

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

1 January – 31 December 2020 Annual Report



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

### **To the General Assembly of Kerevitaş Gıda Sanayi ve Ticaret Anonim Şirketi**

#### **1) Opinion**

We have audited the annual report of Kerevitaş Gıda Sanayi ve Ticaret Anonim Şirketi ("Company") and its subsidiaries ("Group") for the accounting period from 1 January to 31 December 2020

According to our opinion, the consolidated financial information provided in the annual report of the Board of Directors together with the examinations made by the Board of Directors regarding the situation of the Group, are consistent with the fully consolidated financial statements audited in all material respects and with the information we have acquired during the independent audit and all these reflect the truth.

#### **2) Basis for Opinion**

We have conducted our independent audit in accordance with the independent auditing standards published by the Capital Markets Board and the Independent Auditing Standards (IAS), which are a part of the Turkish Auditing Standards published by the Public Oversight, Accounting and Auditing Standards Authority (POA). Our responsibilities under these Standards are detailed in the Independent Auditor's Responsibilities for the Independent Audit of the Annual Report section of our report. We declare our independence from the Group, in accordance with the Ethical Rules for Independent Auditors issued by the POA (Code of Ethics) and the ethical provisions of the independent audit framework. Other ethical responsibilities within the scope of the Code of Ethics and legislation are also fulfilled by us. We believe that the independent audit evidence obtained during the independent audit provides an adequate and appropriate basis for forming our opinion.

#### **3) Auditor's Opinion Regarding the Fully Consolidated Financial Statements**

In our auditor's report dated March 10, 2021, we have provided a positive opinion with regard to the fully consolidated financial tables of the 1 January to 31 December 2020 accounting period of the Group.

#### **4) Responsibility of the Board of Directors for the Annual Report**

The Group management is responsible for the following in relation to the annual report as per the Articles 514 and 516 of the Turkish Commercial Code No. 6102 (TTC) and the "Communiqué on Principles of Financial Reporting in the Capital Markets" No. II-14.1 ("Communiqué") of the Capital Markets Board ("CMB").

- a) Prepares the annual report within the first three months following the balance sheet day and submits the report to the General Assembly.
  - b) Prepares the annual activity report in a way that accurately, completely, fairly and honestly reflects the flow of the Group's activities for that year and its financial situation in all aspects. In this report, the financial position is evaluated according to the consolidated financial statements. The report also gives a clear signal to the development of the Group and the risks it may face. An assessment of the Board of Directors is also provided in the report.
  - c) The Annual Report also includes the following matters:
    - Special-importance events occurring in Group after the end of the activity year,
    - Research and Development studies of the Group
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- Financial insurances such as remunerations, premiums, bonuses paid to Board Members and executives, and similar collateral.

The Board of Directors considers the second legislation regulations made by the Ministry of Customs and Trade and related institutions when preparing the annual report.

#### **5) The responsibility of the Independent Auditor for the Independent Audit of the Annual Report**

Our goal is to analyze and provide an opinion on whether the consolidated financial information included in the annual report and the analysis made by the Board of Directors are consistent with the consolidated financial statements of the Group and the information we obtained during the independent audit, and whether they reflect the truth, in accordance with the provisions of the Turkish Commercial Code and the Communiqué, and to prepare a report containing our opinion.

Our independent audit was conducted in accordance with the Independent Auditing Standards and the Capital Markets Board's independent auditing standards. These standards require that ethical provisions be followed, as well as that an independent audit be planned and carried out in order to obtain reasonable assurance that the consolidated financial information in the annual report and the analysis made by the Board of Directors are consistent with the consolidated financial statements and the information obtained during the audit, and that they reflect the truth.

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

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited

#### ***(Seal And Signature)***

Seda Akkuş Tecer, SMMM  
Responsible Auditor

March 10, 2021  
Istanbul, Turkey

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Dear Stakeholders,

The year 2020 has been a year of great change throughout the world. These changes will continue to guide our immediate future, and they have revealed the need for transformation in the way we do business. As Kerevitaş, we maintained our business continuity and continued to take innovative steps to rapidly adapt to these needs of change and transformation.

Since the beginning of the outbreak, Kerevitaş has had two key priorities: protecting the health of our employees and continuing our economic activities without interruption by contributing to all stakeholders in our value chain. Kerevitaş has worked hard to preserve its leadership position in the frozen food and oil business fields, as well as to fulfill its duties to consumers and society in the vast worldwide geography in which it operates, by acting in accordance with these principles. In addition to being one of the first manufacturers to receive the TSE COVID-19 Safe Production Certificate in its sector, with exports to over 70 countries in 6 continents, with a total of 5 factories and approximately 1700 employees, it achieved significant success with its increased production and sales. Kerevitaş maintains its market leadership in the industry, with a 50 percent market share in frozen and canned foods and a 66 percent turnover share in the oil business line. Kerevitaş's contribution to exports has increased by 12.4 percent to a total of TRY 397.1 million.

Because we place such a high value on innovation, the delicious, practical, and inventive items we developed in 2020 became solutions to the demands of our consumers in the countries where we operate, bolstering our regional leadership. We successfully completed a total of 67 product development projects with our R&D studies during the year, while maintaining our leadership in 21 categories in Frozen Food and Canned Food and 59 brands in the Oil business line. We also made improvements to some of our current products. The fact that the revenue we generated from R&D and innovation projects increased by 30 percent compared to last year is the most important indicator that we are continuing on our path with the right investments and ideas.

We continued to grow on the basis of efficiency and productivity with our sustainability efforts and conscious production activities, focusing on our responsibilities to the environment and to future generations.

With exemplary steps in sustainability studies, Kerevitaş managed to enter the BIST Sustainability Index, which measures the corporate sustainability performance of companies listed on the Istanbul Stock Exchange, for the second time.

We will continue to lead the change in 2021 with the strength we have received from these successful results, our entrepreneurial spirit and our innovative approach. I believe that we will bring added value to our country for many years thanks to our strong position in the market, high export share, our employees who perform their duties with a sense of responsibility and security, and of course our consumers who continue to believe in and support us.

I thank all our stakeholders for their hard work, contribution and support.

Mehmet Tütüncü

Chairman of Board of Directors

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Dear Stakeholders,

We all have witnessed tremendous transformations in 2020. I am thrilled to announce that we, as Kerevitaş, have written a success tale this year with our strong and agile movement capacity in this process of change and transformation in every sphere and sector, from education to economy, health to social life.

As one of the first manufacturers in the industry to receive the TSE COVID-19 Safe Production Certificate, we continue to embrace the health of all our stakeholders, especially our employees and consumers, as our highest priority agenda item with our registered reliability. In addition to fulfilling this priority, we managed our operations successfully in our Frozen Food, Canned Food and Oil Business Units with our advanced production and distribution infrastructure. With the contribution of our sustainable growth strategy, our consolidated turnover for 2020 increased by 22.6 percent to TRY 3.056 billion.

As the only company offering products in all categories with our SuperFresh brand in the field of Frozen Food and Canned Food, we have maintained our leadership with a 50 percent market share. In 2020, when domestic consumption increased, we offered our consumers products that support our innovative brand stance. We launched the frozen bakery products Simit, Poğaç, and Bread under the sub-brand of "7/24 Fırından (24/7 Bakery)". We became the brand that entered most households by taking advantage of the opportunities that emerged during the pandemic period, with our innovative products such as Pizza Tost (Pizza Toast), Taş Fırın Pizza (Stone Oven Pizza), Tava Böreği (Pan Pastry), Dolgulu Kroket (Stuffed Croquettes), which are a first in the market, and we achieved to maintain our brand awareness at 100 percent.

In addition to the investment of 4,000 new cabinets and the acquisition of 10 thousand additional points, SuperFresh closed the year 2020 with a growth rate of 60 percent, 9 points above the market.

As of the end of 2020, SuperFresh has become the project and target partner of the United Nations Food and Agriculture Organization (FAO) and the Ministry of Agriculture and Forestry's "Save Food" campaign, which aims to raise public awareness about food loss and waste and mobilize business partners.

In the oil business line, we maintained our market leadership in Turkey and our strong global position with our 66% turnover share in the sector. In the retail channel, our successful performance continued with our category-leader brands. Today, domestic consumer products in Kerevitaş Oil business line reach more than 115 thousand points.

One of the key components of our success is our export power. With products sent to more than 70 countries, we continue to successfully represent both Turkey and Yıldız Holding, and Kerevitaş.

We are the market leader in Iraq, Syria, and Georgia, especially in its margarine, and have been an ethnic market leader in Madagascar, Germany, and Kosovo. In addition, we are the market leader in our non-household consumption-oriented margarine business in Albania in the Pastry category and in Iraq, Romania, and Kazakhstan in the Catering category. Despite the epidemic, we managed to add 10 new countries and 35 new customers to our portfolio in 2020, when we sold around 45 thousand tons.

In short, we have reaped the fruits of our labors and projects, which we have pursued with great zeal and precision during this exceptional period. In 2021, we will continue to operate with the strength we gain from our agile and flexible structure, as well as the valuable support and contributions of all our stakeholders, on the basis of sustainability and efficiency.

Şükrü Çin

CEO

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## I. COMPANY ACTIVITY SUBJECT

Kerevitaş manufactures frozen and canned food products and sells and markets these products in Turkey and in foreign markets. The products in the frozen product category are: bakery products, vegetable and fruit products, potato and croquette products, meat products, sweets, frozen bakery products and ready meals. Canned product categories are canned tuna, canned vegetables and ready meals.

The leading company in the Turkish frozen food industry, Kerevitaş offers its products to its customers under the SuperFresh brand. The company has been exporting to European countries, America, Turkic Republics and Arabian Peninsula countries since 1978.

The production of Kerevitaş products is carried out in its factory located on a closed area of 43.000 m2 and consisting of 6 main production facilities, built on an open area of 131.000 m2 in Bursa Akçalar Town, and in its factory located on a closed area of 33.000 m2 on an open area of 253.000 m2 in Afyon Emirdağ. The production, which is carried out with high technology, is stored in high-capacity cold and dry air warehouses in Bursa and Afyon facilities. Kerevitaş consistently improves its production infrastructure in line with customer needs and expectations.

