



SÜTAŞ SÜT ÜRÜNLERİ A.Ş.
ANNUAL REPORT
2021



OUR MISSION

In order to provide natural and delicious dairy products that improve people's quality of life and bring them health and happiness, we manage and develop the dairy value chain in the most efficient and sustainable way, with the passion of sharing the goodness of milk.

OUR VISION

To become the most loved brand, the most trusted corporation and the leading company in dairy sector.

OUR VALUES

Respect

We have respect for humans, society and nature.

Responsibility

We act in a fair and transparent manner and, we are accountable for our actions, we own up to our responsibilities.

Excellence

We constantly improve ourselves and seek excellence to become the masters of our business.

Passion

We passionately commit ourselves to the goodness and abundance of milk and to dairy.



SÜTAŞ A.Ş. FINANCIAL REPORT AND EXPLANATIONS 2021

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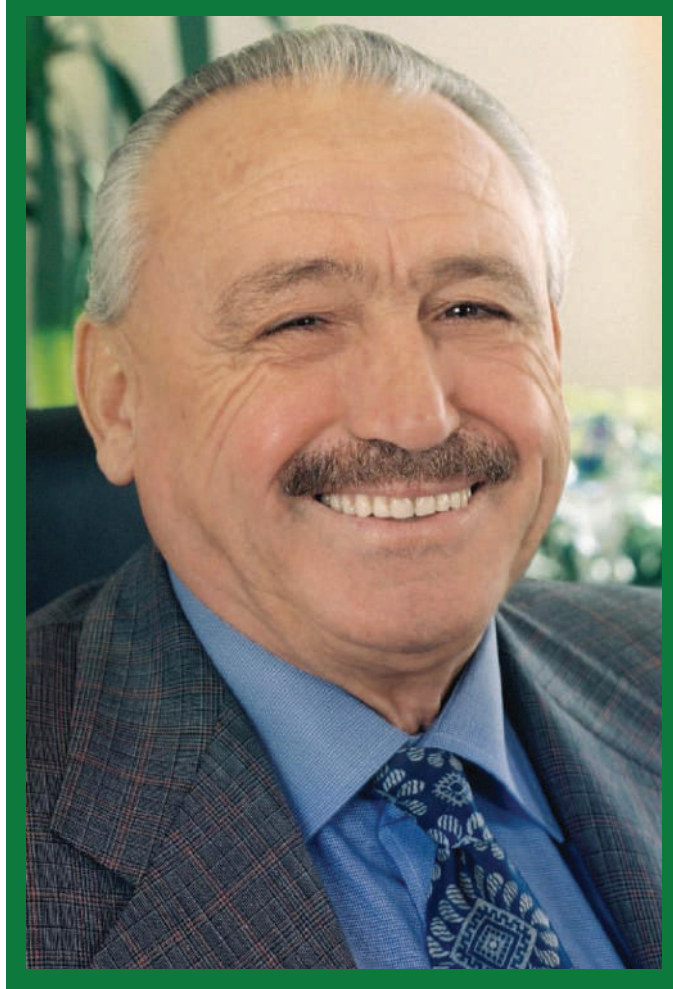
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OUR FOUNDER



Sadık YILMAZ
(1929 - 2005)

“Our love for you lives on in our love for milk.”





Dear Stakeholders,

The economic and social pressures, particularly on food security, as well as escalations in energy and basic commodity prices and disruptions to supply chains inflicted by the pandemic, became further evident around the world by 2021 and subjected the globe to high inflation.

While Turkey achieved an 11-percent growth rate in 2021 despite all these unfavorable circumstances, we are currently entering a period in which the effects of inflation will be experienced more deeply. Therefore, 2022 requires stronger, more well-thought and steadier steps.

We have been aware of our responsibilities and have been doing our job despite all these challenges. We worked to ensure our consumers can enjoy our natural tastes in the easiest, most economic and most reliable manner all the while sharing the goodness and abundance of milk. We managed to grow our business and expand our workforce. We closely followed all developments and innovations in public expectations, consumer behavior, technology, business models and management approaches, doing our best to integrate them into our processes. We boosted our efficiency, introduced innovations and maintained our investments during this period. Our subsequent growth in 2021 yielded 6 billion Turkish lira in turnover, boosting our total assets to 5 billion Turkish lira. We sustained our market leadership for branded products in the dairy industry.

Despite the extraordinary times our country and the world have been through recently, we sustained investments in all our facilities with a particular interest in Bingöl Integrated Facilities of the Süttaş Eastern-Southeastern Anatolia Dairy Project. We completed the first stage of our farms, which currently house over 5,800 cows. Our feed plant is completed, and we commenced production. The dairy factory initiated milk and yogurt production while the assembly of the other lines continued. We commenced energy production.

Our investment in Bingöl prompted forage crops production in the region and more and more local farmers joined our contract model to grow fodder for our cows. In 2021, we carried out contract fodder production on 1,040 hectares of land in the area and paid our producers 22 million Turkish lira.

The investment aims to promote Bingöl as one of Turkey's leading forage crop producers and stockbreeders.

This scheme goes beyond a sustainable income for the producer and is instead a Socio-Economic Transformation Project. We are thrilled to complete the preparations for the launch.

The day we laid the foundations of our Pakistan plant as part of Nishat Süttaş Dairy Ltd. (NSDL), our joint initiative with the Nishat Group, one of Pakistan's leading business conglomerates, was also the day our brand "MilkFields" hit the shelves. Having all preparations completed, we began producing our brand and testing the market. I believe that this investment will contribute to our relations with our brotherly country Pakistan as well as to the development of the dairy industry.

We also restructured our Macedonian organization. We strengthened our distribution network, substantially improving our cost efficiency. Our Yovita brand was accepted to the Turquality grant program.

In 2021, despite the global container supply crisis, already-high and still rising freight rates, and challenges and delays in packaging material supply, we successfully exported our products to over 40 countries and achieved an over 100-percent increase in our export proceeds.

We maintain our substantial contributions to the "health and happiness of people," "development and prosperity of society," and "environmental sustainability" through our integrated business model "Farm to Table," our improved specialization, strengthened corporate structure, and our Love of Milk. In 2021, we prepared, in compliance with the international GRI standards, our Sustainability Report containing our goals for 2025, the year in which we will celebrate our 50th anniversary, then shared the report with all following our motto "Forever Love of Milk." I remain confident that we can achieve our goals for 2025 if we work together, combining the experience and know-how we have acquired over the years.

In the "Non-Public Real Industry Company" category, organized by the Corporate Governance Association of Turkey (TKYD), we received the "Company with the Highest Corporate Governance Rating Score" award for the seventh consecutive year, with a total of 96 points.

Inspired by the Love of Milk, we will continue to nurture the thrill of these proud advances and achievements, to draw strength from our beloved and trusted brand, powered by our dedicated team of 7,500, to generate value for our country and all our stakeholders.

I'd like to express my deepest gratitude to all our colleagues who adopt our mission, embrace our values, and show dedication to Süttaş, as well as our customers, business partners, and esteemed shareholders who share our vision and accompany us on our journey.

Best regards,

Muharrem YILMAZ
Chairman



1. MAJOR DEVELOPMENTS IN TURKEY AND OUR ACTIVITIES



“Bingöl Regional Impact Analysis Report” Shared with the Public

The report, prepared by Erinç Yeldan, Ph.D. and Regional Development Specialist Kamil Taşçı, on the “Socio-Economic Impacts of the Süttaş Eastern-South-eastern Anatolia Dairy Project – Bingöl Integrated Facilities Investment: Regional Dynamic Input-Output Analysis (2018–2033)”, which examines the economic and social impact of the 2018 Süttaş investment in Bingöl and its neighboring regions, was shared with the public during a press meeting organized at Bingöl Integrated Facilities on January 29, 2021, with the participation of His Excellency Bekir Pakdemirli, P.h.D., Minister of Agriculture and Forestry; His Excellency Mustafa Varank, Minister of Industry and Technology; and Honorable Cevdet Yılmaz, Member of Parliament for Bingöl, Head of the Plan and Budget Committee of the Grand National Assembly of Turkey.



