environment, that is progressive, innovative keeping abreast with the technological development in its industry, committed to continuously improve quality/HACCP Management System without compromising quality and food safety under any circumstances. To reinforce its leadership position in the industry by identifying and meeting the demands and expectations of the customers in the best manner possible. The policies and goals are necessary to achieve this goal, requiring all personnel in every unit and level work in full compliance with Quality/HACCP Management System. The target of the company is to do its entire business meticulously in every stage from sourcing of the raw materials up to the points where the end products are delivered to the customers. In entire process from seed to the table, its first priority is to contribute value to all its stakeholders.

Company aims at launching digitalization projects in order to be leader pioneering in ways of doing business and digitalization in the industry, to ensure continuous growth and success, for continuous development, to translate business strategies into practice in the fastest and best manner, to do business with lower cost and higher efficiency, to make the lives of stakeholders, customers, consumers and personnel easier, add value to them and earn their hearts.

Company sets long-term goals for itself, as well as devise three-year strategic plans and annual budgets in parallel with these goals. Performance assessments are conducted according to the predefined goals at the end of every activity period.

### **5.6 Financial Rights**

The remuneration principles of our company's executive directors are documented, which is presented to shareholders for their information as a dedicated agenda item at the Ordinary General Assembly meeting held on 20 July 2019, and also published as part of activity report of Company on the corporate website. No benefits are made available to the Chairman and Board Members, other than the remunerations and attendance fees defined by General Assembly. The remunerations of Board Members are determined by General Assembly separately for each of them by considering the financial position of the Company. Among the Board Members elected at the Ordinary General Assembly held on 27 April 2021, only the independent members are decided to be paid with a monthly remuneration of TRY 5,750. No lending is made to Board Members and director, no credit in the form of personal credit is extended to them directly or via a third party, as well as no guarantee such as surety is furnished in their favor.

## **XIV. SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK**

### **A. General Principles**

#### **A1. Strategy, Policy and Goals**

- Board of Directors defines the ESM priority topics, risks and opportunities, and creates ESM policies. Board of Directors adopts and publicly discloses decisions for these policies.

At Kereviş, Sustainability Committee is in charge of the management of the sustainability topics. Committee is responsible for regularly reviewing, implementing, monitoring, auditing, and, when necessary, submitting the sustainability policy, goals, applications, working principles, management systems for approval of the Board of Directors.

- It develops the Company Strategy that is suitable to ESM policies, risks and opportunities. It sets and publicly discloses the short- and long-term goals that are in line with the Company strategy and ESM policies.

At Kereviş, we adopt the approach of "The Earth is Ours" under the sustainability platform roof of Yıldız Holding created to ensure continuity of our activities and happiness of our stakeholders. "The Earth is Ours" approach basically focuses on three main topics as Product, Society and Earth. As Kereviş is shaping our sustainability approach in this respect, managing our business processes to this end.

#### **A2. Application/Monitoring**

- Company defines and publicly discloses the committees/units in charge of the application of the EMS policies. Responsible committee/unit reports the activities carried out as part of the policies to Board of Directors at least once a year.

Formed in 2017, Sustainability Committee is the highest-level committee in charge of the systematic application of sustainability works. The Committee, who is in charge of the monitoring the current situation in environmental, social and governance areas, application of the relevant decision throughout the company, reports directly to Board of Directors. Sustainability works coordinated under the Committee also help us contribute to the sustainability transformation in the Yıldız Holding. The Committee led by the Kereviş and Oil Business Unit CEO has 19 members as Kereviş and Oil Business Unit Supply Chain and Production Vice President, Kereviş and Oil Business Unit Marketing General Manager, Kereviş Financial Affairs Director, Kereviş and Oil Business Unit Human Resources Director, Kereviş Quality Group Manager, Kereviş Investments and Technical Group Manager, Kereviş Production Group Manager, Kereviş Supply Chain Group Manager, Kereviş Agriculture Manager, Kereviş Human Resources Manager, Kereviş R&D Senior Manager, Oil Business Unit Financial Affairs Director, Oil Business Unit Marketing Director, Oil Business Unit Supply Chain Director, Oil Business Unit R&D and Business Development Director, Oil Business Unit Factory Director, Oil Business Unit Export Director and Oil Business Unit Sales Director. Convened in a frequency required to carry out its duties, but not less than two times a year, the Committee is coordinated by Vice President of Kereviş and for Oil Business Unit Supply Chain and Production, with secretariat being Kereviş Agriculture Manager and Oil Business Unit Factory Director.