With 22,500 freezers at more than 50,000 locations in the domestic market, the company also has a strong sales and marketing network with 200 distribution vehicles. The company has a sustainable sales and marketing network thanks to the strong bond it has established with 58 dealers in the domestic market. Thanks to the high international brand recognition of its parent company, Yıldız Holding, Kerevitaş has rapidly expanded its reach in markets around the world and is consistently reinforcing its sales and marketing organization in international markets.

Kerevitaş is the only company in the domestic market with products in all categories in the frozen food and canned food business operating under the SuperFresh brand. SuperFresh brand is by far the leader in the Fresh Frozen Food Market with a 50% turnover market share. Today, SuperFresh has a 100% brand awareness. Considering the household preferences, it is the brand that enters the most households in Turkey among branded products.

Besler Gıda produces oil and margarine products and carries out the sales and marketing of these products in Turkey and foreign markets. Under the main categories of consumer margarine, EDT (Pastry/Catering and Industrial Oils) and Edible Oils; the company produces and sells a total of 59 brands and 659 SKUs, especially Bizim Yağ, Teremyağ, Luna, Ona, Ustam, and Evet.

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 single area installed 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 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 40 countries by its own sales organization.

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## II. SHAREHOLDING STRUCTURE

The shareholding structure of the Company as of December 31, 2020 is as follows:

Shareholding Title	31.Dec.20		31.Dec.19	
	Share Ratio (%)	Amount (TRY)	Share Ratio (%)	Amount (TRY)
	(%)		(%)	
Yıldız Holding A.Ş.	54.27%	359,245,941	54.27%	359,245,941
Ufuk Yatırım Yönetim ve Gayr. A.Ş.	10.34%	68,429,804	10.34%	68,429,804
Murat Ülker	9.98%	66,079,898	9.98%	66,079,898
Trade Türk Gıda Yatırım A.Ş.	-	-	5.42%	35,845,529
Other	25.41%	168,244,357	20%	132,398,828
<b>Total</b>	<b>100%</b>	<b>662,000,000</b>	<b>100%</b>	<b>662,000,000</b>

### Share Certificate Performance

The closing price of the shares traded on the Stock Exchange Istanbul with the KERVT code as of December 31, 2020, was TRY 6.58. The company's shares are included in the BIST INDUSTRIAL / BIST BURSA / BIST FOOD, BEVERAGE / BIST YILDIZ / BIST 100-30 / BIST 100 / BIST SUSTAINABILITY indices.

## III. BOARD OF DIRECTORS

Full Name	Position	Term of Office
Mehmet TÜTÜNCÜ	Chairman	09.01.2019-11.04.2021
Ali ULKER	Vice Chairman	11.04.2018-11.04.2021
Hafize Nurtaç AFRIDI	Member	13.05.2020-11.04.2021
Hüseyin Avni METİNKALE	Member	11.04.2018-11.04.2021
Vehbi MERZECİ	Member	11.04.2018-11.04.2021
Ahmet Murat YALNIZOĞLU	Üye (Independent)	11.04.2018-11.04.2021
Ceyda AYDEDE	Üye (Independent)	11.04.2018-11.04.2021



## **Boundaries of Authority**

The boundaries of the Board's authority are defined by the terms of Article 13 of the Company's main contract and Turkish Trade Code. The members of the Board of Directors do not have any activities under the prohibition of competition with the transactions made by the company on behalf of themselves or someone else. Detailed information about the members of the Board of Directors is provided below:

## **Mehmet TÜTÜNCÜ**

### **Chairman of Board of Directors**

He completed his undergraduate studies at Gazi University, Department of Mechanical Engineering and postgraduate studies at Maltepe University, Department of Industrial and Organizational Psychology. During his ten years at Best Rothmans Integrated Cigarette and Tobacco Industry Inc., Tütüncü worked as a Production Manager, Operations Manager, and General Manager, respectively, after starting his career as a Domestic Industry Specialist at the Ministry of Industry and Trade. In 1996, he began working as the Operations Coordinator for Ülker Gıda A.Ş. He served as the General Manager of Ülker Biscuits and Chocolate factories, as President of Ülker Group, as President of Food and Beverage Group, as President of Food Group and Ülker International Group. In October 2018, he was elected to the position of Vice Chairman of Yıldız Holding Board of Directors and also appointed as CEO of Yıldız Holding. He is the Chairman of the Board of Directors and a member of many firms in addition to his responsibilities at Yıldız Holding. Tütüncü is a Board Member of TÜGİS and a member of many Turkish and foreign industry organizations. He is on the Board of FoodDrinkEurope and the FoodDrinkEurope Liaison Committee. Tütüncü, who speaks English at a good level, has participated in Production, Quality Control, and Maintenance Practices training in Italy with an IRI scholarship; he received training in Marketing Techniques, International Marketing, Factory Organization, and Management by participating in the Boğaziçi University Business Administration Training Program; studied Strategic Marketing at Harvard Business School and attended various training programs at IMD/Switzerland, Insead/Singapore. Married and father of three, Tütüncü enjoys traveling, reading books and articles, dealing with nature and animals, collecting handmade little boxes and objects.

## **Ali ULKER**

### **Vice Chairman of Board of Directors**

Ali Ülker was appointed as the Chairman of Ülker Group Companies (Biscuit, Chocolate, Candies) in 2005. He began his professional career as an intern in the Quality Control Department of Ülker Gıda A.Ş. in 1985. He began his career in the Quality Control Department as an intern. He worked in the chocolate production facilities and Atlas Gıda Pazarlama A.Ş. between 1986 and 1998 as an Intern, Sales Manager, Sales Coordinator, Product Group Coordinator, and Product Group Manager. In 1998, he was named General Manager of Atlas Gıda Pazarlama A.Ş., in 2000, he was named Vice President of the Consumer Group in charge of Marketing and Chain Stores, and in 2001, he was named General Manager of Merkez Gıda Pazarlama A.Ş. Ali Ülker, who was appointed as Vice President of Food Group in 2002, and is still the Chairman of Yıldız Holding A.Ş. Board of Directors. Ali Ülker, who studied at Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Economics and Business Administration, attended various training programs at IMD, Harvard, and Wharton. 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). Born in 1969, Ali Ülker is married and has three children. He speaks English and German.

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**Hafize Nurtaç Afridi****Member of the Board**

Nurtaç Afridi earned her bachelor's degrees both in marketing and finance from Marmara University's Department of Business in 1993. She received his MBA in Germany. Afridi began her career in 1993 at Arthur Andersen and has since led a number of restructuring, strategy, and transformation projects for clients in a variety of industries. Nurtaç Afridi, who joined Yıldız Holding A.Ş. in 2006 as Head of Corporate Strategy, developed and oversaw Yıldız Holding's corporate strategy unit. Nurtaç Afridi, who became the president of mergers and acquisitions and business development in 2010, has managed many merger, acquisition, and divestment projects such as the public offering of Bizim Toptan, ŞOK, Dia, DeMets, the takeover of United Biscuits, Ak Gıda, Saf GYO, Sale of Beverage business, sale of Delacre business, Godiva Japan transaction. Nurtaç Afridi is currently the CEO of Godiva and the Head of Strategy, Growth, and Transformation of Yıldız Holding A.Ş. In addition, she continues to be a member of the Board of Directors of Horizon Hızlı Tüketim Ürünleri Üretim Pazarlama Satış ve Ticaret A.Ş., MCI Turizm Marina Yat ve Çekrek İşl. A.Ş ve Pervin Finansal Kiralama A.Ş

**Huseyin Avni Metinkale****Member of the Board**

Hüseyin Avni Metinkale was born in 1963 and received his bachelor's degree in Business Engineering from Istanbul Technical University. He began his career as a Project Manager at Albaraka Türk Participation Bank in 1985. Afterward, he worked at Pripack Ambalaj A.Ş. as the managing partner. Metinkale, who has held various managerial positions within Yıldız Holding, such as Committee Chairman, Executive Board Member and President of the Packaging Group, has served as the General Manager of Yıldız Holding and Secretary-General of the Holding Board of Directors. Metinkale is married with four children and speaks English.

**Vehbi Merzeci****Member of the Board**

Vehbi Mezeci was born in Istanbul in 1975. Merzeci is a graduate of Uludağ University, Faculty of Economics and Administrative Sciences, Department of Business Administration, and speaks English. He served as the Committee Chairman of the Istanbul Chamber of Commerce, Member of the Assembly and Vice Chairman of the Board of STG (Seafood Promotion Group). He is currently the Vice-Chairman of the Istanbul Exporters' Association Sea Products and Animal Products Exporters' Association, Member of the Board of Directors of the Sector Board, and Member of the Assembly of TIM (Turkish Exporters Assembly). Vehbi Merzeci, who is married, is a member of Fenerbahçe Sports Club Congress.

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

Born in 1957, Murat Yalnızoğlu completed his education at Istanbul High School for Boys, Boğaziçi University and University of Florida as an Industrial and Systems Engineer. He began his life as an entrepreneur in the field of information systems and software development in 1982. In 1989, he started working in the field of management consultancy focused on information technologies for Arthur Andersen and Andersen Consulting companies. Later, as a senior manager, founder, and partner at Coopers & Lybrand and R&D Consulting, he supervised strategy and organizational development consulting projects in Turkey's biggest firms. He has been focusing on the design of effective corporate structures, particularly in large multi-business corporations, since 2006. He has carried out many studies in increasing the efficiency of the work of the Board of Directors, correct structuring of institutions "from the beginning" and providing important developments. In addition to management consultancy, he has undertaken the

responsibility of Board Membership 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 started her professional career at Arthur Andersen. Aydede later served at various levels in Migros. Ceyda Aydede, who founded Global Tanitim in 1989 by combining her work experience gained in different sectors with a professional understanding of public relations, has led and completed many important public relations projects for more than 25 years. These projects, which brought many national and international awards to Global Promotion, also brought prestigious awards to Aydede. In 2000, Dünya Newspaper named her "Most Successful Business Woman" in the Public Relations Sector, and in 2001, Ankara Public Relations Association and ATO named her "Best Representing the Industry Professional." Ayde, who holds Public Relations lectures to graduate students at Yeditepe University, also has published books in public relations.

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### Boundaries of Authority

The boundaries of the Board's authority are defined by the terms of Article 13 of the Company's main contract and Turkish Trade Code.

The following outlines the benefits available to the Board of Directors and to the Executive Board.