Süttaş Announces Its 2025 Sustainability Goals for Its 50th Anniversary

Advocating for the health and happiness of individuals, the development and prosperity of society, and environmental sustainability with the motto “FOREVERLOVEOFMILK” Süttaş published its Sustainability Report containing its sustainability approach and the results of the relevant actions taken. Compliant with the international GRI standards, the report also includes sustainability goals for 2025, which will mark the 50th anniversary of Süttaş.

Süttaş ensures the purity, taste and nutritional value of its products through the integrated business model that reaches from crop production to fertilizer and energy production. With a view to reclaiming the natural resources it consumes, Süttaş uses renewable energy generated from the fertilizer and organic waste produced by its farms. It contributes to regenerative agriculture by producing organic and organomineral fertilizers. Integrated facilities of that model contribute substantially to regional development thanks to the additional economic and social impacts they create.

Please visit <https://www.sutassurdurulebilirlik.com/en> for the Fifth Süttaş Sustainability Report and a detailed overview of the goals.



Pakistan Welcomes Süttaş's New Sterilized Milk Brand, MilkFields

A joint initiative by Nishat Group, one of Pakistan's leading business conglomerates, and Süttaş, Nishat Süttaş Dairy Ltd. (NSDL) introduced the sterilized milk brand MilkFields to consumers across the Pakistani market. Süttaş becomes the first Turkish company to invest in Pakistan's dairy industry.



Süttaş Ranks First in Dairy with the Highest Number of Patent Applications

According to the Patent Report of Turkey 2020, Süttaş, with 41 total patent applications, was the third-highest application in the Food and Beverages category, and made the top of the list in the dairy industry.

Süttaş Wins the TKYD Corporate Governance Award for the Seventh Time in a Row!

In the "Non-Public Real Industry Company" category, organized by the Corporate Governance Association of Turkey (TKYD), we received the "Company with the Highest Corporate Governance Rating Score" award for the seventh consecutive year with a total of 96 points.

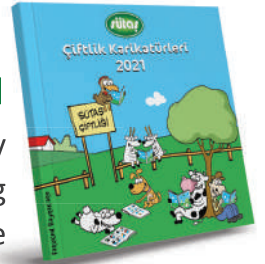


Süttaş Combats Plastic Waste Pollution

Within the scope of the Business Plastic Initiative (IPG), Süttaş shared its plastic commitments for 2023. These will make Süttaş a part of the fight against plastic waste pollution, which has a significant negative impact on nature and climate change.

Comic Strips from Süttaş Farm Compilation Published

The comic strips brought to life by Faruk Bayraktar featuring the amusing characters at the Süttaş Farm were published in various media sources throughout the year. The best examples from 2021 were compiled in a book, Comic Strips from Farm, and published on our website.



Süttaş Social Media Interactions

In 2021, Süttaş Corporate Facebook page received 267,496 likes and 545,389 total interactions. The number of followers on the Süttaş Corporate Instagram account increased by 6.16 percent to 43,599 and a total of 413,837,692 interactions were registered.

Süttaş Website

The Süttaş website was visited by 645,470 users in 2021, and the page accumulated a total of 2,603,702 page views throughout the year.



2. 1. HUMAN RESOURCES ACTIVITIES

Training and Development

We encouraged our colleagues to build on their expertise, boost their performance and wield their full potential through the Welcome to the Sütaş Family Orientation Program, Professional Skills and Competency Development Program, and the Leadership Development Program, all of which were part of the Love of Milk Academy.

The Love of Milk Academy organized **79,584** hours of training in 2021. The average training hours per person was **15.96**. Of these corporate training sessions, 86 percent was provided by in-house trainers. These training sessions focused on professional development programs to hone craftsmanship skills and build on expertise, as well as corporate development.

Welcome to the Sütaş Family Orientation Program

We organized the “Welcome to the Sütaş Family” orientation program for our new colleagues to ease their transition to their new job and company, and held meet-and-greets with the senior management and experience-sharing discussions on online platforms. In 2021, the participant satisfaction survey for the Orientation Program registered an average of 4.85 points.



Sütaş Production School Dairy Farming Certificate Program

Building on the motto that “We Are the Dairy Farmers of Turkey,” We employ our 46 years of experience and quest for perfection to organize the “Dairy Farming Certificate Program” online for the 2020–2021 academic year to enhance the professional skills of our specialists and above and to hone the craftsmanship skills and

build on the expertise of our colleagues in their career planning. The 14 training sessions of the program were concluded with in-house trainers and achieved a satisfaction score of **4.46**.

Training Programs Included

Basic Dairy Module

- HACCP
- Food Regulations
- Chemistry of Milk
- Microbiology of Milk
- Input Control
- Equipment Used in Milk Processing
- Production Planning

Dairy Processes Module

- Pasteurization Technologies
- UHT Milk Technologies
- Yogurt and Ayran Technologies
- Cheese Technologies
- Butter Technologies
- Sweet Products
- Powdered Foods

Recruitment

Sütaş received 113,769 job applications in 2021 and recruited 1,055 people.

Sütaş Sales School

Field Sales Development Program

The School organized the “Agile Leadership on the Field” webinar for our Sales Representative and Field Business Development and Planning Representative teams. A total of 127 people participated in the webinar.

Sütaş Management School

The Love of Milk Academy Management School Program aims to train good leaders who believe in the goodness and abundance of milk, hone the craftsmanship skills and build on the expertise of our managers, and subsequently nurture a happier working environment and ensure a sustainable human resource supply.

We focused on both the business and team management skills of our managers at our “Manager Development Program” as part of the management school. The program addressed value-based management, target-based management, team-oriented success, the happiness and engagement of colleagues, motivation, and feedback. Managers who completed the two-day online training participated in two one-hour, one-on-one coaching meetings and prepared and delivered their development presentations. Of the 38 participants, the program received a 4.42-point satisfaction score.

The “Manager Development Program,” organized as part of the management school, facilitated three-day Next Genera-



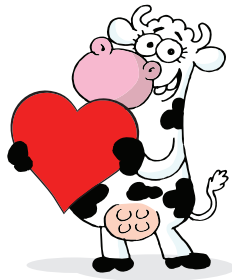
tion Leadership training sessions. Participants who completed the three-day online training then participated in two one-hour, one-on-one coaching meetings and prepared and delivered their development presentations to managers and the Chief Human Resources Officer. Of the 35 participants, the program received a 4.22-point satisfaction score. Another program under the management school is the “Executive Development Program,” which has our leaders undergo the “Leadership in the VUCA Age” before they join in on the three one-hour, one-on-one coaching meetings. They prepared presentations on the development activities discussed during these coaching sessions and delivered them to the managers and the Chief Human Resources Officer. Of the 26 participants, the program received a 4-point satisfaction score.

Sütaş Expert Development Program

(Sütaş EP) The Sütaş Expert Program (Sütaş EP) was designed to support our experts’ basic competency development to prompt them toward a more efficient way of performing their tasks. In 2021, 16 people participated in Sütaş EP. The program addressed experts of at least a year of seniority and included training sessions on Positive Communication and Assertiveness, Online Presentation Skills, Planning and Prioritization, and Innovative Thinking and Innovation as well as two development action planning interviews with a program consultant. The program received a 4.55-point satisfaction score.

Training on Our Values

The Sütaş Expert Program (Sütaş EP) was designed to support our experts’ basic competency development to prompt them toward a more efficient way of performing their tasks. In 2021, 16 people participated in Sütaş EP. The program addressed experts of at least a year of seniority and included training sessions on Positive Communication and Assertiveness, Online Presentation Skills, Planning and Prioritization, and Innovative Thinking and Innovation as well as two development action planning interviews with a program consultant. The program received a 4.55-point satisfaction score.



