

Sustainability Report 2020



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About the Report

As Kereviş Gıda Sanayi ve Ticaret A.Ş., we are publishing our fourth sustainability report covering our activities within the scope of Yıldız Holding Sustainability Platform.

The GRI Standards, published by the Global Reporting Initiative (GRI), are a globally accepted framework for sustainability reporting. We prepared this report in accordance with the "Core" option of the GRI standards and took Food Processing Sector Disclosures as a reference. Furthermore, we benefited from the Processed Foods Guideline of Sustainability Accounting Standards Board (SASB).

We identified the material issues discussed in this report with the participation of the internal and external stakeholders in line with the Accountability AA1000SE, International Stakeholder Engagement Standard. The report covers our operations, that took place between January 1 and December 31, 2020, at Besler and its subsidiary Marsa Yağ San. ve Tic. A.Ş., Kereviş Bursa and Emirdağ premises and the head office. In the report, we reflected the changes in our performance by making comparisons with previous data where necessary. In the report, Kereviş Gıda Sanayi ve Ticaret A.Ş. is referred to as "Kereviş" and covers the frozen food, canned food and oil business unit.

Please do not hesitate to send your questions, opinions, and suggestions to surdurulebilirlik@kerevitas.com.tr

Message from Kereviş and Oil Group CEO



Dear Stakeholders,

We left behind a year in which the fight against the COVID-19 epidemic came to the fore compelling us to keep up with the difficult conditions. Despite the negative developments, 2020 was a successful year in which we improved our financial performance. We have ensured the health of our employees and the continuity of our business by taking all necessary measures within the scope of this fight against the epidemic. We continue our efforts with the Turkish Standards Institution (TSE) COVID-19 Safe Production Facility certificates in all our facilities. With the acquisition of Besler, now we reach more than 115,000 customers with 1,608 employees and 5 factories in 2 countries. In 2020, we achieved TRY 3.06 billion consolidated turnover. Our Interest, Depreciation and Profit Before Taxes (EBITDA) exceeded TRY 468 million. While maintaining our financial success, we continuously improve our performance in environmental, social and governance (ESG) areas, and strive to grow in a sustainable way thanks to the contributions of all our stakeholders.

I believe that the understanding of sustainable growth is a responsibility and necessity rather than an option for many companies. As stated in the latest Global Risks Report published by the World Economic Forum, climate change and environmental issues are among the biggest risks threatening our existence. We see that these climate issues we are experiencing encourage governments to fight climate change with faster and more determined methods. The most predominant one is the European Union (EU) Green Deal with the goal of "carbon neutral until 2050". It is possible to say that the Green Deal will have positive effects, as the regulations made in this scope will also trigger the transformation of countries and companies exporting to the EU. As a company with an annual export level of approximately TRY 400 million, we follow these developments closely. By focusing on sustainable agriculture, we improve our processes in this direction and continue our business in a respectful manner to the planet.

As a company within the Yıldız Holding group, we adopt the "This is our World" approach in all our sustainability efforts. With this approach, we manage our environmental, social and economic impact in a holistic way. We support local production and local producers, and position the farmers we work with as business partners. We work with 90% of our farmers on the contract farming model. We support sustainable agricultural practices and responsible production. Considering the extent and results of food waste, we pay attention to this issue and work with the zero-waste principle in all our food production processes. In 2020, at the Agriculture and Forestry Summit organized by the Turkish Ministry of Agriculture and Forestry, we were granted the Award of Carrying Agriculture to the Future with the project and approach we call "From Farm to Plate Zero Food Loss".

Turkish Ministry of Agriculture and Forestry and the United Nations (UN) Food and Agriculture Organization (FAO) has been cooperating to carry out the "Protect Food, Protect Your Table" campaign, which we actively support.

We care about the health, safety and welfare of our employees who are among our most important stakeholders. For this reason, we switched to ISO 45001 Occupational Health and Safety Management

System in 2020. We pursue equal opportunity and diversity practices in workplaces. We aim to increase the rate of female employees, which is currently 36%.

I am glad to share with you the fourth Sustainability Report, in which we share the performance achieved in 2020. I would like to thank all our stakeholders who have contributed to our successful performance, primarily our employees.

Şükrü Çin
Kereviş and Oil Group CEO

¹Global Risks Report, World Economic Forum, 2021

About Kerevitaş

At Kerevitaş, we lead the frozen fresh food market in Turkey. In addition to our growth in the Turkish market, we penetrate different markets by taking advantage of the opportunities in the foreign market, introducing our products to the whole world. With a total of 5 factories and 1.704 employees, including Besler, we export to more than 70 countries in 6 continents. We sell our products at more than 50,000 points with our 58 dealers in the domestic market. We have a strong sales & marketing network with 200 distribution vehicles and over 34,000 freezers. With our brands Superfresh, Teremyağ, Bizim Yağ, Luna, Yayla, Ona, Evet, Sabah, we continue our activities in frozen food, canned food and oil business lines.

We boost our sales revenues through our targeted channel and category strategies, while responding to the changing expectations and needs of consumers and customers with our high quality products. At Kerevitaş, we closed the year 2020 as the market leader, with a market share of 50% in the frozen food category and 66% in the branded market in the cooking oil group. Kerevitaş's contribution to exports reached a total of TRY 397.1 million with a growth of 12.4%. We launched frozen bakery products simit, pastry and bread under the sub-brand of "7/24 Fırından". We offered innovative products such as pizza toast, stone oven pizza, pan pastry, and stuffed croquettes, which are a first in the market. We succeeded to keep our brand awareness in the market at 100%.

We launched microwave pizza, Turkey's first and only pizza cooked in microwave ovens, under our SuperFresh brand, the pioneer of innovation in the field of frozen fresh food. We also listed our products square pastry with meat and vegetables, spinach rolls and croquette mix on various channels. Our consolidated turnover in 2020 increased by 22.6% and reached TRY 3,056 billion.

KEREVITAŞ in Figures

- 1.704 employees
- 5 factories in 2 countries
- TRY 397.1 million export to more than 70 countries in 6 continents
- TRY 3,056 billion consolidated turnover
- Over TRY 468 million EBITDA
- 14.6% Net Profit Margin of Period

Corporate Governance

We carry out our activities as a company that closely follows technological developments with an innovative approach that does not compromise on quality and food safety, does not see environmental and social responsibilities only as a legal obligation, but works to create value for the society. The governance model that plays a crucial role in sustaining the corporate structure is based on the principles of fairness, transparency, accountability and responsibility. These principles that we rely on for defining our governance approach enable us to prevent all unfair actions, corruptions and violations. We review each matter that may affect the existence, reputation and operational sustainability of our company under the structure of corporate governance. We position this corporate governance approach, which has a framework in line with legal legislations, as an important element that carries us forward and contribute to sustainability.

The Board of Directors, which is the highest organ of the corporate governance structure, consists of 7 members, 2 of which are independent. The Board convenes as often as it deems necessary, provided that a majority of the number of members is achieved. The Corporate Governance Committee, the Early Detection of Risk Committee, the Audit Committee and the Sustainability Board are affiliated with the Board of Directors. The Chairman of the Executive Board consisting of Kerevitaş and Oil Business Unit Supply Chain and Production Vice President, Turkey Sales, Trade and Marketing General Manager, Financial Affairs Director, Marketing Group Director, Foreign Trade Group Director and Human Resources Director is the CEO of the Kerevitaş and Oil Business Unit.

You can access the Corporate Governance Principles Compliance Report [here](#).

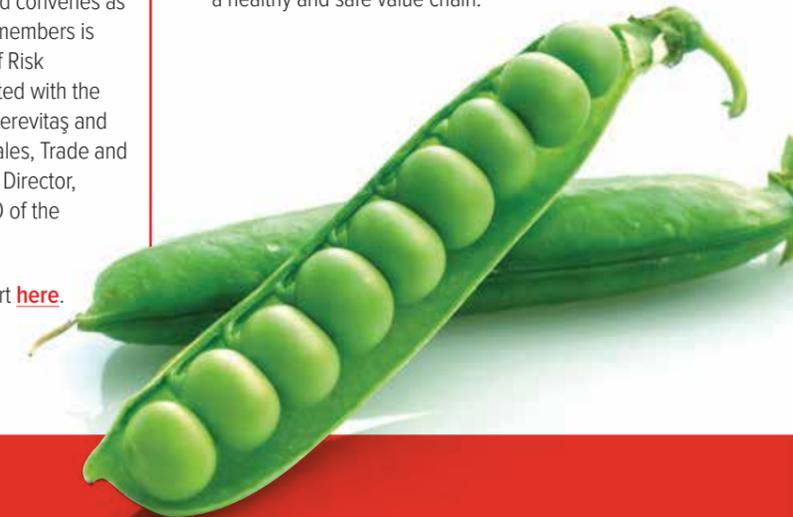
You can find detailed information about the Corporate Governance Committee's Duties and Working Principles [here](#).

Our Vision

To be a leading food processing company that always satisfies the consumers, customers, employees and shareholders.

Our Mission

Being a leading and innovative brand that provides the most practical, the freshest, the most delicious products to our consumers and customers through a healthy and safe value chain.



“ We aim to be a company which does not compromise on its quality and food safety, which follows technological developments and grows by creating value for the society. ”

Ethical Principles

We expect our ethical principles, defining the framework of our business manner, to be adopted and applied not only by our employees, but also by our suppliers. Through the **The Ethical Principles and Working Principles** issued by Yıldız Holding, we ensure the recognition and implementation of ethical principles within the company. A written declaration is signed by each employee indicating that they accept these ethical principles. We stick to these ethical principles in all agreements concluded by and between us and any third party. As for anti-bribery and anti-corruption operations, we also refer to these ethical principles as our guide.