	1 January - 31 December 2020	1 January - 31 December 2019
Remuneration and other benefits	14,215,454	13,285,307
	<b>14,215,454</b>	<b>13,285,307</b>

### IV. AFFILIATES

As of 31 December 2020 and 31 December 2019, the subsidiaries and shareholding ratios of the company are shown below.

Subsidiaries	Direct and indirect effective ownership rates %	
	31 December 2020	31 December 2019
Besler Gıda ve Kimya San. ve Tic.A.Ş.	100.0%	100.0%
Kerpe Gıda Sanayi ve Ticaret A.Ş.	100.0%	-
Berk Enerji Üretimi A.Ş.	88.07%	88.07%
Marsa Yağ Sanayi ve Tic. A.Ş.	70.0%	70.0%
Western Foods and Packaging SDN BHD	70.0%	70.0%

### V. OFFCENTER ORGANIZATIONS

The distribution of products in the frozen and canned food business line is carried out with 58 dealers throughout Turkey. In the oil business; 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 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 by its own sales organization.

### VI. SIGNIFICANT DEVELOPMENTS IN THE PERIOD

- The head office address of the company was changed to Kısıklı Mahallesi Yenişen Sokak Yıldız Holding B Blok Apt. N8 B/1 Üsküdar İstanbul and registered on 08.01.2020.
- Within the scope of the resolution of the Company Board of Directors, regarding the establishment of Kerpe Gıda San. ve Tic A.Ş. with a fully owned capital of TRY 50,000, a company to be engaged

in the production, trade, marketing, and export of all kinds of agricultural and animal products, the registration and establishment procedures of Kerpe Gıda San. ve Tic.A.Ş. has been completed.

- It has been decided to appoint Şükrü Çin as the CEO of Kerevitaş and Oil Business Unit as of 31 March 2020.
- The resignation of Mr. Oğuz ALDEMİR, who resigned from the Board of Directors of the Company, was accepted. Ms. Hafize Nurtaç AFRIDI was elected as a member of the Board of Directors, which was vacated by the resignation of Mr. Oğuz ALDEMİR.
- As announced to the public with the KAP (Public Disclosure Platform) statement dated 27.08.2020; within the scope of material event disclosures dated 12.02.2018 and 11.05.2018, Yıldız Holding A.Ş. made an early payment of 600 million USD to syndicated banks with the revenues obtained from abroad, and the syndication loan agreement was amended in this context. Yıldız Holding has extended the maturity of the syndicated loan until 2030.

## **VII. POST-PERIOD DEVELOPMENTS**

None.

## **VIII. THE INDUSTRY IN WHICH THE COMPANY OPERATES AND ITS POSITION IN THIS INDUSTRY**

The frozen food sector, which is among the main business lines in which Kerevitaş operates, is a food industry branch that operates from the supply of raw materials suitable for freezing, (seed selection, production, purchase) to transporting raw material to the facilities under suitable conditions, from being stored in the premises to selection, washing, sizing and processing with product-specific techniques and to the monitoring of customer results as a result of storage, loading, transportation, distribution, and consumption, by deep freezing and being packed in the appropriate ways and techniques.

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 provided at  $-18^{\circ}\text{C}$  or lower, and where this situation is constantly maintained and marketed as such.

Freezing is the finest food preservation method for preserving food quality, flavor, smell, and nutritional content. Food is stored in its most natural state thanks to quick freezing at  $-40^{\circ}\text{C}$ , which freezes the water in the foods into ice crystals and inhibits the microorganisms that cause spoilage from growing, 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 kept in  $-18^{\circ}\text{C}$  cabinets at retail locations are advised to put 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  $-40^{\circ}\text{C}$  cold in a short period of 5-8 minutes

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by applying the "Individual Quick Freezing Process" (IQF). The procedure involves freezing the water in the products, giving them a lengthy shelf life without the usage of chemicals. 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 collected in full 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, with Kerevitaş's goods being sold 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 51%, above the total FMCG industry average (19%), reached a value of TRY 1.9 billion\* in 2020.

Since the 1930s, this market has grown to nearly \$290 billion. Consumption per capita is over 20 kg in countries such as the U.S., Germany and the UK. In the Frozen Food and Canned Food Turkey market, the annual per capita consumption is 5.4 kg, which shows that there is growth potential.

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. Other than that, cotton seed (chewed), soy, rapeseed, aspire, 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 of the market.

The Turkish oil market averages 1.4 million tons in size. Consumer products make up 60% of the market, and the Non-Household Consumption Channel makes up 40%. The Turkish consumer oil market has grown by 30% in 2020 and reached a value of TRY 10.2 billion\*\*. The margarine category, which is the fat category most open to branding, showed a +20% increase in turnover.

\*Source: Nielsen Total Turkey, Fresh Frozen Food Market Report 2020

\*\*Source: Nielsen Total Turkey, Oil Market Report 2020

## **IX. GOODS AND SERVICES PRODUCTION ACTIVITIES**

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

#### Production

Operating under the Kerevitaş brand in the frozen and canned food segments, the Company has an advanced production infrastructure in this business line. Bakery items, vegetable and fruit products, potato and croquette products, meat products, and dessert products are among the company's products in this category.

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Canned product category includes canned tuna, corn and vegetables. The production of Kerevitaş products is carried out in its factory located on a closed area of 43.000 m2 and consisting of 6 main production facilities, built on an open area of 131.000 m2 in Bursa Akçalar Town, and in its factory located on a closed area of 33.000 m2 on an open area of 253.000 m2 in Afyon Emirdağ. The production, which is carried out with high technology, is stored in high-capacity cold and dry air warehouses in Bursa and Afyon facilities. Kerevitaş consistently improves its production infrastructure in line with customer needs and expectations. As a result of the precautions and hygiene standards taken during the Covid-19 process, it has become entitled to receive the TSE COVID-19 Safe Production Certificate.

#### Sales and Marketing

With 22,500 freezers at more than 50,000 locations in the domestic market, the company also has a strong sales and marketing network with 200 distribution vehicles. The company has a sustainable sales and marketing network thanks to the strong bond it has established with 58 dealers in the domestic market. Thanks to the high international brand recognition of its parent company, Yıldız Holding, Kerevitaş has rapidly expanded its reach in markets around the world and is consistently reinforcing its sales and marketing organization in international markets. With its SuperFresh brand, Kerevitaş is the only company in the domestic market with products in all categories in the frozen and canned food business line. SuperFresh brand is by far the leader among branded products in the Fresh Frozen Food Market with a 50% turnover market share. Today, SuperFresh has a 100% brand awareness. Considering the household preferences, it is the brand that enters the most households in Turkey among branded products.

Superfresh products enter approximately 1.1 million new households in 2020 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. Customers could choose from 529 different goods in SuperFresh's retail, commercial, and non-household consumption channels, a 28 percent increase. By taking efforts to support its unique and leading brand stance in 2020, it breathed new life into the portfolio and directed the market. To serve this purpose, the Company has entered the new opportunity category "Frozen Bakery" with bagels, mini baguettes, and pastries, which will meet the expectations of availability, easy access, freshness, and practicality in channels where the consumer can purchase bakery products outside of points such as patisseries and bakeries. The vegetable category was expanded with Cauliflower, Brussels Sprouts and Broccoli products added to the portfolio. Touching the need for taste and practicality with just one pan, without the need for an oven, Tava Börekleri (Frying Pan Pastries), "cooked in a pan for the first time in Turkey", were launched with two different ingredients (Spinach & Minced Meat). The launch was promoted by digital platforms, the major medium being TV, with the "Aılık Bi Tava Yeter (One Pan Is Enough)" communication campaign. Chocolate Cake product, which touches the modern dessert world, has been added to the dessert category portfolio. Talaş Böreği (Puffy Pastry), Kış Türlüsü (Winter Hodgepodge), Taş Fırın Super Mix (Stone Oven Super Mix), Falafel, and Sherbet added Kunafah products were introduced to consumers in various channels. Ready Meal (Baked Meatballs and Potatoes) and Heat & Eat («Meat Doner & Potatoes» & «Chicken Doner & Potatoes») products, which have gained greater importance with the pandemic process, were launched. The meat portfolio was expanded with the "Kasap Köfte (Butcher's Meatballs)" flavor, which consumers are used to consuming from the butcher. For the first time in Turkey, the stuffed croquet "Çıtır Toplar (Crunchy Balls)" has been added to the portfolio. Bringing a breath of fresh air to the pizza category, Pizza Tost, which introduced the first pizza cooked in the toaster in Turkey into the lives of consumers, was announced with a communication campaign. With the introduction of Taş Fırın (Stone Oven) Pizza Gourmet, a distinctive curved dough cooked in a true stone

oven, we have cemented our leadership in the category. Pizza King's "Acıkınca Hazır Lezzet SuperFresh'te (When Hungry, Tastes Are Ready at SuperFresh)" campaign was launched. This campaign won the 2020 Bronze Effie Award in the 'Refrigerator Snacks - Frozen Foods and Ice Creams' category at the Effie Turkey Advertising Event Awards.

The target audience, who spend the majority of their days in the kitchen, was active throughout the Ramadan period of 2020 with a TV culinary program developed in collaboration with a chef, which answers the most important issue in their daily lives: "What to cook?" The key functional benefits of SuperFresh to the consumer, "practicality" and "flavor," were underlined by employing all of the items in the portfolio in the campaign, and a wide product range was brought to the consumers. The culinary program has achieved the success of being the second most-watched program at the time of its broadcast. The program also received the 2020 Golden Effie Award in the category "Those who Recreate the Media" at the Effie Awards, which is one of the most prestigious awards in the field of advertising.

SuperFresh is active in the field with in-store tasting and promotional activities. The company has grown its presence in the e-commerce industry, which is rapidly used by consumers, through product listings, special promotions, and special product packages.

The company has been operating in digital media by reactivating its social media channels and serving brand recognition, loyalty and discussion, and establishing collaborations with influencers, media and projects. It has been interacting with its consumers throughout the year on channels where the target audience has spent a long time.

As of the end of 2020, SuperFresh sponsored the "Protect Your Food (Gıdanı Korumak) National Campaign" organized by the United Nations Food and Agriculture Organization (FAO) and the Ministry of Agriculture and Forestry to raise public awareness of food loss and waste, and to mobilize all actors in the food supply chain.