“Each Manager is a Human Resources Manager” Training

The training program aims to enhance the knowledge of our managers and executives on Human Resources processes and systems, and to promote their management skills. The “Each Manager Is a Human Resources Manager” program welcomed 395 participants. The program received a 4.13-point satisfaction score.

Personal Development Seminars

We bring our colleagues together with hand-picked subjects and speakers to improve the quality of their professional lives, provide them with an opportunity to learn about their interests and inquiries, and subsequently nurture their self-development. In 2021, we organized personal development webinars on five different subjects, in which a total of 659 people participated. Our Personal Development seminars include the following subjects:



Seniority Awards

The Seniority Awards were organized in compliance with the pandemic safety rules at all our locations separately and 572 Sütaş family members received their awards at the ceremonies.



The “Love of Milk” Band Activities

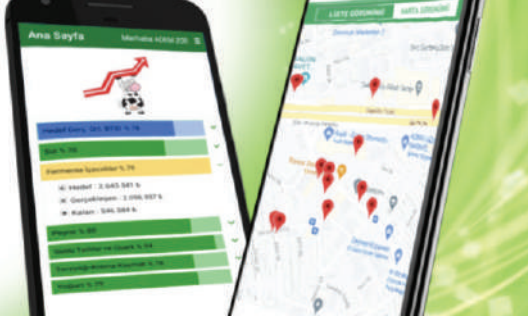
The “Love of Milk” Band organizes various events from talent competitions to karaoke parties for company employees and provides a safe and fun reprieve from busy work schedules through hobby clubs and numerous competitions. It also designs “Family Club” activities for the spouses and children of our colleagues.

The March 18 Çanakkale Webinar, May 19 Sunay Akın Samsun Webinar, and the Being a Parent in the Digital Age Seminar were among the notable events that brought us all together with our colleagues.

The “Love of Milk” Group activities brought together 60,955 colleagues in 371 events in 2021.



3. 2. MANAGEMENT SYSTEMS ACTIVITIES



e-Field Mobile Application

We continue to improve e-Field mobile project, developed by Sütaş Information and Communication Technologies Department for Sütaş Sales Operations and Channels managers, to create solutions that meet the requests of our users as efficiently as possible. The application collects accurate and real-time data from the field through mobile devices, then rapidly analyzes collected data to ensure maximum efficiency in field operations. While the project may seem like a simple mobile application on the surface, it is underpinned by a stable, expandable, and strong infrastructure that is adaptable to innovations. With this infrastructure, we aim to curb excessive efforts to integrate the constantly and rapidly advancing technology for years to come and respond very quickly to user requests.

Milk Collection Mobile Software

Taking a crucial role in the product lifecycle, our primary raw material milk is collected daily from the Milk Collection Centers and delivered to our dairy plants.

The Milk Collection Mobile Software was developed to track this process from start to finish. The milk collection mobile software was restructured to adjust to changing conditions and technology, to respond to recently surfacing issues caused by changes in our way of doing business, and to design user-friendly interfaces.

Datacenter Change and Update Project

We migrated our critical systems, operational since 2015 at the (IBM) Levent Datacenter, to (vMind) Superonline Dudullu Datacenter using new hardware. We migrated and commissioned the critical systems that impact our

daily business to Ankara Datacenter with a maximum 15-minute delay. The disaster recovery center (DRC) tests in the first half of the year were completed successfully in June. We updated our documents and procedures.

SAP Authorization and Security Project

SAP Authorization and Security Project was completed in compliance with SAP GRC (Governance, Risk and Compliance) authorization management model and SAP suggestions following the guidance of PBS Information Services (SAP Silver Partner). The project aims to review existing license types and access authorizations for current users on SAP systems to redesign based on the Segregation of Duties (SOD). Within this scope, the project aims to achieve the following:

- Determine current authorization and access information for existing users on SAP systems,
- Assess the quality and coherency of current role assignments and authorizations on SAP systems,
- Remove redundant authorizations to restructure license types and optimize costs with a view to adding value to SAP licensing,
- Reduce security risks on the system by restructuring the authorization and access permissions.

It includes all SAP systems users at Sütaş Group and its subsidiaries.

Self-Service Password Management Project

Acknowledging that user passwords define our identity and privacy, and that our users are entirely liable for all transactions on our information systems, we made changes to our password policy to instill the use of stronger passwords. We have thus launched the new interactive infrastructure, which encourages creating stronger passwords and enables customers to reactivate their accounts when they are blocked upon entering the incorrect password. We also updated our password management policy and authorized our users to undertake all steps of personal password management.

4. CONSUMER MARKETING ACTIVITIES



Children Have Fun While Learning with “Tales from the Farm” by Süttaş!

In 2021, we introduced “Tales from the Farm,” which recounts our charming hero Buzu’s adventures and experiences at Süttaş Dairy Farm. The set of tales includes four stories: “Buzu’s Dream,” “Buzu Goes Treasure Hunting,” “The Adventures of The Milk Drop” and “Buzu’s Wish.”

Painting a fun picture of the natural life at Süttaş Dairy Farms, “Tales from the Farm” acknowledges that emotional and cognitive development in children is just as important as healthy physical development with milk and dairy products. Children will learn about farm life while being absorbed by our stories. In addition to educating children on continuously alarming issues such as naturalness, sustainability, recycling, and energy efficiency, “Tales from the Farm” delivers life lessons on friendship, benevolence, and curiosity.

In 2021, children watched animated versions of our tales on the Süttaş YouTube channel and listened to podcasts on various platforms including Spotify, Apple, and Google. The movies and announcements of the tales reached a total of 2.9 million parents and 5.7 million children, and our tales were viewed 2.2 million times. We reached 39 percent of our target parent group within six months using numerous modes of advertising such as social media, YouTube and influencer engagement.

We bonded with the children over our “Tales from the Farm” while lending a hand to mothers as they raised their children.



The Süttaş Ramadan Campaign

As part of our campaign for Ramadan, we aired a commercial that embodied the warm and sincere atmosphere of Ramadan. The video depicted a family being brought together while highlighting that Süttaş products are the mainstay of iftar and suhoor tables. We broadcast our commercial on TV to 87 percent of our target audience during Ramadan.

YouTube posts received 1.8 million views on our video advertisement. Our targeted local campaign messages, which are unique to each of the 81 provinces and were broadcast on YouTube, were viewed 17.8 million times. We received positive and warm responses on social media to our province-specific, targeted campaigns.

Ditties, an obligatory pastime of Ramadan, were adapted to Süttaş-related content and were published daily on our social media accounts. Consumers were invited to try out our Instagram filter with the slogan “Beat the Drums, Sing the Rhymes.” The videos of Süttaş-related ditties shared on TikTok with influencer cooperation were viewed 12.9 million times.

We also cooperated with one of Turkey’s most-visited recipe websites to place Süttaş products in the top searched recipes during Ramadan.

The dedicated Ramadan tab on the Süttaş website provided a range of unique content, provincial iftar hours and fun ditties.





The World Milk Day Communication Campaign

"May the goodness and abundance of milk be with you. Happy World Milk Day!" We aired our World Milk Day commercial with this message from May 29 to June 1 on all national and thematic TV channels. It was viewed by 49 percent of our target audience. In addition to the television medium, the video advertisement reached an additional 2.1 million consumers on YouTube. Our short YouTube video encouraging children to drink milk was viewed 2.7 million times on World Milk Day. We raised awareness of the benefits of milk on social media using filters and GIFs. Similarly, with a view to underline the benefits of milk and dairy products, we also delivered a milk glass and some milk along with a flyer explaining the goodness of milk to influencers who appeal to our target audience. Visual materials and promotional items relating to our World Milk Day communication campaign were displayed at supermarkets and grocery stores.



The Süttaş Dairy Farm Campaign

We set about posting on Instagram and Facebook the fun and candid Süttaş Dairy Farm campaign, which consists of real-life videos and images of our cows, while exploring the daily lives of our cows at the Süttaş Farm and regular practices such as feeding, healthcare and care.