We have provided 3-hour trainings to all employees regarding the ethical principles for the last 3 years. Within the scope of these, 448 employees attended the training in 2020, which also includes the fight against corruption and bribery. Employees report the breach of any ethical principle to the Kerevitaş Ethics Line that works in coordination with the Yıldız Holding Ethics Line. Reports can be made via phone (0850 209 19 98) or e-mail (etik.bildirim@kerevitas.com.tr). All other stakeholders can contact Yıldız Holding Customer Communications Center (CCC) or Yıldız Holding Ethics Line to report any undesirable situation.

Any non-compliance detected as a result of the audits carried out by the Audit Committee with the participation of independent auditors, is reported to Yıldız Holding Ethics Committee. Depending on the Board's decision, penal conditions are applied and necessary measures are taken to prevent recurrence. You can access the Ethical Principles Policy [here](#).

“Ethical Principles guide our company in all our business processes.”

Risk Management

Our risk management approach includes detecting risks that may hinder the sustainability of our company's operations and taking the required precautions. The Early Detection of Risk Committee is responsible for risk management. We effectively monitor and manage risks under these 4 groups: financial, operational, strategic and external risks. We conduct audits to ensure regular control of risks. The results of the audits conducted by the audit divisions of Yıldız Holding and the independent audit companies are investigated by the Audit Committee, and submitted to the Board of Directors for review.

You can access the Duties and Operating Principles of Early Risk Detection Committee [here](#).



Organizational Structure of the Sustainability Committee



Sustainability Board

The Sustainability Board, which was established in 2017 within the structure of our company, is the highest body responsible for the systematic execution of sustainability efforts. The Sustainability Board, responsible for monitoring the performance in environmental, social and governance issues and ensuring the implementation of decisions taken within this scope throughout the company, reports directly to the Board of Directors. Sustainability efforts are carried out under the coordination of the Board, enabling us to contribute to the sustainability transformation at Yıldız Holding. The Board, led by Kerevitaş and Oil Business Unit CEO, has 19 members: Kerevitaş and Oil Business Unit Supply Chain and Production Vice President, Kerevitaş and Oil Business Unit Marketing General Manager, Kerevitaş Financial Affairs Director, Kerevitaş and Oil Business Unit Human Resources Director, Kerevitaş Quality Group Manager, Kerevitaş Investments and Technical Group Manager, Kerevitaş Production Group Manager, Kerevitaş Supply Chain Group Manager, Kerevitaş Agriculture Manager, Kerevitaş Human Resources Manager, Kerevitaş R&D Senior Manager, Oil Business Unit Financial Affairs Director, Oil Business Unit Marketing Director, Oil Business Unit Supply Chain Director, Oil Business Unit R&D and Business Development Director, Oil Business Unit Factory Director, Oil Business Unit Export Director and Oil Business Unit Sales Director. While Kerevitaş and Oil Business Unit Supply Chain and Production Vice President is the coordinator, Kerevitaş Agriculture Manager and Oil Business Unit Factory Director is the secretary of the Board, which convenes at least twice a year at a frequency that will ensure the fulfillment of its duties.

The Sub-Committee operating under the Sustainability Board is composed of 11 members: Agriculture Chief, Senior Vice Brand Manager, Staff and Administrative Affairs Expert, Human Resources Manager, Quality Chief, Environment and OHS Expert, Technical Engineer, Production Engineer, Logistics Specialist, Purchasing Specialist and Packaging Development Assistant Specialist.

You can access more information regarding the operation and responsibilities of the Sustainability Board [here](#).

Sustainability Approach

We adopt the sustainability approach of Yıldız Holding, This is our World, which was created to ensure the continuity of our activities and the happiness of all our stakeholders. This approach basically focuses on 3 main areas: product, society and the planet. As Kerevitaş, we shape our sustainability approach within this framework and manage our business processes accordingly.



Product - Inspire:

Enable access to food products, encourage healthy and balanced diets with products featuring high nutritional values and present these products as a lifestyle.



People - Empower:

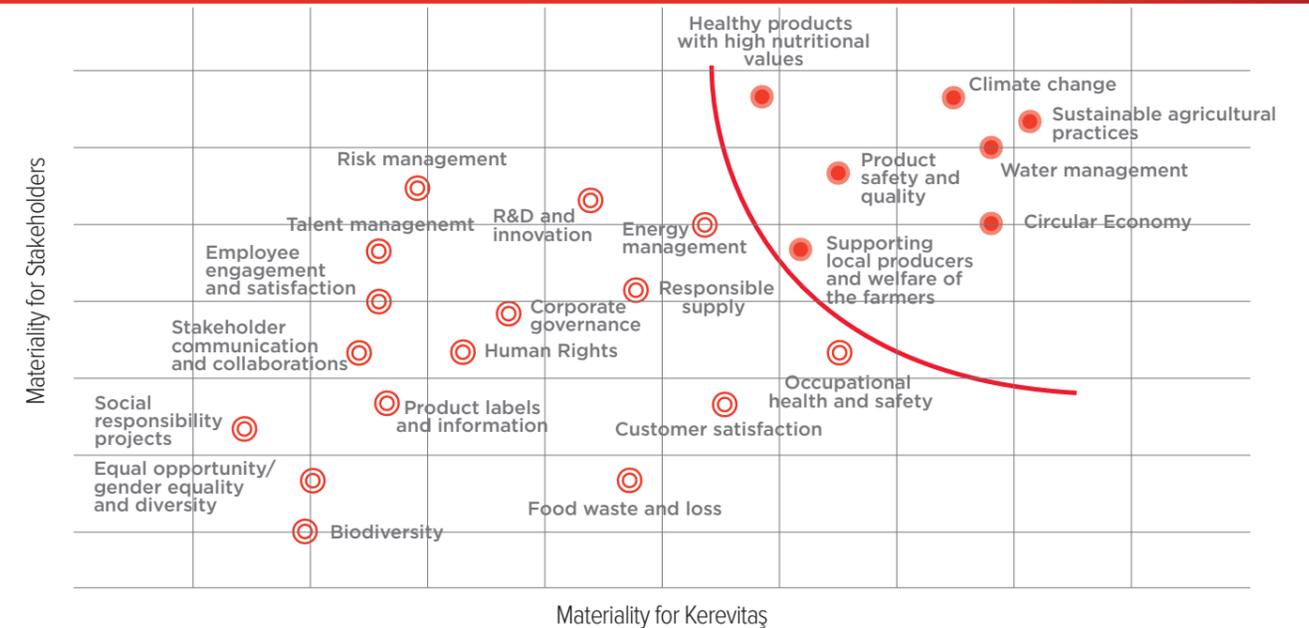
Adopt a business model that facilitates social and economic development, social equality and welfare for employees and society.



Planet - Restore:

Protect the environment for future generations by preserving natural resources, and achieve growth without any adverse effects on the environment.

Kerevitaş Materiality Matrix



Sustainability Priorities

We define our sustainability priorities with all stakeholders in line with the global and local trends as well as the developments in our sector. By focusing on the identified priorities, we both achieve the medium- and long-term targets of Kerevitaş, and meet the expectations of different stakeholder groups.

We held workshops with the participation of internal experts and executives to work on prioritization. We have included stakeholders such as employees, public institutions, regulatory authorities, non-governmental organizations, associations, international organizations and initiatives, corporate customers, suppliers and universities in this effort, where we consider the opinions and suggestions of all our stakeholders.

Every year, we evaluate our materiality matrix, which we first created in 2017 and was approved by our board of directors, and the material issues we have identified within the scope of current issues such as global and local trends, issues that are closely related to our industry, and the COVID-19 outbreak. After the acquisition of Besler, we re-evaluated our material issues in 2020 in line with the opinions and expectations of internal and external stakeholders and we did not make any alterations. In 2021, we aim to review and update the material issues in line with the changing conditions, expectations and demands.

In addition to our priority aspects, other matters of food waste and loss, occupational safety and health (OSH), responsible sourcing, employee and human rights stand out as increasingly significant issues. We have been managing and attaching great importance to these issues for a long time given the nature of our business. We focus our efforts on our priorities and high importance issues, and transparently share our performance in these issues with our stakeholders.

We associate our sustainability efforts that cover ESG areas with global and sectoral trends as well as SDGs. While we provide employment by supporting the development of the local economy and local production, we also use our resources efficiently with our responsible and sustainable agricultural practices. By this means, we aim to ensure that everyone has access to food. The quality and health of our products is our top priority. Thus, we contribute to the individuals in the society to lead a healthy life. With our contract farmer model and responsible supply mentality, we foster business model that protects the welfare of the farmers. We provide equal opportunity in the workplace in addition to attaching great importance to employee development and OHS. With the awareness that natural capital must be protected in order to ensure the continuity of our success and our industry, we monitor our environmental footprint and continuously reduce our environmental impact by measuring it.

This is our World	Material Issue	Report Section	UN Sustainable Development Goals (SDGs)
	Product - Safe and attractive products as part of a healthy diet and lifestyle	Product safety and quality Healthy products with high nutritional values	Healthy, Safe and Innovative Products
	People - Diverse/different employees and business partners feeling safe and satisfied	Supporting local producers Sustainable agricultural practices Employee investments, OHS, human resources policy based on equality	Sustainable Production Chain Employees
	Planet - Restorative environmental impact within a circular economy	Water management Circular economy Climate change	Environmental Management

Stakeholder Group	Communication Method	Communication Frequency
Employees	Internal information e-mails, meetings, workshops and surveys	Continuous
Corporate Customers	Website, online communication channels, product catalogs, customer visits, audits, information e-mails and surveys	Continuous
Suppliers	Audits, surveys	At least once a year
Investors	Information meetings, annual reports and surveys	At least once a month
Analysts	Meetings, internal information e-mails and surveys	At least once a quarter.
Public Institutions and Regulatory Authorities	Institutional and public meetings, workshops, meetings and surveys	At least once a month
Media	Interviews, press releases, bulletins and surveys	Continuous
Non-Governmental Organizations and Associations	Project collaboration, congresses, conferences, seminars and surveys	Continuous
International Organizations and Initiatives	Congresses, conferences, seminars and surveys	Continuous
Universities	Joint projects, conferences and surveys	Continuous

Stakeholder Communications

We care about the opinions of our both internal and external stakeholders when carrying out our operations. We also share our performance and decisions with our stakeholders through various channels. We manage our stakeholder communications effectively by constantly exchanging ideas with each stakeholder group through different communication methods. We have carried out stakeholder analysis in order to collect stakeholder opinions as a guide for our sustainability management efforts in accordance with the international Accountability AA1000SE Stakeholder Engagement Standards.