- It creates and publicly discloses the application and action plans in line with the short and long term goals.  
There is no goals.
- It defines the ESM Key Performance Indicators (KPIs) and publishes them with year-by-year comparison. If there are benchmarks, Key Performance Indicators are presented with local and international industry benchmarks.

Performance Indicators are communicated as part of the annual Sustainability Report.

Data of 2021 will be shared in the Sustainability Report to be published in June.

- This includes the innovation actions that will improve the sustainability performance of the business processes or products and services.

With more effective environmental management, we aim at improving our applications in order to minimize food and packaging waste, increase recovery and recycling, and use recycled materials for packaging. In this context, a project is being carried out by R&D and innovation teams to minimize the plastic materials used in the product packaging, and analyses the effects of this change on the shelf life of the products.

### **A3. Reporting**

- The sustainability performance, goals and actions are reported and publicly disclosed at least once a year. Information about sustainability activities can be provided in the activity report, sustainability report or integrated report/activity report.

Sustainability performance and activities are explained in the annually-published Sustainability Report and Activity Report.

- It is essential to share the material information directly and concisely with stakeholders. Detailed information and data can separately be published on the corporate website, and separate reports may be issued which directly meet the needs of different stakeholders.

Sustainability Report is shaped in line with the priorities defined with the contribution of stakeholders, and made available to all stakeholder on the website.

- Sustainability Report is shaped in line with the priorities defined with the contribution of stakeholders, and made available to all stakeholder on the website. Outmost care is paid to the transparency and reliability. In line with balanced approach, both positive and negative aspects of the priority topics are explained objectively in the disclosures and reports.

Sustainability performance and goals are made publicly available directly and concisely in a transparent and balanced manner via sustainability reports every year.

- Information is provided about the UN 2030 Sustainable Development Goals to which the activities are related.

Sustainability Report also describes the contribution to the 2030 Sustainable Development Goals. (Sustainability Report 2020, page 10)

- Disclosures are made publicly available on legal actions taken or resulted against the business in environmental, social and corporate governance topics.

There is no legal actions in the environmental, social and corporate governance topics.

### **A4. Verification**

- Sustainability performance assessments verified by independent third parties (independent sustainability assurance providers) are made publicly available, and efforts are made to increase said verification processes.

There is no verification. There are works to obtain verifications.

## B. Environmental Principles

- Policies and applications, action plans, environmental management systems (known as ISO 14001 Standard) and programs in environmental management are publicly disclosed.

As Kereviyaş Gıda San. ve Tic. A.Ş. we adhere to the local and international environmental legislation, and is committed to continuous development to manage and minimize the environmental impacts of our activities. ISO 14001 Environmental Management System Standard is a beacon of our works. Our Subsidiary Besler has ISO 14001 Environment Management Certificate and ISO 50001 Energy Management System. (Sustainability Report 2020, page 36)

- Environmental laws and other applicable regulations are complied with and disclosed publicly.

We steer our environmental management in full compliance with environmental laws and regulations and in line with the international standards.

- Limits of environment report, reporting period, reporting date, reporting frequency, data collection process and restrictions related to reporting conditions are disclosed publicly.

The limits of environment report is indicated in the page 2 of Sustainability Report 2020.

- The highest-level responsible officer with respect to environment and climate change, relevant committees and their tasks are disclosed publicly.

Sustainability Committee convenes at least once years with the environment management units and its members including Vice President, and reviews environment policy and relevant applications. The Board of Directors are informed about the decisions taken and the process.

- Incentives provided for management of the environmental issues, including achievement of the goals, are disclosed publicly.

These are explained in Environment section (page 36) of Sustainable Report 2020.

- How environmental issues are integrated to business goals and strategies are publicly disclosed.

These are explained in Environment section (page 36) of Sustainable Report 2020.

- The sustainability performance of the business processes or products and services, as well as improvement actions are disclosed publicly.