"Fresh from the Farm with the Love of Milk Süttaş Milk Make You Feel Good" Campaign!

In response to the growing consumer demand for natural and reliable brands over the pandemic, Süttaş aired a commercial to reaffirm its place as Turkey's most natural and reliable dairy brand. The video advertisement highlights that the fresh and natural milk from the happy cows of Süttaş Dairy Farm feels good for everybody of all ages and brings out our brand on TV, radio, digital media and field events. Süttaş Milk became the brand with the highest market share increase among other branded dairy producers in the tightening dairy market.



"Süttaş Whole Milk" Glass Gift!

We advanced the UHT whole milk market by leading the category and introduced our brand new Süttaş milk glasses to our consumers to encourage the enjoyment of a glass of delicious whole milk from the healthy and happy cows at Süttaş Dairy Farm.

We boosted the awareness of our Süttaş whole milk by gifting a colorful milk glass with every purchase of our pack-of-four whole milk to reach more new and potential consumers. Süttaş whole milk sales tripled during the campaign period.





We Broadcast Our First Lactose-Free Milk Commercial!

For five months, we aired our commercial targeting lactose-intolerant consumers to help them enjoy a carefree day with Sütaş Lactose-Free Milk. We promoted our brand on TV, radio, digital media and at field events. We became the fastest-growing brand on the market following our first lactose-free milk communication campaign and we boosted our household penetration by 2.6 times.



Our No Sugar Added Milk Promotional Video Was Live Throughout the Year!

Pursuing our goal to be children's favorite and mothers' most trusted milk brand, we continuously expand our chocolate/fruit milk portfolio. This year, we offered strong communication support with the motto, "Mothers Trust Us, Children Enjoy Our Products!" Throughout the year we aired promotional videos for our new sugar- and lactose-free chocolate and strawberry milks, which provide a sweet release for children and the highest relief for mothers. Our commercial affirms "No sugar added, lots of flavors" and invites children and mothers to try our new line of milk.



Bingöl-Honey Milk Product Launch

We're blending the fresh whole milk from our farms with Bingöl honey, one of Anatolia's most treasured local honey varieties!

Once our Bingöl facilities launched operations, we seized the opportunity to better savor the Bingöl honey. The unique taste and aroma of Bingöl honey stem from over a thousand species of flowers, which adorn the evergreen highlands even during the summer. Furthermore, 109 of these flower species are endemic to the region.

Desiring to introduce this quality all across Turkey, we mixed the unique taste of Bingöl honey with the delicious whole milk produced at our farms.



Izgarella Communication Campaign

Our communication campaign for the taste, convenience and wide range of use of the Izgarella product ran on TV, the radio, digital media and shopping applications throughout the year, supported by in-store promotions.





Süttaş String, Braided and Shallal Cheese Product Launch

We are updating our cheese range to add even more taste and joy to breakfast tables as well as cheese and snack platters. We updated the recipe and designed a more practical packaging for the two customer favorites: String and Braided Cheeses.

Meanwhile, we also launched our new product, Shallal Cheese, in consumer-friendly packaging. We also promoted our products through in-store shopper events.



Süttaş Süzme Communication Campaign

Our campaign, “Lots of Reasons to Savor, Süttaş Süzme (UF White Cheese) Is Like No Other!” which highlighted the product as the most favored cheese in Turkey, was updated to include the reasons why Süttaş Süzme is a favorite. The communications campaign underlined the most appreciated taste and texture of Süttaş Süzme as well as its versatility, health benefits and high appeal to children.



Süttaş Yogurt Trust-Building Communication Campaign

Our campaigns highlighted our yogurts’ natural content of only fresh milk and fresh starter, with a view to culture an emotional link between our consumers and the brand.

We have been bringing natural and delicious milk and dairy products to tables since day one without ever compromising on naturalness and freshness.

As the pandemic anxiety escalated packaged goods consumption, we designed the initial phase of our communication campaign to remind consumers that Süttaş Yogurt only contains fresh milk and fresh starter. The campaign also aimed to right the wrongs on the major consumer barrier, the issue of shelf life, through video graphics, and to instill a sense of trust in our consumers in enjoying Süttaş Yogurt. The second phase, “The Yogurt That Yogurt-Lovers Trust,” on the other hand, was designed to nurture a sense of trust in our consumers regarding Süttaş Yogurt, and to encourage them to believe in its additive-free nature and develop emotional bonds with the brand.

In 2021, we achieved a turnover growth 37 percent with Süttaş Set Yogurt, boosting our market share by 2.9 points to reach 30.8 percent.*

Source: *Nielsen, Total Turkey Excluding HD, 2021





Recipe Communication

Our “Refine the Taste with Süttaş Strained!” campaign aimed to expand the recipes calling for strained yogurt to gain new consumers. Due to the pandemic in 2021, more people were spending time at home cooking their own food. Strained yogurt is most often consumed during Ramadan, the summer months, and New Year’s Eve. We ran live video advertisements during each of these occasions.

We ran our banner advertisements on 10 different cooking shows. Furthermore, we cooperated throughout the year with Yemek.com to prepare new recipes using Süttaş Strained Yogurt and introduced them to our consumers. These video recipes were published on the Yemek.com website and social media account as well as on our accounts and reached 6 million views on YouTube, and 14 million views in stories and posts on Facebook and Instagram.

We established strong visibility at sales points to encourage shoppers to purchase. The flyers, including recipes that require Süttaş Strained Yogurt, were handed out to shoppers. We placed appetizing images in produce sections to demonstrate how well vegetables and Süttaş Strained Yogurt taste together. We also implemented a strong CRM plan including MMS and location-based SMS deliveries, banners on consumer mobile applications, and inserts.

Süttaş Garlic Yogurt and Caciki

Our campaign aimed to highlight the purity and taste of Süttaş Garlic Yogurt and Caciki, to identify the health benefits and to improve the currently low product familiarity.

We aired our commercial on television on thematic channels addressing our products’ target audience. We also broadcast our commercial on ad displays at Metro, Metrobus, Ferryboat and Marmaray lines in Istanbul to reach a wider audience.

We carried out a social media communication effort to prompt users who order food and ready or fresh meals on e-commerce channels to purchase our products. In addition to persuading users to purchase, our campaign registered 4 million views on our videos.

We established strong visibility at sales points to encourage shoppers to make purchases while maintaining consumer engagement through our advertisements. We also implemented a strong CRM plan including MMS and location-based SMS deliveries, banners on consumer mobile applications, and inserts.

During the campaign, we increased the sales of our Garlic Yogurt by 308 percent and of Caciki by 242 percent.*

Source:

*OLAP, Gün Ortalama Net Kilo, 2021





Sütaş Fruit Yogurt “Lots of Fruits, Lots of Taste” Taste Communication

Our communication campaign highlighted our outstanding flavor stemming from an abundance of fruits to stir the memory of Sütaş Fruit Yogurt in the minds of our consumers.

The Sütaş Fruit Yogurt commercial containing appetizing images and a pleasant jingle that highlights the delightful taste of our fruit yogurt aired throughout January and February. The advertisement boosted the product preference, turned it into a healthy appetizer alternative in the eyes of consumers and escalated our fruit yogurt sales.

We broadcast the commercial on national TV and on thematic channels that appealed to the product’s target audience. We also posted our commercial on digital and social media, achieving 2.3 million views. In addition to our television and digital communication campaigns, we ran a strong shopper marketing strategy to enhance the visibility of Sütaş Fruit Yogurt at sales points and encourage purchasing.

During the communication campaign, we increased our turnover by 17 percent with Sütaş Fruit Yogurt. We marked up our market share by +3.3 points in the modern channel and by +10.3 points in the traditional channel.*

Source: *Nielsen, Total Turkey Excluding HD, 2021

This Recipe Is a Dream, Made of Sütaş Cream!