“ We inspire people to have a healthy and balanced diet with our products that have high nutritional values. We guarantee exceptionally good flavors in high quality products with our customer-oriented approach. ”



Pea field
BURSA, KARACABEY

INSPIRE

01 PRODUCT

Healthy, Reliable and Innovative Products

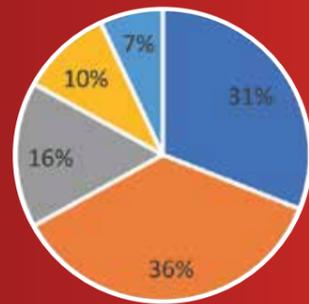
As the company that introduced fresh frozen food to Turkey, we maintain our leadership in the sector by always offering healthy, safe and innovative products to our customers in frozen food, canned food and oil categories. We support the consumption of carbohydrates, fats, proteins, vitamins, minerals and water in adequate proportions, which are essential to sustain a good life. While assuring our product quality and safety with international standards, we continue to be the brand of innovative products with our R&D efforts and diversify our product portfolio in line with the demands and needs of our customers. By keeping the freshness and nutritional value of our products at the utmost level from farm to the plate we inspire our customers by encouraging the public to have a balanced diet.

“We produce Turkey's most preferred oil and frozen food brands.”

We maintain our leadership with a 50% market share in the frozen food and canned food business and a 66% turnover share in the oil business. In 2020, retail and out-of-home consumption products accounted for 79% and 21% of our turnover, respectively. There are 3 main categories in our domestic market product portfolio: These are frozen food, canned fruit-vegetable and oil categories, respectively. In our journey that we started with the

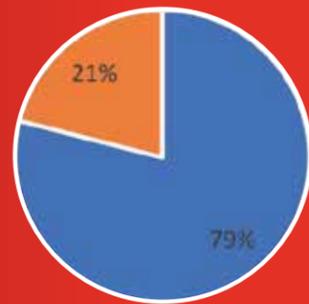
production of breakfast butter, today we have a wide product portfolio with consumer oils, liquid oils, industrial and pastry oils categories. We offer products to our customers through retail, commercial and out-of-home consumption channels with approximately 400 different products under the brand of SuperFresh. Together with Besler, we produce a total of 59 brands, mainly Bizim Yağ, Teremyağ, Luna, Ona, Ustam and Evet in addition to 659 SKUs (Stock Keeping Units). As of 2020, we export to more than 70 countries. 31.4% of our sectoral product distribution is constituted by consumers, while 36.1% by tanker-industrial line, 15.7% by pastry line, 9.5% by industrial line and 7.2% by catering line.

Besler Sales



- Consumer
- Tanker- Industrial
- Pastry
- Industrial
- Catering

Total Turnover Distribution



- Retail
- Out-of-home consumption

As we committed, we use advanced technology to ensure that the products have high nutritional value, quality, flavor and freshness. We use non-GMO, genetically modified organisms, high-yield seeds that fulfill flavor and appearance criteria for the products grown to be turned into frozen food. The products are grown to their ideal maturity levels and are delivered to the factory within thirty minutes to 8 hours to maintain their freshness after harvest. After completing the preliminary processes, the products are quick-frozen at -40°C using the Individual Quick Frozen (IQF) method, keeping their core temperature at -18°C. With the IQF technology, we sustain the freshness of the products without losing their vitamin and mineral value. Furthermore, we carry out packaging and shipment processes without breaking the cold chain. Thus, the products have long shelf lives without any additives. We guarantee the same flavor in every package and regularly conduct tasting tests (organoleptic controls). We care deeply about the healthy diet of consumers and produce our products with that in mind. None of our SuperFresh brand products contain trans fats and we include informative logos on all of our product packages to raise the awareness of consumers regarding this issue. We are working on reducing salt content without compromising the flavor in our meatball product group.

Quality and Safety in Production

We carry out our production processes according to international standards by doing more than is legally required in order to ensure the quality and safety conditions in hundreds of product varieties. We maintain these standards at every stage from planting to harvesting, processing and packaging.

We produce all of our products in line with the international food safety and quality management systems. Our production facilities have had TS EN 9001:2015 Quality Management System certification since 1997. In food safety we have a Food Safety Management System based on a prevention-oriented approach. We perform our production operations in line with HACCP (Hazard Analysis and Critical Control Points) System, which identifies the specific hazards against consumer health beforehand and removes them, and the standards of TS EN ISO 22000 Food Safety Management System. We have been granted the Halal Food Certificate by Food Safety System TSE certified by TS EN ISO 22000 Food Safety Management System and the British Retail Consortium (BRC), which has an important place in the retail industry. Furthermore, we are being audited by our local and global customers regarding quality and safety. In addition to these, Besler has deserved the A grade position in BRC inspections.



“We produce all of our products in line with the international food safety and quality management systems.”

Supplier Evaluation Processes

We pay the same amount of attention at every phase of the supply chain in order to ensure the safety and quality of our products, and select our suppliers in line with certain standards. We prefer working with suppliers that fulfill the requirements of legal legislations, as well as the national and international quality and safety standards applied by our company. Along with the agricultural product suppliers, we evaluate the suppliers of non-agricultural products such as milk, bakery products, delicatessen and red meat used in pizza production, and packaging within the framework of the very same safety and quality standards.

We carry out a total of 6 different processes under the body of Quality Assurance Department: supplier evaluation, input control, process control, microbiological control, storage-delivery and food safety-quality systems. Supplier evaluation, the first phase of the process, refers to the selection of the right suppliers in order to produce safe and quality products.

During the input control process, we check whether the raw materials and the packaging materials conform to the defined standards or not. In case of a non-compliance, we request corrective and improvement actions within the scope of our Supplier Corrective and Improvement Actions System, and follow up the improvements through the same system. During the third, namely the process phase, we assess quality control processes of the products in terms of their compliance to the standards. We enter the finished products to the system and transfer them to the quality control inventory. Once the product is approved at the end of the analysis, we move it to the dispatch inventory.

We commission accredited external laboratories for the analyses of all raw materials and inputs used in products within the scope of risk-anticipated residue (heavy metal, pesticide etc.), counterfeit or adulteration by the legal legislations in line with our annual plan. We subject all product parties to physical, chemical and microbiological analyses conducted by the expert personnel of our laboratories equipped with state-of-the-art devices in line with the set quality plans. In the storage and delivery process products in the inventory are delivered to the warehouses of the regional directorates or contracted distributors without breaking the cold chain. These warehouses are also audited annually in terms of quality and food safety. Necessary improvements are initiated according to the results of these audits. We monitor all warehouses through the remote temperature monitoring system for the safety of our products at the final point.

At Kerevitaş, we work with suppliers that have at least one of the international quality management and food safety system certificates such as ISO 9001, ISO 22000, BRC, AIB, IFS, FSSC 22000, and constantly monitor the improvement of our suppliers. All suppliers of the oil business unit have the obligation to have BRC, Halal, ISO 9001 and ISO 22000 certificates.

You can access the supply chain policy [here](#).



You can find detailed information about supplier payments and audits in the **Sustainable Production Chain** section.

“ We carry out a total of 6 different processes: supplier evaluation, input control, process control, microbiological control, storage-delivery and food safety-quality systems. ”



R&D and Innovation

We focus on R&D to develop innovative products addressing to customer needs, to raise food safety and quality standards, and to maintain our competitiveness in the market. We carry out R&D operations in various areas, prioritizing the development of products in the categories of frozen food, vegetable oil and margarine, bakery products, meat products (meatball and hamburger), croquette, vegetable-fruit.

“ We have the first R&D centers registered by the Turkish Ministry of Science, Industry and Technology in the frozen food, vegetable oil and margarine sector. ”

We allocated a total budget of TRY 6,610,518 in 2020 to the R&D department where 43 competent employees work. In our R&D team, there are 5 specialists with master degrees and a doctoral student. We focus on increasing our collaborations with the public institutions and universities in Turkey and conducting joint studies with them. In 2020, we collaborated with a university, 2 R&D centers and 19 private companies. In 2020 we completed 7 projects in total. 11 of our projects are still in progress. In 2020, our R&D teams received a training on 26 different topics in the fields of R&D and innovation and attended various conferences.

“ The annual average budget of our 2 R&D centers with 43 employees exceeds TRY 6.5 million. ”

Our projects that contribute to sustainability, which we carry out jointly with European countries in our Kerevitaş R&D center for frozen and canned food, are as follows:

- 1. Within the scope of European Union (EU) Euripides projects, Smart Agriculture Fields in the European Region:** The project called “Development of Intelligent Field Decision Support Platform for the Agricultural Sector, Supported by the Internet of Things, Based on Artificial Intelligence”, which we submitted within the scope of the 509 International Industrial R&D Projects Support Program, was deemed successful by the EU in 2020 and by the Scientific and Technological Research Council of Turkey (TÜBİTAK) in 2021. In the project, we aim to detect the fertilizer, water, etc. needs and diseases in advance by monitoring the potato field with drones and sensors. Other targets are 10% improvement in product quality, 10% improvement in productivity and 15% reduction in field production inputs.
- 2. The Bricomed project,** which we realized with the Institute of Agriculture and Food Research and Technology (IRTA), was submitted to EU approval. The aim of the project is to realize a nutritious and sustainable new product adaptation that will lead consumers to prefer the Mediterranean Diet in the long term on a global basis.
- 3. WABIO, production of BIO polymer packaging material (PHA) by utilizing food waste:** It is about the production of Biopolymer packaging material with consumable food waste. It is under evaluation within the scope of call number TEYDEB 1071.