These are explained in World-How to Improve section (pages 36-39) of Sustainable Report 2020.

- How environmental matters is managed throughout company value chain, not only direct operations, and how suppliers and customers are integrated to its strategies are disclosed publicly.

We support local production in our country, in this context, we have a vendor base 97% of which is composed of local actors, and purchase all our entire raw materials from local producers. We continue work with 90% of our farmers on the basis of contract farming, and thanks to planned production, we boost our operational efficiency. For a sustainable production chain, we pay outmost care that all our vendors conform to the international standards, and carry out social and environmental audits. For details, please see Sustainable Production Chain Section (Page 24) of Sustainability Report 2020.

- Information about if company participates in the policy-making processes in environmental issues (industrial, regional, national and international), memberships in environmental associations, collaborations with relevant institutions and non-governmental organizations, and its tasks and supported activities are disclosed publicly.

As an industry-leading company, we included protection and improvement of bio-diversity among our priorities and responsibilities. For this reason, we follow up the potential impacts of our activities on the biodiversity.

Bio-diversity action plans prepared in line with international agreements forms the basis of our approach. We identify the risk factors in our works, and work together with specialist Non-Governmental Organization to protect and improve the bio-diversity.

- In light of the environmental indicators (greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy Indirect), Scope-3 (Other Indirect), Air Quality, Energy Management, Water and Wastewater management, bio-diversity effects), the information about its environmental impacts are reported in periods comparatively. You can find performance indicators on Pages 40-44 of Sustainability Report 2020. Performance during 2021 will be provided on Sustainability Report 2021 to be published.
- Standards, protocol, methodology and base-year used to collect and calculate its data are disclosed publicly. Data collection and calculation methodologies are provided on Pages 40-44 of Sustainability Report 2020.
- The status of the environmental indicators for report year in comparison with previous years is disclosed publicly (increase or decrease). You can find 3-year performance indicators on Page 40-44 of Sustainability Report 2020.
- To minimize the environmental impacts, short and long term goals are set and disclosed publicly. These goals are advised to be set based on the science as recommended by UN Climate Change Conference. Information is provided about actual progress in the report year vs. defined goals.  
Not Available.
- Strategies and actions in fight with climate crisis are disclosed. Climate change accelerated due to increased accumulation of greenhouse gases, is today one of today's most important problems. In addition, climate change has significant impacts on agriculture industry. In parallel with our responsibility in terms of fight with climate change, this area is one of the our priorities. We target at contributing to the fight with climate change through our projects particularly for efficient use of the resources, mainly agricultural raw materials, and effective water and waste management, and energy saving.
- The programs or procedures to mitigate or minimize the potential adverse impacts of its products and/or services are disclosed, as well as actions of third parties in reducing greenhouse gas emissions are disclosed publicly.

We are committed to water management in our operations as well as reduction of water consumption in supply chain where the largest amount of consumption takes place. We are reducing both energy consumption and water consumption by using and encouraging drip irrigation system in the farming lands. With drip irrigation system we achieve water saving of 37% and energy saving of 30% compared to the sprinkler system. In the last three years, we rolled out drip irrigation throughout corn fields, reaching 80% of total fields.

- Total number of the actions, projects and initiatives taken for mitigation of environmental impacts, and environmental benefit/gains and cost savings derived thereof are disclosed publicly.

In 2020, our energy consumption density realized as 0.88 MWh/ton, greenhouse gas density as 0.29 CO<sub>2</sub>e/ton. Thanks to our cogeneration system at Marsa, we co-generate electricity and steam, achieving energy saving. We maintained 5 million KWh of energy saving, preventing release of 2,342 ton CO<sub>2</sub> greenhouse gas as a result of the energy projects, improvements and efficiency works we carried out in 2020. Besides efficiency investments, we support the migration to the renewable energy resources. We heat water in our recreational facility using solar power. We generated 36,500 kWh of solar power in 2020. (Sustainability Report 2020, page 37)

- Total energy consumption data (excluding raw materials) are reported and energy consumptions are disclosed as Scope-1 and Scope-2.

You can find performance indicators on Pages 40-44 of Sustainability Report 2020.

- Information is provided about electricity, heat, steam and cooling generated and consumed in the reporting year.