The communication campaign ran throughout 2021 and highlighted the taste and versatility of Sütaş Cream. Be it a dessert, a main course or a sauce, Sütaş Cream boosts the taste of any dish. The main message of our advertisement



campaign In support of the compelling visibility of our commercial on television, we spread the the word of the campaign across Turkey through banner advertising, radio, digital communication platforms, and shopper events.

These communication activities collectively made us the cream brand with the highest household penetration increase in 2021, and the only brand of cream to boost both purchasing frequency and purchasing amount simultaneously. We almost doubled our market share and rose from third to second in the rank of branded products!

Key to Children’s Health and Wellness, Sütaş Butter at Breakfast!



We launched a brand-new commercial for Sütaş Butter to remind consumers of its heavenly taste, purity, additive-free nature and high nutritional value, which make it a mainstay of every breakfast table! The communication campaign underlines purity and taste with the slogan “Key to Children’s Health and Wellness, Sütaş Butter at Breakfast,” and includes both strong television communication and a stronger consumer reach through alternative platforms and shopper events to boost campaign penetration.



We Are Expanding the Sütaş Butter Product Family!

We listened to consumers’ needs and expectations and, relying on Sütaş assurance and expertise, launched our sliced butter product

with the slogan “Convenient in slices, fresh in packets.” The sliced butter, consisting of 10 x 100g individual packs, is both easy to use and store. The individual packs help keep the product fresh for longer periods of time. We aimed to further strengthen our leading position in the butter market with this groundbreaking new product.





Süttaş Ayran Shakes Well with Every Meal!

We launched a campaign to introduce Süttaş Ayran to more households and highlighted that Süttaş Ayran is a centerpiece at every home meal.

The commercials displayed everyday home meals, such as meatballs and pasta, chicken and rice, accompanied by delicious Süttaş Ayran to affirm the slogan that “Süttaş Ayran Shakes Well with Every Meal.”

Running on two different commercials and strong media investment, the campaign targeted consumers by also utilizing radio, digital, social media, and field activities in addition to television communication.

The campaign subsequently achieved the following:

- Süttaş Ayran household penetration increased by 4.1 points following the communication. More households started purchasing Süttaş Ayran in higher amounts and higher frequency.*
- Süttaş Ayran increased its market share by 5.2 points in 1-liter bottles: Süttaş Ayran boosted its market share up to 59.8 percent by the end of the communication campaign in 1-liter bottles (October 2021).***
- Süttaş Ayran ranked first in the food and beverages category in “Goes Well with Meals” perception points.**
- Süttaş Ayran communication campaign ensured the product remained, by far, the most favored ayran brand (49 percent)**

Source:

*Ipsos, Household Consumption Panel Survey, FY 2021 including HD.

**Ipsos, Health Brand Report on Soft Drinks, July 2021.

***Nielsen Retail, Amount Share Total of TR, Excluding HD, FY 2021.

Kaf Kefir Family Now Stronger Than Ever with New Varieties and Probiotic Contents

Kaf Kefir combines the kefir yeast of the Caucasus with the freshest milk from the Süttaş Dairy Farm. The family is also growing with the addition of Lactose-Free and Ginger-Lemon varieties, and a new 1 liter bottle of the Strawberry flavor.



The new lactose-free and ginger-lemon varieties hit the shelves in March 2021 and the 1-liter strawberry bottle entered the market in July 2021.

We enriched the product contents of the Kaf Kefir product family with probiotic bacteria that help with the healthy functioning of the immune and digestive systems.

Kaf Kefir “Yeast from Caucasus, Purity from Süttaş” for a Longer Life

Kaf Kefir combines the freshest milk from the Süttaş Dairy Farm with the Caucasian kefir yeast, considered a key element in the long and healthy lifespan of youthful generations of the Caucasus.

The product campaign highlighted the Caucasian origins of the kefir yeast fermented in Kaf Kefir to distinguish the product from the competition. We cemented our message with our slogan, “Yeast from Caucasus, Purity from Süttaş”

Running on strong media investment, the campaign also utilized radio, digital, social media, and field activities in addition to television communication.

The communication campaign for Kaf Kefir, through new product launches and field activities, increased market share in the channels it is present by 6.8 points to 16.9 percent in 2021.

Source:

*Nielsen Retail, Amount Share, Local + Rest, FY 2021





Our Fun Hüprik Commercial is Aired!

We aired our fun commercial for Hüprik on both the children's television channels and on digital platforms for five months throughout winter, spring and fall. The commercial shows how the delightful taste of Hüprik captivates and thrills children anytime, anywhere. We strengthened our position as the leader in the fruit yogurt pouch market through communication activities including field events.*



Our Büyümix Mother Communication is Aired!

We broadcast our communication commercial throughout the spring on television and digital platforms, explaining the functional benefits of our product, which gained further recognition during the pandemic, and establishing emotional bonds with mothers. We backed our communication with field activities. The commercial highlighted the immunity-boosting quality of Büyümix with its rich vitamin D, calcium, and protein content. We managed to boost our market share in an otherwise tightening market through brand communication support and field activities, and subsequently strengthened our position as the market leader.*

Büyümix Ice Cream Promotion!

We were out in the field from May 21 through September 25 to conduct our ice cream promotion,

which features the slogan "Freeze and Enjoy!". We extended our ice cream promotion to a wider audience through both shopper events, and television and digital communication. In August, we achieved the highest daily sales figure of the past three years and soared ahead in our market share to surpass our competitors.*



The Büyümix Ice Cream Promotional Video is Aired Throughout Summer!

Our ice cream promotional video featuring the slogan "Freeze and Enjoy Büyümix!" aired on children's television channels and on digital platforms throughout July and August

. We further supported the promotion through shopper events. Thanks to our communication activities throughout the year and to the ice cream promotion, we became the only brand to boost household penetration in the fresh cheese category.

Minimix Digital Communication is Aired!

We launched our brightly colored video commercial during the school break, when children spend more time online. The commercial displayed an entertaining world incorporating the popping candy in Minimix combined with the children's creative dancing and vivid imaginations.

Our goal was to attract the interest of children and trigger purchases. We increased our market share in the overall fruit yogurt market thanks to field activities and communication support.*

Sources:

*Nielsen, Report on Amount Share Excluding Discount Markets, FY 2021



4.1 Key Market Developments

In 2021, Sütaş reached 79.8 percent of all households in Turkey and made it to eight out of every 10 households in the dairy market.*

In 2021, the brand registered 29.2 billion Turkish lira in turnover with a 26.0 percent growth in the packaged dairy products retail market. Sütaş maintained its position as the market leader in branded products with an 8.1-percent turnover share. **

Sources:

*Ipsos Household Consumption Panel, 2021)

**Nielsen Retail Measurement Panel, Including Discount Markets, 2021, Among Branded Products

The turnover and amount shares of Sütaş in its leading categories are as follows:

Category – 2021*	Amount (%)	Turnover Share (%)
Light Fresh White Cheese – Cultured Light	12,4	15,0
Ultra Filtrated White Cheese – Cottage	12,6	13,9
Fresh Kashkaval Cheese – Regular	7,6	8,8
Mihaliç Cheese	6,3	9,5
Light Spreadable Wedges	56,1	49,9
Ayran in a Cup	11,2	15,2
1-Liter Bottle of Ayran	27,3	29,1
Packaged Butter	12,4	15,3
Yayık Tereyağı	40,1	42,6
Pasteurized Whole Milk	22,3	27,7
Pasteurized Semi-Skimmed Milk	7,0	8,4
Tava Yogurt	6,5	9,4
Light Yogurt	66,7	70,3
Standard Set Yogurt	8,4	10,7

Sütaş Milk

In 2021, Sütaş Milk ranked third in the market with a 5.8-percent turnover share. Sütaş Pasteurized Milk holds a 5.7-percent turnover share; Sütaş Pasteurized Milk (Whole), 7.2 percent; and Sütaş Chocolate and Fruit Milks, 8.8 percent.*

Sütaş Butter

Sütaş Butter held an 8.4-percent share in 2021 turnover.*

Sütaş Yogurt

Sütaş Yogurt maintained its leadership in 2021 with a 10.7-percent turnover share.