We have carried out various efforts to reduce the use of plastic materials in the packages of our products. We aimed to use less plastic and more recycled materials if it does not have a negative impact on shelf life. In line with this goal, we have established R&D collaborations with our suppliers. We have carried out various efforts to reduce the amount of plastic material used per product by at least 10%. By this means, we reduced the use of plastic materials by 7.46% as of the end of 2020 and saved approximately TRY 13,000.

With the Smiling Face project, we are working on different stuffings and giving a smiley face shape to the mashed potato batter. We worked on 8 different filling recipes within the project, which is a first in terms of R&D studies for both our country and our company. We are carrying out product development studies for the mashed potato batter to be filled with various stuffings such as kashar cheese, white cheese, spinach and sausage, covered with bread crumbs, frozen with IQF technology, packaged and then offered for sale. As a result of the project, we aim to realize the first industrial production of stuffed potato croquette in Turkey.

We also carry out new product development studies in the pizza category. We are developing the toasted pizza product, which will be produced for the first time in Turkey, as a practical snack that can respond to the consumer speed of our age. While conducting the necessary R&D studies, we work by taking all physical, chemical, microbiological criteria and legal requirements into consideration. We will conduct cooking tests to determine product preparation recommendations. We will finalize the packaging, design and content studies carried out simultaneously with the product studies.

We carry out our R&D and innovation projects in the oil business unit by following new trends in oil products and industrial products where oil is used, changes in legal regulations and keeping customer satisfaction in mind. By this means, we launched 40 new products to the market. The share of these new products, developed with the means of R&D and innovation, in the total sales revenues reached TRY 16,739,779 and amounted to 1% of the total sales. In cooperation with institutes such as universities, EU, TÜBİTAK-Marmara Research Center (TÜBİTAK-MAM) and Turkish Ministry of Agriculture, we carry out various studies in Besler R&D Center. Technology and Innovation Support Programs Presidency (TEYDEB) supported by TÜBİTAK, the General Directorate of Agricultural Research and Policies (TAGEM) supported by the Turkish Ministry of Agriculture and EU projects are among these studies. The projects aim to ensure the effective use of resources in terms of sustainability, to prevent waste of resources, to support public health and to make use of natural herbal resources that are not adequately utilized.

The R&D projects of our oil business unit that contribute to sustainability are as follows:

- We develop herbal preservatives as an alternative to those that preserve the biological quality of the product throughout its shelf life. As of 2019, we carried out shelf-life tests in the development of Potassium Sorbate Equivalent Encapsulated, Natural Preservatives that Do Not Require E-Code for Margarines, conducted in cooperation with TAGEM. The project will be completed in 2021. We continue our efforts towards the development of the most effective and suitable compositions. As a result of the project, our products containing alternative natural compounds will have the e-free label and/or clean label, which is given to additives and preservatives of natural origin and does not contain artificial ingredients.

- Within the scope of the AB Smart Electronics – EURIPIDES Smart Packaging project, we aim to develop a sealed packaging suitable for margarine, which will preserve the freshness of the product for a long time, have natural antioxidants, in addition to a smart sensor. The project, which is planned to be completed by 2023, is carried out in partnership with Turkey, Portugal and the Czechia. Our products, which will have new sustainable packaging, will have e-free and/or clean labels.

- Federation of Food and Drink Industry of Associations of Turkey (TGDF) jointly prepared the Sodium/Salt Reduction Targets, the Salt Reduction and Implementation Guide for the Food and Beverage Industry, and we voluntarily reviewed the amount of salt in our products with the initiative of the R&D center prior to its publication. We have arranged the salt content of our products in the domestic market in accordance with this target for 2023.

Besides R&D studies, we also evaluate innovative ideas received through different communication channels. We listen to the ideas and suggestions of our employees within the scope of the suggestion program Brainbox. In addition, consumers can share their ideas and suggestions through Yıldız Holding CCC. We initiate laboratory trials for the approved projects, of which the preparation phases are completed. Successful products go into the production adaption process, and the product is launched after the recipe, cost and flavor are approved. The R&D Department accompanies the production of the first batch of the new product to make sure that the production is acceptable and of desired quality.

Customer Experience and Satisfaction

We listen to our customers and attach great importance to their feedback in order to fulfill their changing needs and demands, and to respond to their expectations as much as possible. We are constantly expanding our product portfolio and experience in line with the ideas of our customers and raise our standards accordingly.

In order to increase the product experience of our customers, we include in our portfolio the products that are demanded in the market. In order to offer new experiences to consumers, we are carrying out “innovative product launches”, as a first in the market. By organizing various activities, we enable consumers to experience the products and offer promotions that encourage them to purchase the products.

Feedback received by the Yıldız Holding CCC is forwarded to the respective divisions of our company. The Quality Group Department evaluates the feedback sent to the Customer Communication Center and carries out internal information and taking necessary actions. Sales Group Directorate, on the other hand, visits the consumers and ensures their satisfaction. Sales managers visit customers within 3 days following the complaint. At the same time, the feedback is forwarded to the respective division and information is provided to the customer regarding the actions taken. In 2020, our oil business unit was included in Yıldız Holding Customer Notification System. 1,228 notifications were submitted by customers in 2020. We have responded to all these notifications and resolved 886 of them.

We conduct a Brand Health Survey once every 6 months in order to monitor consumers’ brand perception. In 2020, 71% of consumers stated that they prefer SuperFresh for frozen products. The brand awareness of SuperFresh as a frozen products brand was 100%. Our oil business unit conducts research every year to evaluate customer satisfaction. In the research conducted in 2020, the satisfaction score increased by 3% compared to the previous year and reached 4.83 points.²

“ Turkey's first domestic frozen food brand SuperFresh has the highest brand loyalty score. ”

We diversify our product portfolio by combining consumer trends with our innovative approach. We have options such as meat, grain, fruit and vegetable, fish products with Halal Food Certificate, and bean burger and falafel with Vegan Certificate for our consumers with different expectations. In 2019, we launched Turkey's first and only microwave pizza, and in 2020, pizza toast and stone oven pizza. We offer our customers recipes and suggestions for a balanced diet on the website superbiyemek.com.

- We were deemed worthy of the Pizza Leadership Award in the Star of the Year Leadership category,
- and the Bronze Effie award in the Effie Awards'20 Refrigerator Snacks, Frozen Food and Ice Cream Category.

We care about the confidentiality of the personal data of customers and stakeholders and take the necessary actions in this regard. We provide awareness training to our employees as per the Information Management System and Information Security Policy; ensuring that they act in accordance with the respective policy, procedures and principles. We have ISO 27001 Information Security Management System Standard certificate.

You can access the Information Security policy [here](#)

We have ISO 27001 Information Security Management System Standard certificate.

²Scoring is calculated on a 5-point rating scale



“ We create a sustainable business model by supporting the development of our employees who play a significant role in the progress of our company and our business partner farmers. We aim to gain strength together with all our stakeholders by playing a role in the development of the geography that we are operating in. ”

Spinach field

EMPOWER

02 PEOPLE

Sustainable Production Chain

We prioritize sustainability in the production chain. We work by considering environmental, social and economic impacts in all processes from raw material procurement to the delivery of products to consumers. Reducing the environmental impacts of our operations, contributing to the development of our stakeholders and society, and supporting economic development, especially on a local scale, are among our priorities. We adopt a responsible purchasing approach for a sustainable supply chain, and we carry out studies that protect the soil and farmers and put sustainable agriculture at the center.

We prioritize local producers in raw material purchases. This way, while supporting local economy and local employment, we reduce carbon emissions caused by logistics. We work with a total of 1,509 suppliers, 1,412 of which are local. We supply 100% of the raw material supply from local suppliers. Payments made to local suppliers exceed TRY 1 billion, and their share in total supplier payments is over 90%. At the frozen food and canned food business unit, we source 100% of the raw material supply from local suppliers.

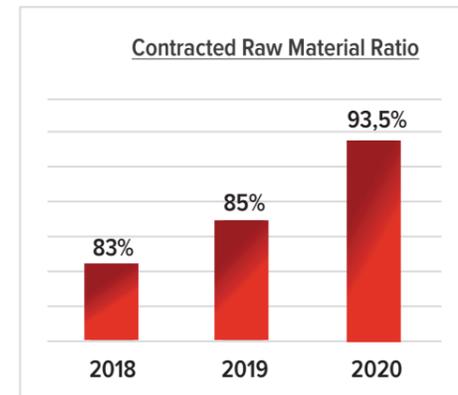
At the frozen food and canned food business unit, we source 100% of the raw material supply from local suppliers.

For a sustainable production chain, we expect that our suppliers adopt the main principles that we base our production processes on. We share the environmental, ethical and social criteria that we expect compliance to with Kereviş Supply Chain Policy, and we expect our suppliers to work in compliance with these principles.

You can access the Kereviş Supply Chain Policy covering child labor, social conditions built on the ideas of decent work and equal conditions, and ethical and environmental principles [here](#).

We have 931 suppliers in the frozen food and canned food business unit and 578 suppliers in the oil category. In 2020, 41 of these suppliers passed environmental and social audits. 80% of 332 new suppliers were assessed according to environmental and social criteria in supplier selection. Business relations with 2 suppliers were terminated as a result of the audit.