As part of the "Agriculture Forest Summit" organized by Turkuvaz Media Group under the auspices of the Ministry of Agriculture and Forestry; Kerevitaş/SuperFresh's "Zero Food Loss From Land to Plate Project (Topraktan Tabağa Sıfır Gıda Kaybı Projesi)" has received the "Those Who Carry Agriculture to the Future (Tarımı Geleceğe Taşıyanlar)" award.

#### Distribution

Kerevitaş, which has a strong domestic distribution infrastructure in frozen and canned food under the Kerevitaş brand, 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-frozen cabinet 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 cabinets are delivered to points of sale that make a turnover above certain amounts in exchange for a loan of use agreement. The cabinets in question are used only for Kerevitaş products and are inspected by Kerevitaş.

#### Export

Kerevitaş has a wide range of products on a global scale in the frozen food and canned food business line, which it operates with the SuperFresh brand. Kerevitaş sells frozen food and canned food to more

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than 20 countries on five continents, owing to its commitment to strict adherence 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 fair, GulFood. Within the scope of the "Turquality" program, which was created with the aim of "creating and placing the image of Turkish goods in international markets"; the activities carried out in the focus countries where it aims to grow were supported by the Ministry of Economy.

#### Retail

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

#### Non-Household

Kerevitaş non-household consumption products in the frozen food and canned food business range from ravioli and pizza to pastries.

#### Export

Kerevitaş' products in the export product group on Frozen Food and Canned business line cover the Company's entire product portfolio.

### **Oil Business Unit**

#### Production

Kerevitaş began operating in the oil business after being acquired by Besler Gıda. The company produces oil and margarine at three facilities: one in Adana, one in Istanbul, and one in 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 carries out the sales and marketing of these products in Turkey and foreign markets by producing in the fields of oil and margarine. Under the main categories of consumer margarine, EDT (Pastry/Catering and Industrial Oils) and Edible Oils; the company produces and sells a total of 59 brands and 659 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 acquire three certificates. The company maintained its quality leadership by acquiring AIB (American Institute of Baking) and ISO 22000 Food Safety Certificates in 2012 and 2013, respectively. Finally, it earned the ISO 50001 Energy Management System Certificate in 2014, making it one of the industry's leading organizations in the sectors of energy management and sustainable work. TSE COVID-19 Safe Production Certificate was given in 2020 as a consequence of the measures and hygiene requirements adopted during the Covid-19 process.

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## Sales and Marketing

With its main brands Bizim Yağ, Teremyağ, and Luna, which are managed with a strong consumer insight focus, Yıldız Holding Oil Business Unit, which is the clear leader with a 66 percent share in the margarine industry, where local and foreign players are present, directs the market (+2 points vs. 2019, Source AC Nielsen Year 2020– Turnover Share wo HD). The oil business unit mainly carries out its sales processes through Yıldız Holding distribution companies. Ülker Bizim Yağ, the most consumed brand in the market, with the most households and the most loyal consumers, reinforced its clear leadership in the package market in 2020 with a 40% turnover share. Bizim Yağ, which supports successful business results with uninterrupted and high-impact communication, continued its intensive communication pace in 2020. It has achieved successful business results with the new consumer communication campaign “Türkiye'nin yağı Bizim, lezzeti hepimizin (Turkey's oil is Bizim)”. It became the second most watched program of its generation, with the TV project "Bugün Ne Pişirsem (What to Cook Today)", which was brought to life by taking into account the needs of the target audience with the SuperFresh brand, which it united under the same roof. The program also received the 2020 Golden Effie Award in the category “Those who Recreate the Media” at the Effie Awards, which is one of the most prestigious awards in the field of advertising.

Bizim Yağ has communicated with its consumers throughout the year by reviewing social media and Youtube channels where the target demographic spends a lot of time, bringing its success in traditional media to digital platforms as well. As the market's leading brand, the Brand embraced the pastry sector on YouTube, where the target demographic utilizes the category the most, and reached 170,000 subscribers (+20,000 more subscribers compared to 2019) in 2020 with its "Hamur Bizim İşimiz (Dough is What We Do)" channel. On the other hand, it kept its title of having the most followers in the food area in 2020, with 290 thousand followers (+50 thousand new subscribers compared to 2019) and 11% involvement level, and stayed at the top of the food brands with the best social media performance.

As the market leader in the bowl margarine segment, Ülker Teremyağ maintained its leadership by far with a 48 percent turnover share in 2020. Teremyağ reached 50% household penetration in the market whereas competitors lost their household penetration (+1 point compared to 2019). Teremyağ, known by its consumers as the flavor twin of butter, continued to lead the category in 2020 with an image score of "flavor of the best butter." Teremyağ Gurme Cream, the product of Teremyağ, the most innovative brand of the market, containing cream is the winner of the "Superior Taste Award" given by the International Taste and Quality Institute (iTQi) for food and beverages of excellent taste and quality. This year, the company achieved great success by receiving the award for the third time. Additionally, the company introduced the liquid format of the product within the year, bringing another novelty to the market. Teremyağ, the category's most innovative brand in terms of product and communication, expanded its collaboration and transformed the platform into Teremyağ's almost organic platform in 2020 by launching two more new projects with Delicious Food Recipes, the most visited and trusted by the target audience. Achieved 42,500,000 views on the platform and 500,000 clicks on recipes with Teremyağ

Marsa, a subsidiary of Besler, is the leading brand in the market with “Ustam Pastry Oils” in the category of Non-Household Consumer products, pastry oils. Ustam's market position is being strengthened by a diverse product portfolio that covers all needs in the pastry sector, as well as convenience of use, flavor, and effective communication. Thanks to advanced technology and specially developed product prescriptions, Ustam is the first brand in the industry that does not contain trans oil.

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Ustam is engaged in audience-oriented (pastry masters) communication in order to increase the loyalty of the target audience, to reach new users, and to be the first brand that comes to mind in purchasing preferences, by carrying its leading and visionary stance in the non-household consumption market to digital platforms. In this context; through Ustam's social media accounts and website, content is created with the masters of Turkey's leading pastry shops, Ustam demo chefs and pastry masters all over Turkey and target audience-oriented communication is carried out. Ustam received an award in the B2B category at the MIXX Awards, which is held in 2020 to award the best digital projects, with its targeted digital communication strategy. Ustam sets itself apart from the competition through investments it makes in the industry. The target audience not only touches the master bakers but also trains master bakers of the future. Under the Ustam Academy project since 2015, students from universities, vocational high schools, and vocational schools in the gastronomy, kitchen, and pastry departments have received industry training. In 2019, Pastry training was given to 550 students at 16 schools by the Ustam brand. Furthermore, brand communication is strengthened by the advertisements in Turkey's leading and most distributed industrial magazines (FoodinLife, Gastronomy, Patisserie by FoodinLife).

Marsa is also Turkey's leading margarine exporter. According to Turkish Statistical Institute data, Marsa accounts for 43% of Turkey's total margarine exports.

Today, Marsa is a leader in many export markets, thanks to its strong brands and broad product portfolio that meets market needs. It takes use of sales opportunities on Alibaba, the world's largest B2B platform, and participates in the world's top food fairs in order to maintain its position as Turkey's premier margarine exporter and grow its distribution network with new customers.

Ona, the star brand of Marsa in exports has been the clear leader in the consumer margarine category in the Middle East and Central Asian markets for many years. New products and formats are being developed that respond to consumer needs, in order to strengthen the leading position in the Ona brand marketplace and to benefit new sales opportunities. Projects are underway to ensure sustainable communication with the target audience, especially in the Iraq and Georgia markets where the company is clearly in a leading position.

With Ustam, our leading brand in the export pastry category, product demos and seminars are held in order to reach new users and expand the usage areas of existing customers, primarily in Iraq, Georgia, Albania and Syria.

#### Distribution

Sales of domestic consumer products in Kerevitaş oil business line are carried out by Yıldız Holding companies, Horizon in the traditional channel, Pacific in the modern channel, and Tek Özel in the PL channel. More than 115,000 points are reached with consumer products. Eksper Gda, one of the Yıldız Holding subsidiaries, handles industrial, pastry, and catering sales, as well as the Company's own sales organization and distributor network. Export is carried out to more than 50 countries by the company's own sales organization.

#### Export

As of the end of 2020, crayfish has exported to more than 50 countries on five continents in the oil business sector. As of the end of 2020, the company exported 44,996 tons and realized 79% of this tonnage with seven brands. The Ona brand was supported as part of the "Turquality" program, which was developed in

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2019 by the Ministry of Economy with the purpose of "creating and instilling the image of Turkish goods in international markets". Accordingly, brand investments continued in target countries.

#### Consumer Products

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

#### Non-Household Consumer Products

- Pastry and Catering Oils

Ustam, Usta, Proser, Teremyağ and Bizimyağ brands

- Industrial Oils

Akbis, Akrim, Akyag, Arma, Mars, Akao, Spy

## X. ADMINISTRATIVE ACTIVITIES

### a) Company Management

The Company's senior executives and their duties are given in the table below.

Mehmet TTNC	CEO	Yıldız Holding
kr in	CEO	Oil Business Unit, Frozen Food and Canned Food Business Unit
Sadettin Atilla	Vice President - Supply Chain & Manufacturing	Oil Business Unit, Frozen Food and Canned Food Business Unit
Levent ifti	General Manager- Trkiye Satıs ve Tic. Paz	Oil Business Unit, Frozen Food and Canned Food Business Unit
Adnan zahin	Group Director - Export	Oil Business Unit, Frozen Food and Canned Food Business Unit
Verda Duysak	CMO	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
Hatice İeli	Director - R&D and Business Development	Oil Business Unit
Murat Turan	Director - Human Resources	Oil Business Unit, Frozen Food and Canned Food Business Unit
Cihan Eker	Manager - Information Technologies	Oil Business Unit, Frozen Food and Canned Food Business Unit

## b) Personnel Data

As of December 31, 2020, the Company employs 1,704 people. (31 December 2019: 1,736).