Energy consumption data are provided as total consumption data, not disaggregated into heat, cooling and steam.

- Works are carried out and disclosed publicly to increase share of renewable energy use and to migrate to zero or low-carbon electricity.  
Not Available.
- Renewable energy generation and consumption data are disclosed publicly.  
Not Available.
- Energy efficiency projects are carried out and energy consumption and emission reduction amounts by virtue of these works are disclosed publicly.  
Thanks to the improvements as a part of the efficiency projects, we achieved reduction in both energy consumption and greenhouse release compared to 2018. Accordingly, we realized 8% reduction in energy consumption, and 4% reduction in greenhouse release in 2019.
- Amounts of water drawn underground or above ground, used, recycled and discharged, together with the resources and procedures (resource-based total water drawing, water resources affected from water drawing; percent and total volume of recycled and recovered water) are reported.  
You can find performance indicators on Pages 40-44 of Sustainability Report 2020.
- Information about if operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax) are disclosed publicly.  
Kerevitaş is not included in any carbon pricing system.
- Carbon credit accumulated or purchased in the reporting period are disclosed publicly.  
No carbon credit were purchased.
- Details about, if any, carbon pricing in the company is disclosed publicly.  
No carbon pricing is applied.
- All mandatory and voluntary platforms used to report the environmental data is publicly disclosed.  
They are disclosed in the Kerevitaş Sustainability Report and Activity Report.

## C. Social Principles

### C1. Human Rights and Employee Rights

- Corporate Human Rights and Employee Rights Policy is created, which specify its commitment to full compliance to Universal Declaration of Human Rights, ILO Conventions ratified by Turkey, and legal framework and legislation of Turkey regulating the human rights and working life. Said policies and roles and responsibilities for application of policy is made publicly available.

You can find Kerevitaş Human Resources Policy on the Company's website.

- Equal opportunity is guaranteed in recruitment processes. Its policies include the fair labor, the improvement of working standards, diversity and inclusiveness (no discrimination based on gender, sex, religious faith, language, race, ethnic origin, age, disability, refugee, etc.) by also observing the supply and value chain impacts.

You can find Kerevitaş Human Resources Policy and Supply Chain Policy on the Company's website.

- Actions taken throughout to value chain for observation of certain economically, environmentally, socially vulnerable groups (low-income groups, women, etc.) or minority rights/equal opportunity are disclosed publicly.

They are explained in the Supply Chain Policy. You can find Supply Chain Policy on the Company's website.

- Developments in the preventive and corrective actions taken on discrimination, inequality, human right violations, forced labor are reported. Actions to prevent child labor are disclosed publicly.

Regulations and actions taken as part of the ethical rules, which are accessible on the Company's website.

- Policies on employee investments (training, development policies), compensation, benefits, right to association, business/life balance solutions and skill management are publicly disclosed. Processes for resolution of employee grievances and disagreements are defined. Activities carried out to maintain employee satisfaction are disclosed publicly regularly.

You can find Kerevitaş Human Resources Policy on the Company's website.

- Occupational health and safety policies are created and publicly disclosed. Measures taken for protection against work accidents, accident statistics are publicly disclosed.

These are disclosed in the Occupational Health and Safety section (pages 32,33) of Sustainable Report 2020. Accident Statistics are provided in Page 40 of Sustainability Report.

- Personal Data Protection and Data Security Policies are created and publicly disclosed.

Information about personal data protection are provided on the Company's website.

- Ethics policy (including code of conduct, compliance processes, advertising and marketing ethics, open information, etc. works) is created and publicly disclosed.

Ethical rules are available on the Company's website.

- Actions on the social investment, social responsibility, financial inclusiveness, access to financing are disclosed publicly.

Kerevitaş is committed to lead the development of food industry as well as the projects which will produce social benefits. Using all its means to do its part on creation of a happier community, Kerevitaş enters into many sponsorship agreement and implements projects in sports, arts and education via its parent Yıldız Holding.

- Employees are provided with awareness meetings and trainings on the ESM policies and applications. Meetings are held whenever it is found necessary. Trainings are under consideration.



## C2. Stakeholders, International Standards and Initiatives

- All activities in the sustainability field are carried out by considering the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public authorities, shareholders, social and non-governmental organizations, etc.).