Besler has been certified by the Roundtable on Sustainable Palm Oil (RSPO) since 2019. Interim audits are carried out within the scope of the certificate and 100% traceability can be achieved by applying the Mass Balance (MB) supply chain model.



Please see [Supply Chain Policy](#) covering child labor, social conditions built on the ideas of decent work and equal conditions, and ethical and environmental principles.

Training and Audit

As a company operating in the food sector, we support agricultural production by empowering the farmers we work with on the frozen food side. By applying the contract farming model, we secure the commercial activities of the farmers, thus increasing their agricultural production. We can determine the production amount and price in advance by giving a purchase guarantee to the producer for agricultural products. Producers, who can manage a more planned production process in this way, are not affected by periodic price fluctuations.

We care about the development of agricultural performance and competencies of farmers, whom we see as the most important business partners. We supply certified seeds, fertilizers and agricultural pesticides to farmers we have contracts with within the scope of contract farming. Moreover, we support the development of contract farmers through training programs, and contribute to the improvement of production through bonus payments and consulting support. Thanks to all of these practices that allow us to control agricultural production with a conscious approach, we achieve efficiency and quality in production, and we strive to ensure agricultural production is not interrupted.

From Farm to Plate - Harvest Stories

Link: https://www.youtube.com/watch?v=xJcEYzCS2aU&ab_channel=SuperFreshTR

In 2020, we planted peas and green beans on an area of 10,304 decares (8,218 km²) on contract basis. Both plants ensure that the soil structure is regulated by bacteria and 50% less pure nitrogen fertilizer is used for the plant to be planted after it. We planted sweet corn, grain corn, silage corn, cauliflower, broccoli and Brussels sprouts after the peas and green beans planted on contract basis. The producer saved approximately TRY 773,000 by using 15 kg less pure nitrogen per decare in the field of 10,304 decares.

“ We work with 90% of our farmers on a contract basis, and our contracted raw material rate has reached 93.5%. ”

We encourage drip irrigation by paying premiums to farmers who use drip irrigation in sweet corn fields since 2015 within the framework of the Drip Irrigation in Contracted Farming Fields application. This method keeps the water and nutrient levels at the optimum level required by the plants. More effective use of water provides higher yield and higher quality. Moreover, we save water while the plants require less fertilizers and agricultural pesticides thanks to this method. Thus, we reduce our environmental effect arising from the agricultural operations. In 2020, we irrigated 82.6% of the corn field of 24,803 decares with the drip irrigation system and obtained 32,704 tons of product from this field. We saved 6 million tons of water while using 10 million tons of water with drip irrigation. Within the scope of incentives, we paid a premium of TRY 65,408 to our farmers using the drip irrigation system. Furthermore, thanks to this method, our farmers saved TRY 1 million in energy, while obtaining 272 kg more product per unit area and

We saved approximately 6 million tons of water and more than TRY 1 million of energy with drip irrigation. Our farmers also obtained 272 kg more product from the unit area, generating an income of TRY 5.4 million.

“ While 94% of our suppliers are local, we make 98% of supplier payments to local producers. ”

Training and Audit

We aim to reduce environmental impacts while increasing agricultural productivity with training, inspection and consultancy practices on sustainable agriculture for the farmers that we are partners with. We regularly provide consultancy to all farmers from whom we purchase raw materials to improve their know-how on agricultural production. We increase productivity and quality in production thanks to the trainings we provide on plant nutrition and protection, and improving soil structure. By this means, we support the development of our farmers while continuing to provide quality products to our customers.



We audit every contracted farmer that we work with. In the audits for 2020 which covered all our farmers, we checked the agricultural products within the scope of our company's standards and did not purchase those which did not comply with these standards.

“ We audit every contracted farmer that we work with. ”

In 2020, no collective training was organized for farmers due to the pandemic. Instead, one-on-one trainings on crop protection, plant nutrition and irrigation were organized for farmers by agricultural engineers. We have provided consultancy to 325 farmers we work with in various fields such as irrigation, maintenance, planting, soil and plant protection. In addition, we provided 450 person*hour training to 75 farmers in total.

Quality and food safety in our raw material supply and production are among the subjects we focus on. We regularly assess the raw materials delivered to us from fields in terms of quality and public health. To this end, we cooperate with suppliers to raise awareness of early and correct diagnosis, correct solution, correct time and application. We continuously audit farmers to preserve product quality throughout the entire process from planting the seeds to harvesting the crops. During inspections, we conduct soil analyzes and control all agricultural practices. Farmers have to report the fertilizers and the pesticides that they are using and ensure that there is minimum 14 days between the harvest and the last pesticide application. The Quality Department certifies that agricultural products are free of pesticide residues, GMO and heavy metals by conducting the respective analyses in line with the **Turkish Food Codex Regulation on Contaminants**.

Production

We reach more than 44,000 customers in the domestic market with approximately 400 products in export, retail and out-of-home consumption groups under the SuperFresh brand. At the end of the production activities carried out in our 7 main production facilities in Bursa and factories in Afyon, our products are delivered to consumers by 59 distributors throughout Turkey. We export our products to more than 70 countries.

Logistics

We conduct applications to increase the efficiency in our logistics operations. Our vehicle occupancy rate was 94%, thanks to the investments we made in 2020 in vehicle occupancy and route optimization. Thanks to the improvements we made, a total of 404,766 kWh energy savings and a reduction of approximately 85 tons of carbon emissions were achieved.



Employees

The correct and effective management of our human resources has an important role for us to make a difference by maintaining our competitive strength in the sector. For this reason, we provide our employees with a work environment where they can continuously improve themselves. We make sure that the work environment we provide to our employees is fair, equal and inclusive, while ensuring that we provide a safe work environment. Thanks to the investments we make in the personal development and careers of our employees, we are getting stronger every day.

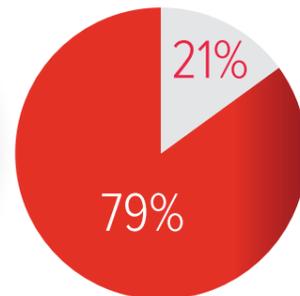
We continue to contribute to Turkish employment with our human resource growing every year. We provide employment to 1,608 people at our Kerevitaş headquarters, production facilities and regional directorates.

The Human Resources Policy is guided by the following principles:

- Measuring the performances of all employees and managing the success criteria in line with these measurements,
- Showcasing transparent management,
- Ensuring easy access to management,
- Enabling our employees to state and share their thoughts comfortably,
- Attaching importance to work discipline, Working with a team spirit
- Providing equality opportunities to successful employees in respect of training, payment, career etc.,
- Planning social activities.

You can access the details at [Human Resources Policy](#).

Employees by Category



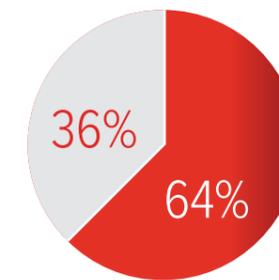
White Collar Red Collar

Diversity and Equal Opportunities

We carry out recruitment, career planning, performance improvement and training planning processes in line with Human Resources Policy and Personnel Regulation. We attach great importance to diversity and equal opportunities in all the processes, and only recruit people who can stand up for the values we adopt and have the professional and functional competencies required by the job.

We protect employee rights without any discrimination or misbehavior. We did not receive any complaints regarding discrimination in 2020.

Employees by Gender



Male Female

“We support the empowerment of women in the work force and their inclusion into the socioeconomic life. Women comprise 45% of our total workforce.”

We continue to take part in the 'Opportunity Equality for Women in Work' project put into practice last year by the Turkish Ministry of Labor and Social Security to empower women in the workforce and to raise the awareness of our employers in this respect.

Performance and Career Management

We want our employees to decide on their career paths based on their skills and expectations, and remain as a part of Kerevitaş family for a long time. With our career and performance management system, we offer training and development opportunities that can contribute to organizational development, starting from the individual development of employees. At the Human Resources Planning Meeting held every year, we define career plans, improvement areas, coaching needs for our employees, and we take the necessary actions in line with these needs throughout the year. Furthermore, rotation programs are implemented to learn the ropes of different departments and other Yıldız Holding companies to improve the communication within the company, and gather different views and competencies together.

We manage performance, career, succession, talent, training/development processes in an integrated manner within the scope of performance and career management. Thus, we can assess the performance of our employees objectively and fairly based on their individual goals and competencies by also considering the business results. While doing these assessments, we follow the performance and career management rules of Yıldız Holding.

- For our white-collar employees we have an annual performance review system that defines their goals based on their own functions annually. Together with their managers, employees set Specific, Measurable, Attainable, Realistic/Relevant (SMART) goals and manage their business processes in line with these goals. All employees are assessed once a year by their managers in terms of their goals, competencies and potentials, and apply to the Career Development Program in line with the result of this assessment.
- For blue-collar employees, the performance review includes different performance indicators such as efficiency, production tonnage, customer complaint numbers and OHS.

We contribute to coaching activities by participating in Master-Apprentice meetings organized by Yıldız Holding to ensure intergenerational integration. We give priority to open job positions in our company and applications received through the "Us First" application, the career portal of Yıldız Holding and its companies.

“We provide employment to 1.704 people at our headquarters, production facilities and regional directorates.”



Compensation and Reward System

Performance management is carried out in an integrated manner with compensation and reward system. We apply a compensation system with a shared grade structure, which is based on the content of the respective work. We assess the jobs via the system, and aim to establish an equal, competitive compensation policy compatible with market conditions. In this scope, the performance-based compensation policy supports both corporate strategy and competitiveness.

We apply a fair, competitive compensation policy in line with market conditions taking into account the results of job assessments and market wage research. Depending on the job definition and employee performance, we apply a raise once a year. As a result of performance reviews, we reward white-collar employees with an annual performance bonus. The employees in the sales team are given sales bonuses to encourage high performance.