## XI. SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

### SUMMARY BALANCE SHEET (TRY)

	<b>Current Period</b>	<b>Previous Period</b>
	<b>31.Dec.20</b>	<b>31.Dec.19</b>
<b>ASSETS</b>		
<b>Current Assets</b>	2,348,202,185	1,533,120,810
<b>Fixed Assets</b>	1,176,725,282	1,170,194,195
<b>TOTAL ASSETS</b>	<b>3,524,927,467</b>	<b>2,703,315,005</b>
<b>SOURCES</b>		
<b>Short Term Liabilities</b>	1,093,409,010	620,562,397
<b>Long Term Liabilities</b>	983,883,420	1,116,372,739
<b>Total Equity</b>	1,447,635,037	966,379,869
<b>TOTAL RESOURCES</b>	<b>3,524,927,467</b>	<b>2,703,315,005</b>

### SUMMARY INCOME STATEMENT (TRY)

	<b>Current Period</b>	<b>Previous Period</b>
	<b>01.01.2020 - 31.12.2020</b>	<b>01.01.2019 - 31.12.2019</b>
<b>Revenue</b>	<b>3,055,708,233</b>	<b>2,492,865,759</b>
<b>Gross profit</b>	<b>746,021,860</b>	<b>613,429,886</b>
Gross Profit Margin	24.4%	24.6%
<b>Operating Profit</b>	<b>416,251,844</b>	<b>329,657,409</b>
Operating Profit Margin	13.6%	13.2%
<b>EBITDA</b>	<b>468,654,860</b>	<b>379,346,483</b>
EBITDA Margin	15.3%	15.2%
<b>Net Profit for the Period (Parent Company)</b>	<b>415,726,204</b>	<b>137,831,653</b>
Net Period Profit Margin	13.6%	5.5%

## **XII. AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

No amendments were made to the Articles of Association during the period.

## **XIII. 2020 CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT**

### **PART I - CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT**

Based on the Capital Markets Board (CMB), Article 17 of the Capital Markets Law dated 06.12.2012 and numbered 6362 and the Corporate Governance Communiqué II-17.1 dated 3.1.2014, "Corporate Governance Communiqué" and some Corporate Governance Principles have been made compulsory for companies traded on Borsa Istanbul (BIST). It was hereby agreed to abide by the provisions stipulated by the CMB as mandatory. Our efforts are now underway to comply with the non-mandatory principles contained in the relevant Communiqué.

The reasons for the Unimplemented Corporate Governance Principles are:

No model or mechanism has been created for the stakeholders' participation in the administration. But it makes it possible for all stakeholders to be represented in the management, as well as the Independent Members of the Board of Directors, the Company and its shareholders. The company takes into consideration the opinions and suggestions of employees, suppliers, various NGOs and all other stakeholders.

Some of the Board's Members are on all several committees.

Per section 4.6.5 of "Corporate Governance Principles", all remuneration and all other benefits afforded to the Board of Directors and senior managers are publicized through the annual report. However, the statement made is not given on a person-by-person basis, but in total in the form of benefits provided to the Board of Directors and senior management members.

There is no provision in the Articles of Association that, as an individual right, shareholders may request a special audit from the General Assembly. It is considered that the TCC and CMB regulations regarding the appointment of a special auditor are sufficient. Within the framework of the regulations brought by the Turkish Commercial Code No. 6102, which entered into force on 01.07.2012, it is considered that every shareholder has the right to request a special audit.

The principles that are exclusive and have yet to be implemented have so far not resulted in a conflict of interest among the stakeholders. However, they are planned to be implemented within a process.

The full compliance with the voluntary Corporate Governance Principles is also a goal, however, due to challenges in implementing some of the principles, as well as the fact that certain of the principles do not fully conform with the present market and Company structure, full compliance has not yet been reached. Working on principles that have not yet been put into practice. It is planned to be implemented after the

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completion of the administrative, legal and technical infrastructure works that will contribute to the effective management of the Company.

Corporate Governance Compliance Reporting No. II-17.1 will be completed via the KAP platform using the Corporate Compliance Report (URF) and Corporate Governance Information Form (KYBF) templates, as per the Capital Markets Board's decision dated 10.01.2019 and numbered 2/49. Related reports can be accessed at <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/1002-Kerevitař-gida-sanayi-ve-ticaret-a-s>. The following Corporate Governance Principles Compliance Report has been made available to the public at our Company's website address at "http://www.Kerevitař.com.tr" and <http://www.Kerevitař.com.tr/tr/yatirimci-iliskileri/kurumsal/kurumsal-yonetim-ilkeleri-uyum-raporu>.

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## **PART II - SHAREHOLDERS**

### **2.1 Investor Relations Department**

Investor relations are carried out by the Investor Relations Unit established within the Headquarters. Serkan Yandi, who holds a Capital Market Activities Level 3 License and a Corporate Governance Rating License, is responsible for the management of this Unit.

The unit principally carries out the following activities:

- Informing shareholders on the Company's activities,
- Responding to shareholder questions about the use of Company or partnership rights,
- Notifying all investors of necessary material disclosures through Borsa İstanbul, CMB and Public Disclosure Platform (KAP), taking into account the CMB's special circumstances communique,
- Making the necessary preparations for the General Assembly, submitting the necessary documents to the shareholders, and holding the General Assembly meeting
- Following up on changes in legislation and communicating them to relevant units,
- Carrying out activities related to Corporate Governance Principles through the Public Disclosure Platform (KAP) and Central Registration System applications carried out by the Capital Markets Board.

The Shareholder Relations Unit carries out the activities of promoting our Company to individual and institutional investors, informing potential investors and shareholders, both at home and abroad, via telephone, fax, and e-mail address of investor@Kerevitaş.com.tr.

#### **Shareholder Relations Unit**

Serkan YANDI – Investor Relations Manager

Ufuk KASAR – Financial Affairs Director

#### **Shareholder Relations Unit Contact Information**

Phone: 0216 524 23 92 / 0850 209 18 31

E-mail: yatirimci@Kerevitaş.com.tr

### **2.2 Exercise of Shareholders' Right to Obtain Information**

During the period, shareholders' written or verbal information requests are met, with the exception of material that is not a trade secret or has not been publicly published. All information necessary for the healthy exercise of shareholder rights is made available to shareholders through annual activity reports, material disclosures and individual requests. Article 16 of the Articles of Association provides information on the procedures and principles of the Company's audit. No request has been made from the shareholders regarding the employment of a special auditor in 2020.

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### **2.3 General Assembly Meetings**

In Article 1527 of the Turkish Commercial Code (TTC) dated 13.01.2011 and numbered 6102; the e-General Assembly is held on the same date and in parallel with the physical General Assembly, subject to the provision that participating in the general assemblies of joint stock companies, making suggestions, expressing opinions and voting in electronic environment have all legal consequences of physical participation and voting, and that the electronic participation and voting system in general assemblies is mandatory for companies listed on the Stock Exchange. One General Assembly of Shareholders was held on July 20, 2020, which was the "2019 Ordinary General Assembly Meeting".

### **2.4 Voting Rights and Minority Rights Board Meetings**

In accordance with the Articles of Association, each share has one vote.

In accordance with Article 1527 of the Turkish Commercial Code, beneficiaries who have the right to attend the Company's General Assembly meetings can also attend these meetings electronically. Pursuant to the provisions of the Regulation on General Assemblies to be Held Electronically in Joint Stock Companies; the company may establish an electronic general assembly system that will allow the right holders to participate in the general assembly meetings electronically, express their opinions, make suggestions and vote, or may purchase services from the systems created for this purpose. Pursuant to this provision of the AoA, the Company must ensure that all entitled shareholders and their proxies are provided with the means to exercise their rights stipulated by the said regulation through the system installed at all general meetings.

There are no concessions on share groups and shares in the Company's capital. There is no mutual association between any shareholder and the Company. There is no accumulated voting procedure in the Company.

The Articles of Association do not contain any provisions prohibiting proxy voting by those who are not shareholders.

### **2.5 Dividend Rights**

The company has a specific and consistent profit distribution policy, based on the Turkish Trade Code, the Capital Market Code, tax laws, and all applicable regulations and the Articles of Association provisions. This policy was submitted to the approval of shareholders at the General Assembly, included in the Annual Report and disclosed to the public on the Company's website.

The Company's dividend policy is determined by taking into consideration the Company's strategies, operational performance, financial position, and market developments, pursuant to the Turkish Commercial Code, Capital Markets Legislation, Tax Legislation, and other related legislation, and in accordance with our Articles of Association regarding dividend distribution.

Subject to the proposal of the Board of Directors of the Company, the approval of the General Assembly and the amendments that can be made by these, and the legislation in force in Turkey, it is adopted to distribute at least 10% of the net distributable profit for each accounting year, in cash and/or bonus shares, as dividends, provided that the Company's cash flow requirements are also observed.

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The dividend distribution proposal of the Board of Directors, including the dividend distribution policy and the details stipulated in the Capital Markets Board regulations and Corporate Governance Principles, is included in the annual report. This is announced to the public on the Public Disclosure Platform and on the Company's website.

The Board of Directors reviews this policy every year in the event of any unfavorable occurrences in national or global economic conditions, taking into account the initiatives on the agenda and the Company's financial resources.

In the profit distribution policy, a balanced policy is followed between the interests of the shareholders and those of the Company. In accordance with the company's dividend policy, dividends are paid to all current shares at the date of distribution. The Company does not have a advance dividend payment application

## **2.6 Transfer of Shares**

There are no provisions in the Articles of Association preventing the shareholders from freely transferring their shares and restricting the transfer of shares.

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

### **3.1 Disclosure Policy**

For the purpose of public disclosure, a disclosure policy has been established based on transparency and accuracy so as to allow shareholders and stakeholders to follow the Company's developments in an equal and impartial manner. The Disclosure Policy is announced on the website [www.Kerevitaş.com.tr](http://www.Kerevitaş.com.tr).

### **3.2 Company Website and Its Content**

The corporate website is [www.Kerevitaş.com.tr](http://www.Kerevitaş.com.tr), and the corporate investor relations website is <http://www.Kerevitaş.com.tr/tr/yatirimci-iliskileri>. The Company website provides shareholders with the following information:

- About The Company
- Ethical Principles
- Information on the Board of Directors and the Management
- Committees
- Shareholding Structure
- Trade Registry Information and Company Identity
- Articles of Association (AoA)
- Financial Statements and Footnotes
- Annual Reports
- Special Circumstance Disclosures
- Compliance with Corporate Governance Principles Report
- General Assembly Information (Announcement, Agenda, Minutes, List of Attendees, Proxy Voting Form and General Assembly Information Document)
- Company Disclosure Policy
- Policies
- Investor Presentations
- Frequently Asked Questions

### **3.3 Activity Report**

The Company's annual report is prepared in detail in accordance with the Corporate Governance Principles in "Corporate Governance Communiqué No.II-17.1" and the issues specified in the legislation, to provide shareholders and the general public with complete and accurate information about the Company's operations.