Sütaş Set Yogurt achieved a 10.7-percent turnover share, Tava Yogurt achieved 9.4 percent and Sütaş Light Yogurt achieved 70.3 percent, all three of which became market leaders. The turnover share of Sütaş in Cream-On-Top Yogurt In a Glass Bowl is 14.7 percent. Sütaş Strained Yogurt registered a 23-percent turnover growth and completed 2021 with a turnover share of 11.2 percent. As for Fruit Yogurt for Adults, the turnover share of Sütaş stood at 6.9 percent.*

Sütaş Ayran

Sütaş Ayran registered a 60.8-percent turnover growth. Sütaş Ayran maintained its leading position in the ayran market in 2021 with a 24.6-percent turnover share.*

Sütaş Cheese

In 2021, Sütaş Cheese maintained its leading position in the overall cheese market with a 7.2-percent turnover share.

Sütaş Fresh White (Total Cultured) Cheese completed 2021 with a 11.9-percent turnover share, while Sütaş Strained (Total Strained Cheese) achieved 13 percent Sütaş Fresh Kashkaval (Regular) is the category leader with an 8.8-percent turnover share.*

Sütaş Spreadable Wedges (Standard Flavor) holds a 8.4-percent turnover share, Sütaş Labaneh holds

Taste, Joy and Functional Products

Sütaş Büyümix completed 2021 with an 8.2-percent turnover share, Sütaş Tatlımmm with 5.4 percent, Sütaş Minimix with 5.3 percent, and Sütaş Hüptrik with 11.2 percent.

Sources: Nielsen Retail Measurement Panel, Including Discount Markets, 2021, Among Branded Products



4.2. Export Activities

Our export activities doubled in turnover in 2021 compared to the previous year, and our products reached over 40 countries.

Breaking down by product group indicates a significant drop in the industrial export of consumer goods. In light of this development, we have not only achieved comparable figures in turnover with the contribution of our new markets but have also almost doubled our total exports compared to the previous year with the momentum (over 300 percent in growth) gained in industrial products.

We achieved our targets for the most part in both industrial and consumer goods despite the global container supply crisis, continuously soaring, high freight rates, and delays and challenges in packaging material supplies.

The high sales volume in industrial goods during the first half of the year in the Chinese market plummeted as the local market conditions, which were significantly influenced by the COVID-19 impact on consumption, dictated lower prices compared to the global standards in the second half. Incurred losses were compensated for in exports to European Union, North Africa and the Balkan markets.

As the global rise in food prices also swayed dairy products, prices in not only traditionally competitive regions such as Oceania and the Americas but also in Europe soared significantly, presenting Turkey with an opportunity to become a leading export in a range of goods, with a particular interest in Butter and Powdered Milk. Sütaş considers this a prime opportunity to acknowledge our EU-grade products, boost value-added exports, and establish global and sustainable relations with prices matching our quality.

Adding to this conjuncture, the recently adopted regulations in the Egyptian market that hinder export prompted exporters to go the extra mile to avoid the additional costs. This allowed us to multiply our export volume to Egypt during the final quarter and helped the country become the largest export market by the end of the year. Meanwhile, we prioritized local

cooperation over global trading companies and seized communication and cooperation opportunities with many local companies.

These companies include not only the largest global companies in the Chocolate/Biscuit industry, but also Europe-based Dairy Producers that have production facilities in different parts of the world.

The relations we built upon with customers, including global production companies, based in a range of destinations from Pakistan to Nigeria, the Gulf countries, Algeria, the Netherlands, and Belgium on Industrial products are crucial to achieving our goal of a year of growth and new records in 2022. We aim to further accelerate the momentum gained in 2021 and to achieve a growth rate of at least 100 percent.

The striking developments in the breakdown of 2021 consumer goods are as follows:

EU Markets

Our Germany-based EU Export operations ran smoothly and we supported our market activities through new product launches, digital campaigns and below-the-line advertising.

Through our cooperation with Marmara, a well-established ethnic food distributor based in Germany, we ensure the hassle-free distribution of our products in Germany, France, Austria, Belgium, and the Netherlands. As for Great Britain, we boosted our existing cooperation in terms of both portfolio and the number of distribution points. We also concluded distributor structuring in Switzerland.

Our “new local cheese” promoted during product launches throughout the year soon hit the shelves and became a fixture in our portfolio by gaining a rapidly expanding volume.





During Ramadan 2021, on the other hand, we ran a digital campaign all across Germany and informed consumers about our “Love of Milk” across different media.

Losses incurred by failures in tenders supplied from the Middle East, North Africa, and the UAE, which, in turn, negatively impacted our region-wide turnover, are compensated for through new cooperative efforts established in Oman, Israel, Jordan, Lebanon, and Bahrein.

We teamed up with two of the most prominent FMCG companies of countries in the Oman and Bahrein markets as well as strong relations with powerful growth potential in almost the entire Gulf region, with the exception of Saudi Arabia where technical challenges hinder export.



In the Iraqi market, we sustained both organized and widespread retail activities through our Erbil-based distribution organization. The product group Tatlımmm, the reference product for the country in its category, maintained its leading position in our portfolio.

Our goal for 2022 is to create a second distribution center in Basra to adopt different management strategies for the two regions of the country, which differ from each other in a range of aspects, including consumption habits.



Other Markets

In addition to the above-detailed markets, we continued our operations at full speed in Cyprus and Azerbaijan in Organized Retail channels and supported our commercial activities with new product launches and yearlong below-the-line activities.



We also maintained our sales and activities toward our regular export markets in other parts of the world, including the United States, Japan, Mauritania, and Sierra Leone.

Of the total 41 markets reached, 34 are regular destinations for consumer goods export.



5. SÜTAŞ A.Ş. FINANCIAL INFORMATION 2021

5.1. General Information

5.1.1 Accounting Period of the Report

Accounting Period of the Report is January 1–December 31, 2021.

5.1.2 Trade Name

Sütaş Süt Ürünleri Anonim Şirketi

5.1.3 Trade Registry Number

Trade Registry Number is 543.

5.1.4 Headquarters and Contact Information

Uluabat Mahallesi, Karacabey, Bursa Phone: +90 224 688 51 01

5.1.5 Website

www.sutas.com.tr

5.1.6 Branches and Contact Information

Company's branches and contact information are provided in the table below.

SÜTAŞ A.Ş. Headquarters	0216 572 30 50	Kayseri Regional Sales Manager's Office	0352 240 26 21
Aksaray Factory	0382 266 20 01	Konya Regional Sales Manager's Office	0332 345 47 36
Karacabey Factory	0224 688 51 01	Mersin Regional Sales Manager's Office	0324 235 40 05
Tire Factory	0232 216 27 00	Eskişehir Regional Sales Manager's Office	0222 330 42 42
Bingöl Factory	0426 999 17 15	Trabzon Regional Sales Manager's Office	0462 341 29 21
Ankara Regional Manager's Office	0312 354 87 15	Aksaray Regional Sales Manager's Office	0382 266 20 01
Antalya Regional Manager's Office	0242 340 48 13	Alanya Regional Sales Manager's Office	0242 519 04 48
Bursa Regional Manager's Office	0224 211 40 66	Bandırma Regional Sales Manager's Office	0266 721 01 52
Istanbul Anatolian Side Regional Manager's Office	0216 572 30 50	Bodrum Regional Sales Manager's Office	0252 358 61 83
Istanbul Kartal Regional Sales Manager's Office	0216 427 72 18	Kocaeli Regional Manager's Office	0262 349 22 06
Istanbul European Side Kağıthane Regional Manager's Office	0212 294 63 02	Keşan Regional Sales Manager's Office	0284 715 28 27
Istanbul European Side Merter Regional Manager's Office	0212 483 08 08	Söke Regional Sales Manager's Office	0256 518 88 92
Istanbul Kırac Regional Sales Manager's Office	0212 403 64 00	Yalova Regional Sales Manager's Office	0226 825 33 50
İzmir Regional Manager's Office	0232 435 39 30	Diyarbakır Regional Sales Manager's Office	0412 251 82 76
Adana Regional Sales Manager's Office	0322 445 32 95	Balıkesir Regional Sales Manager's Office	0266 243 83 10
Çorlu Regional Sales Manager's Office	0282 686 77 87	Kütahya Regional Sales Manager's Office	0274 999 17 54
Denizli Regional Sales Manager's Office	0258 251 89 10		



5.1.7 Organizational Structure and Senior Management

Company senior management consists of a General Manager and two Assistant General Managers.