Furthermore, with Immediate Rewarding, we recognize the achievements of our employees who have made significant contributions to the company. Managers are free to nominate any employee for the reward. The nominated employee is rewarded if deemed eligible after the review of the suggestions and evaluations directly reported to the respective senior manager.

You can access the Policy for Members of the Board of Directors and Senior Executives [here](#).



Investing in Employees and Training Programs

The employees have a huge role in the achievement of our strategic goals. Thus, we offer our employees personal and professional development opportunities to become a preferred employer and provide them a healthy and happy working environment. The training subjects are planned considering the corporate goals, human resources planning processes, performance indicators and employee expectations. Accordingly, we apply executive preparation, executive development and leadership development programs.

70/20/10 model of learning is applied in these trainings. In this model, 70% of the training and development practice includes on-the-job experiences, 20% is based on mentorship, networking and other internal communication channels, and 10% is based on formal training methodology. Training and development subjects include Leadership Development, mentorship and coaching, foreign languages, electronic libraries and online development tools, orientations and standard trainings. We provided an average of 11 hours of training per employee in 2020. With the training plans made for 2021, we aim to increase the current training hours per person by 10%. In addition, we aim to increase the use of online development platforms commissioned for our white-collar employees.

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Learning and Development Tools

- Learning and Development Catalog / Leadership Development Programs
- Mentorship and Coaching
- Professional Expertise Programs
- Foreign Language Trainings
- Conferences and Summits
- Standard Trainings
- Orientation Program

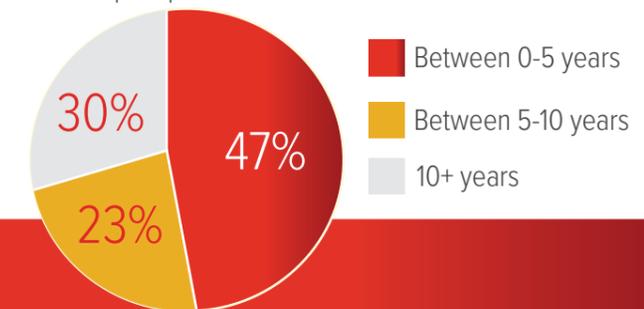
We organize Executive Development Trainings to support the leadership development of employees leading teams. We hold numerous trainings for employees at the manager, director, coordinator and group manager positions regarding Codes of Management Practice and Forward Steps in Management. Furthermore, we offer training under the titles of For Me, For My Team and For My Job to strengthen the personal and professional improvement areas of the employees.

At the same time, for subcontracted employees we provide trainings on OHS-based issues such as information on labor legislation, legal rights and responsibilities of employees, legal consequences arising from work accident and occupational disease, health and safety measures in working with chemical substances, measures for COVID-19 epidemic, biological risk factors, Hepatitis B, food safety, hygiene, working at heights and first aid.

Employee Satisfaction and Communication

We measure and work on improving the engagement of our employees with the Employee Satisfaction Survey that we conduct every 2 years. We have suggestion and notification boxes at the headquarters and facilities for our employees to provide their feedbacks. We try to come up with solutions for complaints in the coordination meetings attended by managers. Human Resources Department takes all this feedback into consideration and plans actions to improve and shape its practices.

Employees by Working Years



Yıldız Eye and Brainbox

We benefit from various platforms of Yıldız Holding to improve employee engagement and include the opinions of the employees into the product development process. Employees can submit their suggestions on issues related to the control of production processes through the Yıldız Eye platform, and on various issues such as OHS, savings, quality and R&D through the Brainbox platform. We have rewarded the owners of 156 suggestions conveyed through Yıldız Eye platform and 110 suggestions conveyed through Brainbox.

Occupational Health and Safety

With the goal of Zero Accidents and Zero Occupational Diseases, we carry out our efforts in full compliance with legal regulations and in the light of international standards. With our OHS studies aimed at raising awareness, we enable all business divisions to embrace the sustainability oriented OHS culture. Reducing the accident severity rate and accident frequency rate by 15% in the short term, reducing the accident frequency and severity rate to zero in the long term and establishing an OHS culture are among our goals. In both business units, we plan and follow the OHS targets on an annual basis.

We pursue all our operations with full compliance to the international standards and legal legislations and with a Zero Work Accident and Zero Occupational Disease target.

We manage OHS with OHSAS 18001 at all our plants. We switched to ISO 45001 Occupational Health and Safety Management System in 2020. Our oil business unit factory has OHSAS 18001 certificate of which requirements we fulfill. In our oil business unit, the most authorized person on OHS is the Oil Business Unit Factory Director, and in our frozen food business unit, the Investments and Technical Group Manager is the highest level person in charge of OHS. These 2 roles report to Kerevitaş and Oil Business Unit Supply Chain and Production Vice President, who is 2 reporting levels away from the CEO. All white- and blue-collar employees are represented at our OHS Board. 100% of our employees are represented at the OHS board.

We switched to ISO 45001 Occupational Health and Safety Management System.

At Kerevitaş, sustainable occupational safety culture is based on the following 5 pillars.

- **Leadership and Team Belonging:** Ensuring managers support employee trainings targeting common occupational safety goals actively.
- **Training and Development:** Providing periodic occupational health and safety training to employees and ensuring constant improvement towards common goals.
- **Internal Communication:** Establishing internal communication channels to improve OHS.
- **Safe Working Environment:** Establishing a technical infrastructure at international standards to create a sustainable occupational safety culture.
- **isk Management and Process Design:** Creating a Risk Management Project through Occupational Safety Committee established with the contributions of the Leadership Team.

We take every measure to prevent all accidents and occupational diseases, and provide our employees a safe working environment at our headquarters and plants. We organize OHS field trips, virtual reality trainings, visual trainings against misconducts and job specific trainings together with our senior managers, so that all our employees embrace our OHS culture. In 2020, the average OHS training hour per employee was 9 hours. In 2020, we provided approximately 10.6 hours of training per person to subcontractors.

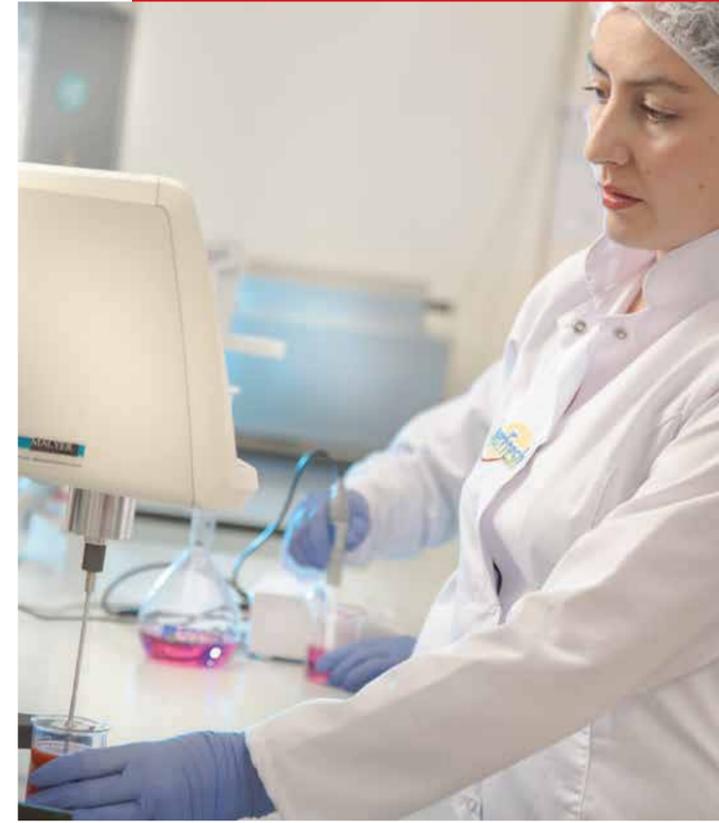
We did not encounter any occupational diseases in our employees and subcontractors in 2020.

In 2020, we took various measures in our businesses due to the COVID-19 outbreak. We regularly distribute masks and visors to all employees, and take care that working conditions comply with social distance rules. We took measures to reduce interaction and contact between employees by placing separators in various places in the offices and dining halls and reducing the number of chairs. We regularly disinfect common work areas. We received TSE COVID-19 Safe Facility certificate for all our facilities.

We received TSE COVID-19 Safe Facility certificate for all our facilities.

10 Golden Rules of OHS that we have defined as a result of the survey conducted among our employees shape our operations. We distribute these rules with employee handbooks, and regularly share our messages regarding OHS via text messages verbally or on information boards visually.

We also provide trainings to our subcontractors regarding health issues such as the reasons of occupational diseases, disease prevention principles and protection techniques, biological and psychosocial risk factors, and first aid. At the same time, we offer trainings in areas such as chemical, physical and ergonomic risk factors, handling and transporting, work hygiene.



10 Golden Rules of Kerevitaş

1. Call 4444 emergency line in case of emergencies.
2. I walk on the pedestrian way.
3. I don't intervene with running machines before stopping them.
4. I wear earplugs in noisy spaces.
5. I use personal protective equipment at required points.
6. I abide by all occupational health and safety rules.
7. I don't do the work that I don't have the authorization for.
8. My top priority is occupational safety.
9. I take all safety measures before starting to work.
10. I leave the electricity work to the electrician, the mechanic work to the mechanic.



Spinach field
ESKİŞEHİR

“ We protect and restore the natural resources needed by future generations for the continuity of our life and profession. We minimize food loss from soil to plate with our waste-free business model approach for a sustainable agriculture. In addition, we provide water efficiency, save energy and reduce greenhouse gas emissions through our efforts. ”

Spinach field

Restore

03 PLANET

Environmental Management

Growing population, changing consumption habits, accelerating climate change with its multiplying effects increase the negative consequences on the environment and natural life. The responsibility of the private sector for the effective use of natural resources, the fight against climate change and the protection of biodiversity is increasing day by day. These issues come to the fore with each passing day, especially in the food industry, which is dependent on natural resources and climate.