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## **PART IV - STAKEHOLDERS**

### **4.1 Informing Stakeholders**

In circumstances when the rights of stakeholders are not regulated by legislation or contract, the interests of stakeholders are protected within the framework of goodwill norms and within the Company's capabilities, taking into account the Company's reputation.

In addition, all employees have access to internal circulars and memos through the Company's intranet and receive certain important announcements immediately through email.

There are no practices that make it difficult for the stakeholders to communicate with the Company's illegal and unethical transactions, or to contact the Corporate Governance Committee or the Audit Committee. Stakeholders may contact these committees by any communication means they wish.

### **4.2 Stakeholders' Participation in Management**

Pursuant to the Articles of Association, the Board of Directors consists of a minimum of five and a maximum of seven members who are elected by the General Assembly upon nomination by shareholders of different share classes. The Board of Directors consists of seven members, two of whom are independent members. There are no practices concerning the participation of stakeholders in management.

### **4.3 Human Resources Policy**

The Company's human resources policy is developed and implemented effectively. Within this framework, recruitment policies, career planning, employee improvement and training policies are all provided within the scope of Personnel Regulation. The rights of all Company employees are protected in a way that safeguards the rights of them from any form of discrimination or ill treatment. There have not been any complaints about discrimination in the human resources policy implemented by the Company.

The main criteria that make up the Company's Human Resources policy are as follows:

- Measuring the performance of all employees and making sure that success criteria is managed in parallel with these measurements,
- Displaying transparent management,
- Providing easy access to management,
- Employees having the comfort of saying and expressing what they think,
- Emphasizing work discipline
- Ensuring that all employees work in team spirit,
- Providing equal opportunities to successful employees in areas such as education, remuneration, and career,
- Placing importance on social activities.

### **4.4 Code of Ethics and Social Responsibility**

The company's social responsibility operations are carried out with the responsibility, service awareness, and experience required by working in the food sector, with the goal of providing the greatest level and quality value to society's demands. All actions to prevent environmental pollution that could arise from

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production activities have been taken, the purification facilities have been built in the measure required by law, and no complaints have been received on this matter during the period. Furthermore, due to Turkey's educational system, intern student recruitment requests from secondary and higher education institutions are met to the fullest extent possible, reflecting the Company's sector's recognition of the value of educated and competent labor. While the code of ethics adopted by Yıldız Holding are generally applied in all firms, these code of ethics, including those approved by the Company, are published to shareholders on the website as part of the disclosure policy.

## **PART V - BOARD OF DIRECTORS**

### **5.1 Structure and Formation of the Board of Directors**

The Company's Executive Board is composed of seven members. The Chairman and the Vice Chairman of the Board of Directors are determined by taking a resolution regarding the assignment of duties following the general assembly meetings in which the members of the Board of Directors are elected.

Executive as well as non-executive members serve in the Board. The majority of the members of the board of directors are non-executive members. Among the non-executive Board Members, there are Independent Members who meet all of the Capital Markets Board regulations' criteria, have the ability to perform their duties without being influenced in any manner, and can devote time to the Company's business to follow the operation of the Company's activities and fully fulfill the requirements of their duties.

The Chairman and Members of the Board of Directors receive approval from the General Assembly to carry out works that fall within the scope of the Company in person or on behalf of others and to become partners in companies that carry out such works, within the scope of the relevant articles of the TCC.

The Company's Board Members are as follows:

<b>Full Name</b>	<b>Position</b>
Mehmet TTNC	Chairman
Ali ULKER	Vice Chairman
Hafize Nurta Afridi	Member
Vehbi Merzeci	Member
Huseyin Avni Metinkale	Member
Ahmet Murat Yalnzolu	Independent Member
Ceyda AYDEDE	Independent Member

## **DECLARATION OF INDEPENDENCE**

The joint "declaration of independence" of the Independent Members of the Board of Directors is presented below.

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## **DECLARATION OF INDEPENDENCE**

I declare, within the scope of the criteria specified in the legislation, the Articles of Association and the Corporate Governance Principles announced by the Capital Markets Board, that I am a candidate to serve as an "Independent Member" in the Board of Directors of Kerevitaş Gıda Sanayi ve Ticaret A.Ş (Company); in this context,

That no employment, capital or significant commercial relationship has been established between the Company is one of the Company's related parties or the legal entities with which the shareholders, who have a direct or indirect share of 5% or more in the capital of the company, are related in terms of management or capital and myself, my spouse or my relatives by blood and affinity up to the second degree, in the last five years, in a managerial position assuming any important duties and responsibilities directly or indirectly,

That I have not worked for or served as a member of the board of directors of any companies that carry out all or a certain part of the company's activities and organization within the framework of the agreements made, especially the companies that carry out the audit, rating and consultancy of the Company, in the last five years,

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

That my share in the capital is not more than 1% and these shares are not privileged, and that I have the professional education, knowledge and experience to properly fulfill the duties I will undertake due to being an Independent Member of the Board of Directors,

that I do not work full-time in public institutions and organizations as of the current situation, and that I am deemed to have settled in Turkey according to the Income Tax Law,

That I have strong ethical standards, professional reputation, and experience that can make positive contributions to the activities of the company, maintain my impartiality in conflicts of interest between the Company and the shareholders, and decide freely by taking into account the rights of the stakeholders,

That I will be able to devote enough time to company affairs to be able to follow the operation of the company activities and to fully fulfill the requirements of the tasks I have undertaken,

For the information of our Board of Directors, our partners and all interested parties.

### **5.2 Operating Principles of the Board of Directors**

The Board of Directors is responsible for carrying out the obligations delegated to it by the TCC, CMB, and other relevant legislation, the Articles of Association, and the General Assembly's decisions on these issues. All acts and transactions that do not require the decision of the General Assembly according to both laws and regulations of this master contract herein, are undertaken by The Board of Directors. While carrying out the duties and obligations entrusted to it, the Board of Directors may delegate some of them to Company committees and/or Company executives without abdicating its own responsibility.

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The Company's Board of Directors adopted 37 (thirty seven) resolutions during the meetings held between 01.01.2020 and 31.12.2020. The Board of Directors convenes as often as it can to effectively fulfill its duties. The Chairman of the Board of Directors determines the agenda of the Board of Directors meetings in consultation with the other Board Members and the Chief Executive Officer/General Manager.

The Board of Directors convenes with the majority of the total number of members and takes its decisions with the majority of the members present at the meeting. If the votes are equal, that issue is left to the next meeting. If there is equality at the second meeting, the proposal in question will be considered rejected. No different opinions were expressed against the decisions taken by the Members of the Board of Directors at the meetings held during the 2020 operating period.

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

#### **5.3.1 The Audit Committee**

The Audit Committee is responsible for ensuring that financial and operational activities are monitored in a healthy manner. The purpose of the Committee, which serves as an affiliate of the Board of Directors, is to ensure the supervision of the Company's accounting system, the audit and public disclosure of financial information, and the functioning and effectiveness of the internal control system. The Audit Committee, consisting of two Independent Members of the Board of Directors, meets at least four times a year. In 2020, the Audit Committee has met 4 (four) times. Ahmet Murat YALNIZOĞLU is the Chairman of the Audit Committee and Ceyda AYDEDE is the Member of the Committee.

#### **5.3.2 Corporate Governance Committee**

A Corporate Governance Committee has been established within the Company in accordance with the "the Capital Markets Board Corporate Governance Principles Communiqué". The Corporate Governance Committee follows the business and management processes in accordance with the CMB's Corporate Governance Principles. Due to the structuring of the Board of Directors, a separate Nomination Committee and Remuneration Committee were not established and it was decided that the Corporate Governance Committee would fulfill the duties of these committees. The Corporate Governance Committee convenes at least four times a year. The Corporate Governance Committee convened four (4) times in 2020. Ceyda AYDEDE is the Chairman of the Corporate Governance Committee, and Ahmet Murat YALNIZOĞLU and Serkan YANDI are the Committee Members.

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

The Early Detection of Risk Committee was established in accordance with the provisions of the "Capital Market Board Corporate Governance Principles Communiqué" to work within the body of the Company's Board of Directors for the purpose of early detection of risks that may endanger the Company's existence, development, and continuation, to take necessary measures regarding the identified risks, and to manage the risk. The Committee convenes at least quarterly and submits the meeting results to the Board of Directors. The Early Detection of Risk Committee convened 6 (six) times in 2020. The Early Risk Detection Committee is presided over by Ahmet Murat YALNIZOĞLU and Hüseyin Avni Metinkale act as a committee member.

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

The Early Detection of Risk Committee carries out the company's risk management activities. In addition, the Company's main partner Yıldız Holding A.Ş. is audited regularly by audit units and an independent auditing firm. The findings of this audit are reported to the other Board Members, along with the Audit Committee members. The Company's work flows, procedures and the powers and responsibilities of its employees are managed within the scope of risk management, and they are subject to regular audits.

#### **5.5 Company's Strategic Goals**

To be a company, which is first of all, respectful to the customer, where employees at all levels participate in the management, continuous and non-formal education is adopted, which aims to continuously improve the quality/HACCP Management System without sacrificing quality and food safety under any circumstances, which closely follows the technological developments in its sector, is innovative, enterprising, adopts the principle of respecting the law and the environment, and values mankind. The Company's objective is to identify the demands and expectations of its customers well and to respond to them fully, preserving its leadership in the industry. For this purpose to be achieved, established policies and targets are mandatory, and employees at all departments and levels must work in accordance with the Quality/HACCP Management System. The company's objective is to conduct its business with utmost care at every stage, from the source of raw materials that make up its products to the final point where the products are manufactured. One of the top priorities is to add value to the stakeholders throughout the process from the seed to the table.

The company aims to implement digital transformation projects for being a pioneer in the way of doing business and digitalization in the sector, for sustainable growth and success, for continuous improvement, in order to implement business strategies in the fastest and best way, to do business with lower cost and higher efficiency, and to add value and win the hearts of stakeholders, customers, consumers and employees by making their lives easier.

The Company's long-term goals prepare three-year strategic plans and annual budgets in parallel with these goals. Performance evaluations are also carried out in line with the goals set at the end of each activity period.