We define our priority areas in sustainability with the involvement of our stakeholders to respond accurately to the ever-changing expectations of stakeholders in line with the global and local trends and developments in our industry. We focus on the priority topics and realize the medium and long term goals of Kerevitaş as well as meet expectations of our wide range of stakeholder groups. As a result, we create joint values for all our stakeholders.

- Customer satisfaction policy is created and disclosed publicly for management and solution for customer complaints.

There is no Customer Satisfaction Policy.

- Stakeholder communication is maintained continuously and transparently, and stakeholders, purpose, subject and frequency of communication with stakeholders, developments realized with sustainability activities are publicly disclosed.

We are doing yearly assessments on our prioritization matrix and priority areas created for the first time in 2017 and approved by our Board of Directors. We re-assessed our priority areas in line with the global and local trends relating to our works, issues closely relevant to our industry, opinions and expectations of internal and external stakeholders, and confirmed them same as the previous year. Our priority areas, additionally, include food waste and loss, occupational health and safety, responsible supply, employee and human rights as subjects which have been gaining increasingly more importance. We have been managing these areas for long years, as required by the nature of our way of doing business, and placing great importance to them. We focus our works on the priority and high-importance areas, sharing our performance in these areas transparently with all our stakeholders.

- The international reporting standards it implements (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosure (TCFD), etc.) are disclosed publicly.

In our Sustainability Report, we prepared in conformity with "Basic" option of GRI Standard, we also benefited from GRI Food Industry Annex.

- International corporations and principles it being a signatory or member (Equator Principles, United Nations Environment Program Finance Initiative (UNEP-FI), United Nations Global Compact (UNGC), United Nations Principles for Responsible Investment (UNPRI) etc.) and the international principles it adopts (such as the International Capital Markets Association (ICMA) Green/Sustainable Bond Principles) are publicly disclosed.

Not Available.

- Concrete efforts are exercised to be listed in the Borsa Istanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI EMS Indices, etc.)

We have been listed in Borsa Istanbul Sustainability Index since 2019.

#### D. Corporate Governance Principles

- Maximum efforts are exercised to ensure compliance with all Corporate Governance principles, besides mandatory Corporate Governance Principles under the Capital Market Board Corporate Governance Communique No II-17.1.

These are explained in the Corporate Governance Principles Compliance Report.

- Corporate management strategy takes into account the sustainability, environmental impact of its activities, and relevant principles.

As Kerevitaş, we carry out our activities as a company which strives for creating value for the society without compromising quality and food safety, closely keeping abreast with technological developments with innovative approach, not regarding environmental and social responsibility as a legal requirement but principles to be embraced. We embrace corporate governance, fairness, transparency, accountability, and responsibility principles playing importance role in the protection of the company structure. These principles which underpin the management style of our company help us to prevent any unfair, fraudulent practices as well as violation of the rules. We address all issues that may impact our existence, reputation and continuity of our activities under the corporate governance structure.

- As set forth in the Corporate Governance Principles, actions are taken to ensure compliance with principles relating to the stakeholders as well as cement the communication with stakeholders. Opinions of stakeholders are obtained in identification of the actions and strategies in sustainability.

As part of the prioritization work, we organized workshops with the contributions of our internal experts and managers. We involved our wide range of stakeholders including employees, public authorities, regulatory authorities, non-governmental organizations, associations, international organizations and initiatives, corporate customers, suppliers and universities in this work where we considered their opinions and recommendations.

- Works are carried out to raise awareness on the sustainability and its importance through social responsibility projects, awareness events and trainings.

Kerevitaş carries out corporate social responsibility activities under the roof of its parent Yıldız Holding. Company regards corporate social responsibility activities as obligations arising from the producer responsibility. Company not only produces wide options for food needs of the individuals, but also makes them accessible and affordable, manages an open and responsible communication, and encourages balanced diet and physical activity.

- Efforts are made to subscribe to the international standards and initiatives in sustainability and contribute to the works.

Not Available.

- Anti-Bribery and Anti-Corruption policies and programs are publicly disclosed.

Regulations under Anti-Bribery and Anti-Corruption are provided as part of the Ethical Principles.