As a food producer, we are directly dependent on the resources nature has to offer. We get our raw material from nature. We believe that all stakeholders should work together to solve environmental issues, particularly climate change, decrease in resources and food wastes. While focusing on improving our performance by monitoring the impact of our actions, we also endeavor to mitigate our impact on the entire value chain with the collaborations we have established.

We identify activities that may have a negative impact on the environment. We carry out relevant control and prevention activities according to the environmental risk scores of hazardous chemicals, hazardous wastes, air emissions, wastewater, and non-hazardous wastes. By this means we endeavor to reduce the greenhouse gas emissions, energy and water consumptions. Furthermore, we discharge the wastewater within the regulatory limits, and aim to improve wastewater quality. We measure the air emissions and ensure to keep them under legal limits and even work to reduce them even further.

All our factories and subsidiaries have ISO 14001 Environmental Management Certificate.

Our environmental management is based on the Environmental Policy and Framework Environmental Management System. We carry out our environmental management processes in line with the environmental laws and regulations, and international standards. In 2020, we received ISO 14001 Environmental Management Certificate for the Bursa factory as well and consequently, all our factories and subsidiaries have ISO 14001 Environmental Management Certificate. Furthermore, the Emirdağ factory and oil business unit have ISO 50001 Energy Management System Certificate.

We make environmental investments in order to improve environmental performance. In 2020, we allocated TRY 904,950 for environmental investments and expenditures. No environmental penalty has been imposed in the frozen food unit in the last 3 years. In the oil business unit, the purification plant received an environmental penalty of TRY 14,720 in 2020 for exceeding the odor emission limit value.

For more information, you can access the Kerevitaş Environmental Policy and Environmental Management Policy [here](#).

Circular System and Food Wastes

Given the fact that almost one third of the food in the world goes to waste, reducing food loss and waste is positioned as one of the most important issues of our sector.

According to the research conducted in our country by FAO, the rate of wastage in vegetables and fruits from the farm to the table is over 50%. According to the 2021 UN Food Waste Report, Turkey ranks third in the world with 93 kg of food wasted per capita annually. In Turkey, 7.7 tons of food goes to waste annually. Nonetheless, reducing food waste and losses in global agriculture systems, which are responsible for almost one-third of greenhouse gas emissions, have an important role in tackling climate change. We aim to reduce the requirement for new raw materials by building a circular system. In 2020, with our SuperFresh brand, we are both the project and target partner and sponsor of the Protect Your Food campaign, which was carried out by the FAO and the Turkish Ministry of Agriculture and Forestry to raise public awareness about food loss and waste and to mobilize all actors in the food supply chain.



With our SuperFresh brand, we are both the project and target partner and sponsor of FAO and the Turkish Ministry of Agriculture and Forestry's Protect Your Food campaign.

SuperFresh Zero Food Loss From Soil to Plate

We are running the SuperFresh Zero Food Loss from Soil to Plate project in order to take measures to prevent product waste during the classification, washing, freezing and packaging of products. The project, which aims at a sustainable production with the support of contract farming by minimizing the waste rate in vegetables and fruits in all processes and supports domestic production, was included in the Second Review Report submitted to the UN. In 2020, at the Agriculture and Forestry Summit organized by Turkish Ministry of Agriculture and Forestry, we were granted the Award of Carrying Agriculture to the Future.

In 2020, at the Agriculture and Forestry Summit organized by Turkish Ministry of Agriculture and Forestry, we were granted the Award of Carrying Agriculture to the Future with the SuperFresh Zero Food Loss From Soil to Plate project.

Our main outputs within the scope of the project are as follows:

- We supply certified seeds, fertilizers and agricultural pesticides to farmers we have contracts with within the scope of contract farming. Contract farming ensures that the soil structure is regulated by binding the free nitrogen of the air to the soil, thanks to various beneficial bacteria,

and that the plant to be planted after it uses 50% less pure nitrogen fertilizer. Less than 150,000 kg of pure nitrogen is used, at a rate of 15 kg per decare.

- We prevent loss rates at different stages of production processes to a large extent, and we achieve long-term and sustainable results by raising the awareness of the farmers and supporting them. We reduced the losses to 1.5% in the post-harvest collection and storage phases. We aim to reduce this 1.5% loss to 0.1% by using refrigerated transportation vehicles from the field to the factories. We reduced it to 3% in the processing and packaging phases. On the other hand, 10% average losses experienced in the distribution of products have been zeroed thanks to the vehicles that enables storage at -25°C and distribution at -18°C and the tracking systems in our operations.

- We reuse the majority of the food waste created during production in animal husbandry, and use the rest to generate power in biogas plants. In 2020, we used 32,000 tons of potato, corn, beans, spinach and broccoli residues from the Emirdağ factory as animal food. This way, we have met the annual nutritional needs of 5,000 cattle. We use the potato residues in the production of renewable energy in biogas facilities, and we obtain 3.7 million kWh of electricity, which corresponds to the annual need of 1,000 households.

- Since the frozen and canned products have long shelf lives and convenient, they also help the customers decrease their own food wastes. Our products can be easily stored in home type deep freezers in their closed or opened packaging until the expiry date. We prevent wastage and reduce losses to zero with a basis weight that is sufficient for an average household of 3-4 people.

We also aim to reduce and recycle all waste, not just food waste. We attach great importance to increasing the recycling amount of paper, cardboard, plastic, glass and metal wastes. We send mineral and vegetable oil wastes to oil recovery facilities. To this end, we recycled 4% of the total amount of non-hazardous waste and 15% of the amount of hazardous waste. We aim to expand our practices to the point of using recyclable material for packages, and minimizing and reusing food and packaging waste with a more effective environmental management. In this scope, we have launched a project for the reduction of the quantity of plastic materials used in product packaging and for reviewing the effects of this change on the product's shelf life. Within the scope of the project, we aim to reduce the use of plastic materials in packaging materials and examine the effects of this reduction on shelf life for a certain period of time, after which we will begin to use less plastic or use recycled materials, if no adverse effects are observed. For packaging materials which use a combination of plastic materials, we conduct trials by determining less dense combinations through the cooperation of suppliers and R&D and subject these to an observation process. We aim to reduce both the amount of plastic used and the packaging cost for unit product thanks to this project. In this respect, our target is to reduce the amount of plastic materials used by at least 10% per product. In 2020, we achieved a plastic reduction of 7.69% (by weight) with the project.



³ Food Waste Index Report, UNEP, 2021

We aim to expand our practices to the point of using recyclable material for packages, and minimizing and reusing food and packaging waste with a more effective environmental management.

Our total plastic footprint in oil business unit activities is 1,403 tons in 2020. We will reduce the annual plastic amount by 78 tons as a result of the revision to be made for the bowl packaging. With this revision process, we aim to reduce the plastic footprint by 5.5% in 2021 compared to 2020. We ensure the reduction of 85 tons of waste annually through projects such as reducing the chemicals used in the production of by-products and reducing the amount of soil used in the bleaching unit.

Tackling Climate Change

Ever-accelerating climate change as a result of increased greenhouse gas emission is one of the most important global problems of today. According to the FAO, the food industry causes more than a third of the world's greenhouse gas emissions. In addition, the extreme weather events brought about by climate change have important effects on the agricultural sector such as decrease in productivity, increase in demand and cost of irrigation water, and changes in planting and harvesting times. The Farm to Fork program, which has been announced with the European Green Deal and has an important position in the EU's agriculture and food strategy, aims to reduce the environmental impact by protecting the land, freshwater and marine ecosystems on which the food chain is connected. We are aware of our responsibilities in tackling climate change. We aim to contribute to tackling climate change with our projects in areas such as efficient use of resources, particularly agricultural raw materials, effective water and waste management, and energy saving.

In 2020, energy consumption intensity was 0.88 MWh/ton, and our greenhouse gas intensity was 0.29 CO2e/ton. Thanks to the cogeneration system in Marsa, we save energy by producing electricity and steam at the same time. As a result of the energy projects, improvements and productivity-enhancing efforts we implemented in 2020, we saved 5,045,405 MWh of energy. As a result of these efforts, we prevented 2,342 tons of CO2 greenhouse gas emissions. In addition to efficiency investments, we support the transition to renewable energy sources. We heat the water used in our social facility with solar energy. In 2020, we produced 36,500 kWh of solar energy.

“As Kerevitaş, we are aware of our responsibilities in tackling climate change and pursue our efforts to reduce the environmental impact of our operations.”

⁴ Food systems account for more than one third of global greenhouse gas emissions, FAO, 2021

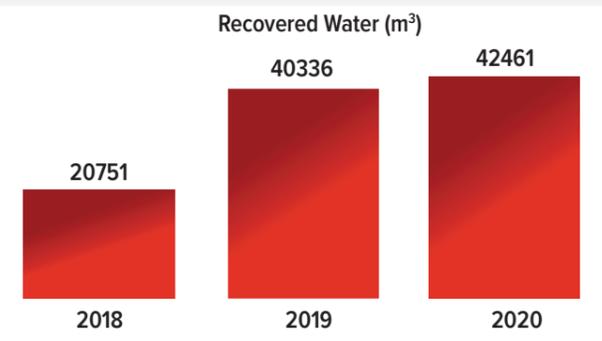
Water Management

Water safety is of great importance to ensure the continuity of agricultural production. The change in precipitation regimes and the increase in drought due to climate change put pressure on production in areas with water scarcity and cause water scarcity in regions where there is no risk. According to the World Resources Institute (WRI), 32% of crop production areas are facing water stress, and this figure is projected to reach 40% by 2040. The global agriculture sector, on the other hand, is accounted for 70% of the world's water consumption. As Kerevitaş, we attach great importance to water resources, which are critical in ensuring sustainability in the food sector and are the main source of the agricultural sector. In this direction, we monitor our water consumption and develop remedial projects towards the targets we have set in terms of reuse and waste water reduction.