#### **5.6 Financial Rights Granted to the Board of Directors**

The company's senior executives' remuneration principles have been put into writing, and was presented as a separate agenda item to the shareholders at the Shareholders' Ordinary General Assembly meeting on July 20, 2019, and was published in the Company's annual report and corporate website. The Chairman of the Board of Directors and the Board Members shall not receive any benefits other than the remuneration and attendance fees determined by the General Assembly. The remuneration for the members of the Board of Directors is determined separately by the General Assembly based on the financial status of the Company. Among the members of the Board of Directors elected at the Ordinary General Assembly held on July 20, 2019, it was resolved to pay a monthly remuneration of TRY 5,000 only for the independent members. During the period, no loan was given to any Member of the Board of Directors or any manager, no loans were made under the name of personal loans directly or through a third party, or collaterals such as surety were given in their favor.

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

### **A. General Principles**

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

- The Board of Directors determines ESG material issues, risks and opportunities and creates appropriate ESG policies. For these policies, the Board of Directors makes a resolution and discloses it to the public.

The Sustainability Board is responsible for the management of sustainability issues at Kerevitaş. The Board is in charge of assessing the sustainability policy, objectives, practices, working principles, and management systems on a regular basis and submitting them to the Board of Directors for approval when it is required to reorganize, execute, monitor, or audit them.

- Determines Company Strategy in line with ESG policies, risks and opportunities. Defines and discloses short and long-term objectives in line with the company's strategy and ESG policies.

In Kerevitaş, we have adopted the "This Is Our World" approach as part of the Yıldız Holding sustainability platform, established with the objective of continuing our operations and ensuring the happiness of all our stakeholders. The "This is Our World" approach focuses mainly on three main themes: Product, Society and Earth. We, as Kerevitaş, shape our sustainability approach in this context and manage our business processes accordingly.

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

- Identifies and discloses to the public the committees/units responsible for carrying out ESG policies. The responsible committee/unit reports the activities carried out within the scope of the policies to the Board of Directors at least once a year.

Founded in 2017 within our company, the sustainability board is the highest board responsible for the systematic execution of sustainability efforts. The Board is responsible for monitoring the current state of the environment, social and governance, and the implementation of the decisions taken in this respect across the company, and reports to the Board of Directors. The sustainability efforts are carried out under the coordination of the Committee and allow us to contribute to the sustainability transformation of Yıldız Holding. Continuing its activities under the leadership of the Head of the Business Unit, the Board has 12 members; CEO of Kerevitaş and Oil Business Unit, Vice President of Kerevitaş and Oil Business Unit Supply Chain and Production, Financial Affairs Director, Marketing Group Director, Human Resources Senior Manager, Quality Group Manager, Investments and Technical Group Manager, Production Group Manager, Supply Chain Group Manager, Agriculture Manager, Human Resources

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Manager and Chief of Agriculture. Vice President of Kerevitaş and Oil Business Unit Supply Chain and Production is responsible for the coordination of the Board, which meets at least twice a year and frequently enough to enable it to fulfill its duties, and the Agriculture Manager is responsible for its secretariat.

- Develops and discloses application and action plans in line with the short- and long-term objectives.

No objectives exist.

- Determines the ESG Key Performance Indicators (KPI) and explains them comparatively on a yearly basis. Provides KPIs with local and international industry comparisons, if verifiable data is available.

Performance indicators are outlined in the Sustainability Report. Data for 2020 will be shared in the Sustainability Report, which will be released in June.

- Describes innovation activities that improve sustainability performance for business processes or products and services.

With more effective environmental management, we seek to improve our practices in minimizing food and packaging waste, reusing and employing recyclable materials for packaging. In this regard, a study with R&D and innovation teams is being carried out to reduce the amount of plastic materials used in product packaging and to investigate the impact of this modification on the product's shelf life.

### **A3. Reporting**

- Reports on sustainability performance, targets, and actions at least once a year and discloses them to the public. It can disclose information about sustainability activities in the context of the annual report, sustainability report or integrated report/integrated annual report.

Sustainability performance and activities are announced through the annual Sustainability Report and Annual Report.

- Material information must be shared directly and concisely for all stakeholders. May disclose detailed information and data on the corporate website and prepare separate reports that directly meet the needs of different stakeholders.

The Sustainability Report is shaped according to the priorities identified with the contributions of the stakeholders and is shared on the website for all stakeholders.

- Shows maximum attention for transparency and reliability. Objectively explains both positive and negative developments about material issues in disclosures and reports, within the scope of the balanced approach.

Sustainability performance and targets are explained in a transparent and balanced manner with a direct and concise narrative through sustainability reports every year.

- Provides information about which of its activities are related to the United Nations (UN) 2030
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Sustainable Development Goals.

The Sustainability Report also reveals the contribution to the 2030 Sustainable Development Goals.

- Makes a statement about the lawsuits filed and/or concluded against it on environmental, social, corporate governance issues.

There are no lawsuits filed against on environmental, social and corporate governance issues.

#### **A4. Verification**

- It makes publicly available sustainability performance statistics that have been independently verified by third parties (independent sustainability assurance providers), and it attempts to increase the number of such verification processes.

There is no verification. There are studies in the direction of obtaining it.

### **B. Environmental Principles**

- Explains environmental management policies and practices, action plans, environmental management systems (as defined by the ISO 14001 standard), and programs.

As Kerevitaş Gıda San. ve Tic. A.Ş., we comply with national and international legal regulations on the environment, and we take continuous development as a basis to manage and reduce the environmental impacts of our activities. Our efforts are guided by the ISO 14001 Environmental Management System Standard. We have the ISO 14001 Environmental Management Certificate and the ISO 50001 Energy Management System at our Emirdağ plant and our subsidiary, Besler. We have begun working to obtain these two certificates for the Bursa plant in 2020.

- Complies with and explains environmental laws and other relevant regulations.

We are implementing our environmental management according to all environmental laws and regulations and in line with international standards.

- Describes the constraints for the environmental reporting limit, reporting period, reporting date, reporting frequency, data collection process, and reporting requirements.

The environmental reporting limit is shared on the 2nd page of the 2019 Sustainability Report.

- Describes the highest-level manager in the company dealing with environment and climate change, the relevant committees and tasks.

The Sustainability Board meets at least once a year with the environmental management units and examines environmental policy and practices with the participation of its members, including the Vice President. The Board of Directors is informed about the taken decisions and the process.

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- Describes the incentives it provides to manage environmental issues, including the realization of goals.

The Sustainability Report 2019 is described in the Environmental section.

- Describes how environmental issues integrate into business goals and strategies.

The Sustainability Report 2019 is described in the Environmental section.

- Explains the sustainability performances of business processes or products and services and their activities to improve this performance.

Considering that approximately one third of the food in the world is wasted, reducing food waste is positioned as one of the most important issues in the industry. By building a cyclical system, we seek to reduce the requirement for fresh raw materials while also minimizing waste. We seek to minimize product loss in processes such as sorting, selection, and washing. We repurpose a big portion of the food waste generated in livestock operations and use the rest to create energy in biogas facilities. As our frozen and canned products are long-lasting ready products, we also help our customers reduce their food waste. So, in SuperFresh, which brings us to the final consumer, we're cutting back on food losses from the field to the table. With more effective environmental management, we seek to improve our practices in minimizing food and packaging waste, reusing and employing recyclable materials for packaging. In this regard, we launched a project to reduce the amount of plastic materials used in product packaging and examine the effects of this change on the shelf life of the product. Within the scope of this study, we hope to limit the use of plastic in packaging materials and move to less plastic or recycled materials if the effects on shelf life are studied for a length of time and no negative consequences are found. We cooperate with suppliers for packaging materials that use a plastic material combination, set up R&D collaborations with them, conduct experiments by determining finer-structured combinations, and put them through an observation process. Thanks to this project, we aim to reduce the amount of plastic used and the cost of packaging for unit products. In this context, we aimed to reduce the number of plastic materials used by at least 10 percent per product. We saved up to TRY 42 million and achieved a 7.46 percent (weight) plastic reduction in 2019 thanks to the project.

- This explains how it manages environmental issues throughout the company value chain, not just in direct operations, and integrates suppliers and customers into its strategies.

In this sense, we support local production in our country and 97 percent of our suppliers are local suppliers. We procure all of our raw materials from local producers. We continue to work with the contracted agriculture model with 85 percent of our growers, increasing our operational efficiency with planned production. For a sustainable production chain, we ensure that all suppliers comply with international standards and carry out social and environmental audits. Further information is described in the Sustainability Report 2019 Sustainability Report section.

- It indicates whether it participates in environmental policy-making processes (industrial, regional, national, and international), whether it collaborates with environmental associations, related organizations, and non-governmental organizations, and, if so, what tasks and activities it supports.

As one of the leading companies in the industry, protecting and developing biodiversity is

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among our priorities and responsibilities. Therefore, we monitor the potential impacts of our activities on biodiversity. Biodiversity action plans prepared in line with international agreements constitute the basis of our approach. We've been working with NGOs that specialize in biodiversity by determining risk factors in our work, to protect and improve biodiversity.

- Periodically reports information on environmental impacts in a comparable manner, in the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)), air quality, energy management, water and wastewater management, biodiversity impacts.

Performance indicators can be reached in the 2019 Sustainability Report The performance for 2020 will be shared in the 2020 Sustainability Report due in June.

- Describes the standard, protocol, methodology, and base year details used to collect and calculate data.

Methodologies for data collection and calculation are shared in 2019 Sustainability Report on page 41.

- Describes the state of environmental indicators (increase or decrease) for the report year in comparison to previous years.

3 year performance indicators are available in the 2019 Sustainability Report on page 41.

- Determines and explains short- and long-term goals to reduce environmental impact. It is recommended to set these goals as Science-Based Targets, in the way recommended by the United Nations Climate Change Parties Conference. If there is progress in the report year according to the targets it has set before, it provides information on the subject.

None.

- Describes the strategy and actions to combat the climate crisis.

Climate change, accelerated in response to rising greenhouse gases, is one of the big problems today. At the same time, climate change has significant repercussions on the agricultural sector. This area is one of our priority issues, depending on our responsibility to combat climate change. With our programs on efficient resource use, particularly agricultural raw materials, effective water, and waste management, and energy conservation, we hope to contribute to the combat against climate change.

- Describes programs or methods for preventing or minimizing the negative impact of its products and/or services, as well as third-party measures to reduce greenhouse gas emissions.