Name/Surname	Job Title
Funda AK	General Manager
Fatih BÜYÜKUTKU	Assistant General Manager – Financial Affairs
Hüseyin YILMAZ	Assistant General Manager – Sales Operations

Below-listed departments of our parent company provide support for our activities.

Name/Surname	Departments
Murat ARAT	Chief Research, Development and Technology Officer
H. Mustafa ÇEVİK	Chief Financial Officer
Ergun ERMUTLU	Chief Marketing Officer
Serpil VERAL	Chief Human Resources and Management Systems Officer
A. Duygu YILMAZ	Chief Audit Officer

As of December 31, 2021, we have a total of 4,451 employees including those employed at our subsidiaries.

5.1.8 Shareholding Structure

Name/Surname	VALUE OF SHARES OWNED (TRY)	STAKE (%)
Yilmaz Holding A.Ş.	20.527.333,33	50,07
Muharrem YILMAZ	20.315.715,23	49,55
Other	156.951,44	0,38
TOTAL	41.000.000,00	100

There are no privileged shares or privileged voting rights granted at our company.



5.1.9 Direct and Indirect Affiliates and Share Ratios:

5.1.9.1 Subsidiaries

Subsidiary Trade Name	Field of Operation	Capital Stock (Euro)	Paid-In Capital (Euro)	Capital Subscription Amount (Euro)	Capital Ratio (%)
Euro Dairy DOOEL/ North Macedonia	Production, Sales and Distribution of Milk and Dairy Products	7.000.000	7.000.000	7.000.000	100
Euro Dairy SRL/ Romania	Production, Sales and Distribution of Milk and Dairy Products	10.000.000	10.000.000	10.000.000	100
Balkan Dairy Shpk/ Albania	Sales and Distribution of Milk and Dairy Products	50.000	50.000	50.000	100
Balkan Dairy Shpk/ Kosovo	Sales and Distribution of Milk and Dairy Products	50.000	50.000	50.000	100
Euro Dairy Farm Doel/ North Macedonia	Production of Wheat, Grains and Seeds	5.000	5.000	5.000	100
Euro Dairy G.m.b.h. / Almany	Sales and Distribution of Milk and Dairy Products	500.000	500.000	500.000	100

5.1.9.2 Subsidiaries

Subsidiary Trade Name	Field of Operation	Capital Stock	Paid-In Capital	Capital Subscription Amount (Euro)	Capital Ratio (%)
Nishat Sutas Dairy Limited/Pakistan	Production, Sales and Distribution of Milk and Dairy Products	150.000.000 PKR (Rupee)	6.120.000 USD	75.000.000 PKR (Rupee)	50

5.1.10 Board of Directors

Name/Surname	Job Title	Term Started on
Muharrem YILMAZ	Chairman and Executive Member of the Board of Directors	22.04.2021
Serpil VERAL	Deputy Chairman	22.04.2021
S. Tank TEZEL	Deputy Chairman	22.04.2021
Murat ARAT	Member	22.04.2021
H. Mustafa ÇEVİK	Member	22.04.2021
Ergun ERMUTLU	Member	22.04.2021
Mürvet TEZEL	Member	22.04.2021
A. Duygu YILMAZ	Member	22.04.2021
Haydar YILMAZ	Member	22.04.2021
Eşref HAMAMCIOĞLU	Independent Member	22.04.2021

Due decisions were made regarding the representation and binding of the company on April 28, 2016 and were duly announced. Two persons are authorized to represent the company in external affairs.

The limits of authority on the company's external representation and binding are set forth in the list of authorized signatures issued by Üsküdar 17th Notary Office on June 1, 2016 per journal number 19006.



5.1.11 Committees of the Board of Directors

5.1.11.1 Audit and Risk Committee

The Audit and Risk Committee consists of the members listed in the table below. The company closely follows the most recent regulations as well as national and international best practices on internal audit and risk management systems. The Audit Committee convened four times in 2021. During these meetings, the conclusions of the Audit Department's audits were discussed, participants were informed about the issues identified and the related risk management activities were evaluated. The Committee works continuously to ensure the consolidated monitoring of risks across the Group, establish checkpoints, review written procedures on an activity-by-activity basis, establish internal control systems, and undertake legal responsibilities. The Committee is also in the process of evaluating proposals for tax and financial statement auditing services, and coming together with the auditors from the contracted Independent External Audit Company to review the findings and due actions to minimize the identified risks. The Audit Committee that convened on March 16, 2021 advised KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. to the Board of Directors for the independent auditing of the Company.

The Audit and Risk Committee consists of the members listed in the table below. The committee convened four times between January 2021 and December 2021.

Name/Surname	Committee Title	Term Started on
A. Duygu YILMAZ	Chairman	22.04.2021
Eşref HAMAMCIOĞLU	Member	22.04.2021
Mürvet TEZEL	Member	22.04.2021

5.1.11.2 Business Ethics Committee

The Business Ethics Committee consists of the members listed in the table below. The committee meets at least once every week.

Name/Surname	Committee Title	Term Started on
Mürvet TEZEL	Chairman	22.04.2021
Serpil VERAL	Member	22.04.2021
A. Duygu YILMAZ	Member	22.04.2021

5.1.11.3 Sustainability Committee

The Sustainability Committee consists of the members listed in the table below. The committee meets at least once every two months.

Name/Surname	Committee Title	Term Started on
A. Duygu YILMAZ	Chairman	22.04.2021
Murat ARAT	Member	22.04.2021
Ergun ERMUTLU	Member	22.04.2021



5.1.11.4 Corporate Governance Committee

The Corporate Governance Committee consists of the members listed in the table below. The committee convened four times between January 2021 and December 2021.

Name/Surname	Committee Title	Term Started on
A. Duygu YILMAZ	Chairman	22.04.2021
Eşref HAMAMCIOĞLU	Member	22.04.2021
Serpil VERAL	Member	22.04.2021

5.1.12 Information on Transactions Performed by the Members of the Board of Directors under the Non-Competition Restriction

The Members of the Board did not carry out any transactions concerning the company, nor did they engage in any transactions under the non-competition restriction during the January 1 – December 31, 2021 activity period.

5.1.13 Compensation and Financial Rights Provided to the Members of the Board of Directors and Senior Executives

The total amount of benefits including honorariums, fees, bonuses, premium payments and dividends paid to senior management, including Board Members, during the January 1 – December 31, 2021 activity period equals 15,221,525 Turkish lira.

5.1.14 Research and Development Activities

Sütaş Süt Ürünleri A.Ş. ("Company"), spent 22,066,381 Turkish lira on technology and R&D as part of its environmentalism and efficiency efforts in January 1 – December 31, 2021 activity period.

5.1.15 Domestic and Foreign Investments

The company made a total of 572,857,565 Turkish lira in investment during the January 1 – December 31, 2021 activity period.

5.1.16 Information on Private and Public Audits

There were no public audits during the January 1 – December 31, 2021 period. In the 2021 activity period, we signed a contract with "KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi" to receive Independent Audit Services.