Water consumption occurs particularly in washing process regarding the production processes of the frozen food business unit. Besides washing, we also use water for pastry dough. Thus, we focus on re-using the water used in washing. With the project we started last year for the efficient use of water in the production line, we contributed to a significant reduction of water and energy consumption through the reuse of the hot water from the blancher in the French fries production line, by conveying the water to the destoner system. Thanks to the project, the destoner system, which consumes 560 tons of water per day, has been operated with the water recovered from the potato production line. The hot water output here allowed a better and more efficient cleaning of mud and stones. We saved 150 tons of water per day, i.e. 54,000 tons of water per year by reducing both water heating and water consumption. In 2020, we saved approximately 160 tons of water per day thanks to the use of water coming out of the blanchers, including the sweet corn line. Our aim is to establish a self-dependent system without spending water resources for the destoner, by including all production lines in the project, thus minimizing the use of water resources and reducing our energy consumption, resulting in less greenhouse gas emission.

By using 167,000 m3 less water in 2020, we reduced our overall water use by 8% compared to 2019. The amount of water recycled and reused increased by 5% compared to the previous year and reached 42,000 m3. We attach great importance to the reduction of water consumption in our supply chain as the largest consumer besides water management in our own operations. By using and encouraging drip irrigation in the agricultural fields, we reduce the consumption of both energy and water. Comparing drip irrigation method with sprinkler irrigation, drip irrigation provides 37% water saving and 30% energy saving. We reached a ratio of 80% by expanding the use of drip irrigation method in our corn fields in the last 3 years. We have saved approximately 6 million tons of water this year.

By using and encouraging drip irrigation in the agricultural fields, we reduce the consumption of both energy and water.



Third of All Irrigated Crops Face Extremely High Water Stress, WRI, 2019One



Biodiversity

Loss of biodiversity has social and economic consequences such as its negative impact on food safety and rural income resources, besides its negative impact on agricultural production. As one of the leading companies of the sector, it is our priority and responsibility to protect and improve biodiversity. Thus, we monitor the potential impacts of our operations on biodiversity. The biodiversity action plans prepared in line with international contracts form the basis of our approach. We identify the risk factors in our operations and we cooperate with NGOs in protecting and improving biodiversity.

In order to protect biodiversity, we pursue the "Ecological Research on Eurasian Otter Population in Lakes Uluabat and Iznik" in cooperation with Hatay Nature Conservation Association in Bursa, which is the place of our establishment. In the scope of this project, we identify the rivers, creeks and lagoons that are crucial for the existence and continuity of Eurasian otter, which has been recently classified as close to extinction by the International Union for Conservation of Nature and Natural Resources (IUCN). Within the scope of this study, the species' population size, distribution, habitat, food resources, social behaviors, relations with humans and threats on the species are identified and measures that should be taken to protect the species are determined, while obtaining information about inappropriate fishing methods, domestic and agricultural wastes and human activities such as destruction of various reed beds, which may pose risks. In the light of these findings, it is observed that in the areas covered by the study, the quality of the common living areas of otters is under severe threat due to impact by humans. As part of



the studies for detecting otters under the risk of extinction, some other mammal (wild cat, fox, hedgehog, beech marten) and bird (great egret and common shag) species spread out around both Uluabat and İznik Lakes are identified and mapped.

We also carry out all our operations ensuring to protect the ecologic balance of the soil. In this respect, we attach great importance to extending the methods that are compatible with the natural water cycle and to continuing our agricultural activities in harmony with nature. We protect water resources with the drip irrigation method, and contribute to the protection of ecologic balance in the agricultural fields with methods decreasing pesticide and pure nitrogen use.



PERFORMANCE INDICATORS

Social Performance Indicators

Number of Employees by Gender and Category	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
Total number of employees	695	1,471	564	1,098	586	1,022
Number of white collar employees	107	334	84	311	72	261
Number of blue collar employees	588	1,137	480	787	514	760
Number of employees under the collective labor agreement	470	666	362	578	514	760

Number of Employees by Employment Status	2018		2019		2020	
	Full Time	Part Time	Full Time	Part Time	Female	Part Time
White collar employees	244	1	204	0	331	2
Blue collar employees	1,357	0	939	0	1,274	0

Number of New Recruits by Gender and Age	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
Number of newly recruited employees within the year	71	181	110	174	379	368
50+ years old	0	1	0	4	5	9
30-50 years old	38	93	54	103	213	347
30- years old	33	87	56	67	161	12

Number of Employees Resigned by Gender and Age	2017		2018		2019	
	Female	Male	Female	Male	Female	Male
Number of employees resigned within the year	346	442	228	570	404	331
50+ years old	9	17	22	24	1	14
30-50 years old	128	228	136	418	225	187
30- years old	111	149	70	130	178	130

Number of Employees by Term of Employment and Gender	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
Number of employees working in the company for 0-5 years	391	808	328	528	304	428
Number of employees working in the company for 5-10 years	142	311	92	349	100	264
Number of employees working in the company for 10+ years	163	351	144	222	155	305

Parental Leave by Gender	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
Number of employees on parental leave	15	111	24	53	18	65
Number of employees back from parental leave	11	108	22	53	7	51

Number of Employees Subject to Performance Review	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
Number of employees subject to performance review by gender	108	701	84	639	94	693

Managers by Gender	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
30- years old	-	-	0	0	0	1
30-50 years old	20	48	19	55	13	34
50+ years old	3	7	2	7	5	9

Distribution of Board of Directors and Executive Board by Gender	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
Board of Directors	1	6	1	6	2	5
Executive Board	3	4	3	4	1	7

Total number of disabled employees	2018	2019	2020
	Number of Disabled Employees	43	33

Number of Subcontractor Employees	2018		2019		2020	
		Yarı zamanlı	Tam zamanlı	Yarı zamanlı	Tam zamanlı	Yarı zamanlı
Total number of subcontractors	252	10	232	5	261	3

PERFORMANCE INDICATORS

Social Performance Indicators

Trainings	2018	2019	2020
Average annual training hour per employee	9	5.3	11.2 ⁶
OHS training per employee	8.6	9.7	10.6

Subcontractor Trainings	2018	2019	2020 ⁷
Average annual training hour per subcontractor employee	6.1	5	12.8

⁶The oil business unit is included in the training data for 2020. Oil business unit is not included in 2019 and 2018.

⁷The oil business unit is included in the subcontractor training data for 2020. Oil business unit is not included in 2019 and 2018.

OHS Performance (Employees)	2018		2019		2020
	Female	Male	Female	Male	TOPLAM
Number of accidents	18	19	7	10	43
Number of accidents involving death	0	0	0	0	0
Injury frequency rate (IR)	1.94	1.41	0.96	1.13	2.10
Rate of occupational disease	0	0	0	0	0
Loss day rate (LDR)	63.37	32.38	24.31	29.32	38.50
Absence rate (AR)	0.25%	0.13%	0.10%	0.12%	0.52%

OHS Performance (Subcontractors)	2018	2019	2020
Number of accidents	1	1	9
Number of accidents involving death	0	0	0
Injury frequency rate (IR)	0.07	0.79	2.68
Occupational disease rate (ODR)	0	0	0
Loss day rate (LDR)	0	7.53	48.28
Absence rate (AR)	0.00%	0.03%	0.24%

Environmental Performance Indicators

Energy Consumption (MWh)	2018	2019	2020
Electricity	357,238	326,361	343,588
Natural Gas	91,070	87,144	91,290
Coal	90,749	81,877	78,375
Steam	72,358	67,774	86,415
Diesel (generator)	102,617	89,502	87,474
Vehicle fuel oil	443	64	34
Renewable Energy	24	24	37
Total	372,147	334,056	345,660

Greenhouse Gas Emissions* (ton CO ₂)	2018	2019	2020
Scope 1	72,599.6	63,778	67,347
Scope 2	41,671	44,769	43,541
Scope 3	2,000.6	1,508.7	2,463
Total	116,271.6	110,055.3	113,351.6

Greenhouse gas emissions are calculated in accordance with the Greenhouse Gas Protocol methodology of the World Resources Institute (WRI) / World Business Council on Sustainable Development (WBCSD). KIP (GWP) values have been updated in line with the IPCC AR5 report. The sub-heating values and cycling coefficients of the energy sources have been taken from tables in the "Directive on Increasing the Efficiency in the Use of Energy Sources and Energy", ADDENDUM-2 Sub-heating Value of Energy Resources and Conversion Coefficients to Petroleum Equivalents published in the official gazette, no. 28097, dated 27 October 2011.

PERFORMANCE INDICATORS

Environmental Performance Indicators

Water Consumption and Waste Water Amount (m ₃)	2018	2019	2020
Underground water	1,625,907	2,365,187	2,192,625
Waste water amount	1,303,598	1,151,374	1,537,632
Amount of water recovered/reused	20,751	40,336	42,461

Waste Amounts (ton)	2017	2018	2020
Amount of hazardous wastes	648.4	212.2	348.6
Amount of non-hazardous wastes	11,107.4	5,898.6	6,933
Regularly sent to landfill	7,614	5,575	6,651
Recycled waste	2,458	347.8	334
Recovered for energy purposes	8,444	16.4	1.20

Materials Used in Packaging (tons)	2017	2018	2020
Plastic	1,055	2,407	2,441
Paper	3,885	5,638	5,450
Aluminum and tin	2,590	2,904	2,529

Air Emissions (kg)	2018	2019	2020
NOx	16,296	7,367	33,815
SOx	196,934	0.39	105,135

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