In addition to water management in our operations, we attach great importance to reducing water consumption in the supply chain, where the largest consumption occurs. We reduce both energy consumption and water consumption by using and encouraging a drop irrigation system in agricultural areas. We're saving 37 percent water, 30 percent energy, compared to rainwater using a drop-irrigation method. Over the last three years, we've expanded drop irrigation in corn fields, reaching 80 percent.

- It explains the actions it takes to reduce its environmental impacts, the total number of
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projects and initiatives it carries out, and the environmental benefits/gains and cost savings it provides.

In comparison to 2018, we have lowered both our energy usage and greenhouse gas emissions as a result of the innovations we have implemented as part of efficiency projects. According to this, in 2019 we recorded an 8% reduction in the value of energy consumption and a 4% reduction in the value of greenhouse gas emissions.

- Describes the total energy consumption data (excluding raw materials) as Scope-1 and Scope-2 for reports and energy consumption.

Performance indicators can be reached in the 2019 Sustainability Report on page 41.

- Provides information about electricity, heat, steam and cooling that is produced and consumed during the reporting year.

Heat, cooling and steam data are not shared separately in energy consumption data; total consumption data is shared.

- It works on increasing the use of renewable energy, transitioning to zero or low carbon electricity and explains these studies.

None.

- Describes renewable energy production and usage data.

None.

- It builds energy-efficiency projects and explains the amount of energy consumption and emissions reductions.

In comparison to 2018, we have lowered both our energy usage and greenhouse gas emissions as a result of the innovations we have implemented as part of efficiency projects. According to this, in 2019 we recorded an 8% reduction in the value of energy consumption and a 4% reduction in the value of greenhouse gas emissions.

- It reports the amounts, sources and procedures of water drawn, used, recycled and discharged from underground or above ground (Total water withdrawal by source, water sources affected by withdrawal, percentage and total volume of recycled and reused water, etc.).

Performance indicators can be reached in the 2019 Sustainability Report on page 41.

- It clarifies whether or not company operations or activities are subject to any carbon pricing schemes (Emissions Trading System, Cap & Trade, or Carbon Tax).

Kerevitaş is not included in any carbon pricing system.

- Describes carbon credit information accrued or purchased during reporting period.

No carbon credit was received.

- Describes details if carbon pricing is being applied inside the company.

Carbon pricing is not applied.

- Describes all mandatory and voluntary platforms where environmental information is described.

Kerevitaş is described in the Sustainability Report and the Annual Report.

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## C. Social Principles

### C1. Human Rights and Employee Rights

- It establishes a Corporate Human Rights and Employee Rights Policy that commits to full conformity with the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey, and Turkey's legislative framework and legislation governing human rights and working life. It explains the policy and its roles and responsibilities in implementing the policy.

The Kereviş Human Resources Policy is available on the Company website.

- Provides equal opportunity in recruitment processes. Considering the effects of the supply and value chain, it includes matters of fair workforce, improvement of labor standards, diversity, and inclusion (such as not discriminating in terms of gender, sexual orientation, religious belief, language, race, ethnicity, age, disability, refugee, etc.) in its policies.

The Human Resources Policy of Kereviş can be accessed from the Company's website, and the Supply Chain Policy can be accessed from the Company's website. <https://www.kerevitas.com.tr/tr/insan-kaynaklari/insan-kaynaklari-politikasi>

- Outlines the steps taken along the value chain to defend the rights of certain groups (low-income groups, women, etc.) or minority rights/equality of opportunity that are affected by economic, environmental, and social considerations.

This is explained in the Supply Chain Policy. The Supply Chain Policy is available on the Company website.

- Reports on discrimination, inequality, human rights violations, and developments regarding anti-forced labor and corrective practices. Explains the arrangements for the prevention of child labor.

Regulations have been made within the scope of the Ethical Principles and the Ethical Principles can be accessed from the Company website.

- Explains the policies related to investment in employees (education, development policies), compensation, recognized side rights, right to unionize, work/life balance solutions and talent management. Determines the processes for resolving employee complaints and disputes. Describes periodically the activities conducted to ensure worker satisfaction.

The Kereviş Human Resources Policy is available on the Company website.

- Establishes Occupational Health and Safety policies and discloses these to the public. Explains the precautions taken to prevent occupational accidents and statistics on occupational accidents.

We steer our activities with utmost compliance with the international standards and legal regulations with the aim of Zero Accident and Zero Occupational Disease. Thanks to our awareness-raising efforts in the field of occupational health and safety, we ensure that business units adopt a sustainability-oriented OHS culture. In the short term, reducing the rate of accidental weight and rate of accidents by 15% is one of our goals of reducing, over the long

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term, the rate of accidental frequency and weight by zero. Our Investments and Technical Group Manager, who is responsible for Occupational Health and Safety reports to the Vice President of Kerevitaş and Oil Business Unit Supply Chain and Production, who is two reporting levels away from the CEO as the authorized person. All our white and blue-collar employees are represented on the OHS Council. We implement occupational health and safety practices in accordance with legal regulations and international standards. In all our factories, we run ISG through OHSAS 18001. In addition, our subsidiary Besler also manages occupational health and safety practices in accordance with OHSAS 18001 in accordance with the Integrated Management System it has. We organize OHS field trips, virtual reality training activities, visual training for flawed behavior, and work-specific training for the adoption of a security culture across all our employees.

Accidental Statistics are explained in the Sustainability Report on page 40.

- Creates and publicly discloses personal data protection and data security policies.

Information on the protection of personal data is available on the Company website.

- Creates an ethical policy (including business, labor ethics, compliance processes, advertising and marketing ethics, open information studies, etc.) and discloses these to the public.

The Code of Ethics is available on the Company website.

- Explains the activities of social investment, social responsibility, financial inclusion, access to finance.

Kerevitaş is a leader in the development of the food industry in which it operates but also cares about projects that will benefit the community. Working at full strength to fulfill its own part in the formation of a happier society, Kerevitaş makes many sponsorship agreements and realizes projects in the field of sports, art, and education through Yıldız Holding, to which it is affiliated.

- Organizes meetings and training of the company employees on Environmental, Social and Administrative policies and practices. Meetings are held if deemed necessary. The organization of training activities are under evaluation.

## **C2. Stakeholders, International Standards and Initiatives**

- Carries out its sustainability-related activities by considering the requirements and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society and non-governmental organizations, etc.).

In order to respond correctly to the constantly changing stakeholder expectations, we identify the areas where we focus primarily on sustainability in accordance with global and local trends and developments in our sector with the participation of our stakeholders. By focusing on the identified priority issues, we achieve both the medium and long-term goals of Kerevitaş and meet the expectations of a wide range of stakeholder groups. In this way, we create shared value for all our stakeholders.

- Regulates and publicly discloses the customer satisfaction policy regarding the management and resolution of customer complaints.
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There is no Customer Satisfaction Policy available.

- Carries out stakeholder communication in a continuous and transparent manner; explains the developments in sustainability activities with which stakeholders, for what purpose, on what subject, and how often.

On an annual basis, we assess our prioritization matrix, which we first established in 2017 and approved by our Board of Directors, and the material issues that we identified. Within the scope of our activity, we re-evaluated our material issues in light of global and local trends, industry-specific challenges, and internal and external stakeholder perspectives and expectations, and approved them in the same manner as the previous year. Food waste and loss, occupational health and safety, ethical procurement, employee and human rights issues, in addition to our priority issues, are becoming increasingly important. We have been managing these issues for many years because of the nature of our business structure, and placing great importance on them. We intensify our work on issues of priority and high importance and share performance in those areas with all our stakeholders that are transparent.

- Publicly discloses the international reporting standards adopted by the company; (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Climate-Related Financial Disclosures Task Force (TCFD), etc.).

In our Sustainability Report, which compiled in compliance with the GRI Standards "Basic" option, we also took advantage of the GRI Food Industry Attachment.

- Publicly discloses the international organizations or principles it is a signatory or member of: Equator Principles, United Nations Environment Program Finance Initiative (UNEP-FI), United Nations Global Compact (UNGC), United Nations Principles for Responsible Investment (UNPRI) etc.), and discloses the international principles adopted (such as the International Capital Markets Association (ICMA) Green/Sustainable Bond Principles) to the public.

None.

- Makes concrete efforts to be included in Borsa Istanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices etc.).

We have been a part of BIST Sustainability Index since 2019.

#### **D. Corporate Governance Principles**

- It makes every effort to comply with all Corporate Governance principles, in addition to those that must be followed within the framework of the Capital Markets Board's Corporate Governance Communiqué, no. II-17.1.

Corporate Governance Principles are explained in the Compliance Report.

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- Takes the issue of sustainability, the environmental impacts of its activities and related principles into account when determining the corporate governance strategy.

As Kerevitaş, we conduct our business as a company that places a premium on quality and food safety, closely monitors technological advancements with an innovative mindset, and does not view environmental and social responsibilities solely as a legal requirement, but rather as an opportunity to add value to society. We adopt the principles of corporate governance, justice, transparency, accountability and responsibility, which play an important role in the preservation of company structure. These principles underpin the management of our company and help us to prevent any injustice, corruption or violation of rules. All matters that may affect the existence, reputation of our company and the sustainability of our activities are evaluated under the corporate governance structure.

- Takes the necessary measures to comply with the principles regarding stakeholders and strengthen communication with stakeholders as specified in the Corporate Governance Principles. Seek the opinions of stakeholders in determining sustainability measures and strategies.

Within the scope of the prioritization study, we organized workshops with the contributions of our in-house experts and managers. In this study, we considered the opinions and recommendations of our broad stakeholder network, which includes employees, public institutions, regulatory authorities, non-governmental organizations, associations, international organizations and initiatives, corporate customers, suppliers, and universities.

- Engages in social responsibility projects, awareness activities and training to increase awareness on sustainability and its importance.

Kerevitaş carries out its corporate social responsibility activities under the umbrella of Yıldız Holding, to which it is affiliated. The Company considers corporate social responsibility activities as obligations that arise from the responsibility of the manufacturer. The company promotes balanced nutrition and physical activity by creating wide options for the food requirements of individuals in society, as well as making them accessible and available for purchase, managing open and responsible communication.

- Strives to become a member of international standards and initiatives and contribute to sustainability.

None.

- Explains the policies and programs for combating bribery and corruption.

Regulations within the scope of combating bribery and corruption are available under the Ethical Principles.

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