5.1.17 Major Lawsuits

No major lawsuits that would significantly impact the activities or the financial status of the company were filed against the company during the January 1 – December 31, 2021 activity period.

5.1.18 Judicial and Administrative Sanctions

No judicial or administrative sanctions were imposed on the company or management due to legislative violations during the activity period.

1.1.9 Aids and Donations

The company gave 998,625 Turkish lira in aid and donations to various institutions during the January 1 – December 31, 2021 period.

1.1.10 Relations with the Controlling Company

Our company carried out no transactions offsetting or benefitting other group companies as part of its relations with Yılmaz Holding A.Ş., its majority shareholder, or with other group companies under the instructions of the holding company.



5.2. Corporate Governance

5.2.1 Board of Directors



MUHARREM YILMAZ Chairman and Executive Member of the Board of Directors

Muharrem Yılmaz was born in 1957 in Karacabey, Bursa. He completed his secondary education at Galatasaray High School, then obtained his Bachelor's Degree in Economics in 1980 from the Faculty of Economics and Social Sciences at Uludağ University. Yılmaz joined the family company Süttaş while still an undergraduate, and was assigned General Manager in 1989. He has been a Member of the Board at Süttaş since 2005. Yılmaz has also been active in civil society organizations. He was the Chairman of the Young Businessmen's Association of Turkey (TUGIAD) from 1999 to 2002. Sitting on the TUSIAD Board of Directors at intervals, Yılmaz also undertook the role of Board Member from 2009 to 2010, Vice President from 2011 to 2012, and President from 2013 to 2014. Yılmaz also assumed similar responsibilities in other business organizations during his term as a Board Member at TUSIAD, and was the Chairman of the Corporate Governance Association of Turkey (TKYöfofD). During the same period, he was the Vice President for the Turkish Enterprise and Business Confederation (TÜRKONFED) and Federation of Industrial Associations (SEDEFED), which are the regional and sectoral stakeholders of TUSIAD, respectively.



SERPİL VERAL Deputy Chairman

Serpil Veral is the Deputy Chairman of the Board of Directors of Süttaş Inc., the leading brand in dairy sector in Turkey. Veral graduated from Ege University with a bachelor's degree in food engineering. In 1988, she started as Food Engineer in Süttaş, the family business, consecutively, she served as Deputy Plant Manager, Quality Assurance Coordinator and Director for production. In 2005, she was appointed as Chief Management Systems Officer for Süttaş Group of Companies and led the setting up, optimisation and reengineering of Human Resources, IT and other management systems. Between 2010 and 2016, Serpil Veral served as the General Manager of Süttaş Süt Ürünleri A.Ş. In addition to her role at the Süttaş Board of Directors, Veral also is the Head of Management Systems. Serpil Veral, is the Vice Chairperson of the Board of TÜSİAD (Turkish Industrialists and Businesspeople Association) and, the Vice Chairperson of the Turkish Enterprise and Business Confederation (TÜRKONFED) and a Member of the Corporate Governance Association of Turkey (TKYD).



S. TARIK TEZEL Deputy Chairman

Selim Tarık Tezel was born on November 13, 1961 and obtained his Bachelor's Degree from the Department of Interior Architecture at the State Academy of Fine Arts (Mimar Sinan University) in 1987. Following time spent working abroad, he returned to Turkey to complete his post-graduate studies. Tezel operated his own architecture practice between 1989 and 1994, and was then recruited by Süttaş as the Advertising and Public Relations Manager in 1994. He served as the Assistant General Manager of Purchasing and Logistics between 1998 and 2007, and as the Chief Supply Chain Officer from 2007 to 2012. Tezel was appointed as General Manager at Tarfaş A.Ş. in 2011 and has been concurrently serving as Deputy Chairman of both Süttaş A.Ş. and Tarfaş A.Ş. Boards of Directors.



MURAT ARAT Board Member

Murat Arat was born on February 19, 1970 in Istanbul. Arat attended primary, middle and high school in Bursa and completed his undergraduate studies at the Department of Food Engineering at Middle East Technical University in 1992. He completed his MBA at Istanbul University in 1993. He worked as a Planning Specialist, then as a Planning Manager from 1993 to 1996 at Mis Süt Sanayi A.Ş. He started his position as the Assistant to the General Manager at Süttaş in 1996. He worked as an Investment Coordinator from 1998 to 2006. Between 2006 and 2008, he was the Assistant General Manager of Production. He served as the Chief R&D and Technology Officer at Süttaş Group since 2008. Since 2013, Arat has served as the Deputy Chairman of Enfaş A.Ş., the energy Industry company of Süttaş Group.



H. MUSTAFA ÇEVİK Board Member

H. Mustafa Çevik was born on December 12, 1958. He graduated in 1980 from the Faculty of Economics and Social Sciences at Uludağ University. He began his professional career at Pamukbank as Deputy Inspector and was gradually promoted to Deputy Director of Inspection Committee, Branch Manager, and then Assistant General Manager. Çevik joined Süttaş A.Ş. in 2002 as Assistant General Manager of Financial Affairs and has been Chief Financial Officer since 2004. He has also been a Member of the Board at Süttaş Süt Ürünleri A.Ş.





ERGUN ERMUTLU Board Member

Ergun Ermutlu was born in 1958 and he completed his secondary education at Galatasaray High School. While his undergraduate journey began in the Department of Business Administration at Middle East Technical University, he eventually graduated from the Department of Economics at Boğaziçi University. He obtained his MBA from Marmara University. Ermutlu's career took off in 1975 as the Marketing Officer at Erbak Uludağ A.Ş. before he joined Total Group where he served as the Marketing Director from 1993 to 1995. He then obtained the position of Franchising Director at Boyner Group and remained there from 1995 to 2000. He joined Sütaş in 2001 as the Marketing Advisor. He currently serves as the Chief Marketing Officer and a board member at Sütaş Group.



EŞREF HAMAMCIOĞLU Board Member

Eşref Hamamcioğlu was born in 1954 in Istanbul and graduated from Galatasaray High School in 1975. He graduated from the Department of Managerial Economics at the University of Paris (Sorbonne Université) in 1980. He served in the administration of Galatasaray Alumni Association from 1994 to 1998, and became the Board Member Responsible for Financial Affairs at Galatasaray Sports Club from 2001 to 2002 before serving as the President of the Council Board from 2018 to 2021. He is a member of various associations including the Franco-Turkish Chamber of Commerce (CCI France Turquie) and TUSIAD. He was the Head of the Franco-Turkish Chamber of Commerce from 2008 to 2010. He worked as a Member of the Foreign Communications Commission and as the Head of the Turkey-France Communication Advisory Group at TUSIAD. He currently advises on economic and promotional activities between Turkey and France as part of the "France Working Group" at TUSIAD. He is a founding member of TUSIAD/Institut du Bosphore.



MÜRVET TEZEL Board Member

Mürvet Tezel was born on November 28, 1961 and graduated from the Biology-Chemistry Department at the Balıkesir Necati Bey Faculty of Education of Uludağ University. Tezel's career started in 1995 at Sütaş and she was assigned to the accounting department in the Istanbul and Bursa Regional Directorates until 2004. From 2005 to 2015, Mürvet Tezel served as a Member of the Sütaş Audit Committee. Tezel serves as a board member, the Chairman of the Business Ethics Committee, and a member of the Audit and Risk Committee at Sütaş Süt Ürünleri A.Ş.



A. DUYGU YILMAZ Board Member

Duygu Yılmaz was born in 1976 in Bursa and graduated from the Department of Management at Boğaziçi University in 1998. Her career began in 1998 in the Turkey office of PriceWaterhouseCoopers. She then served as the Group Manager in charge of Financial Planning and Financial Affairs at Yapı Kredi Bank from 2005 to 2008. In 2008, she joined Sütaş as an Internal Audit Coordinator and was promoted to Chief Audit Officer and has been a Member of the Board since 2011. She also serves as the Chairman of the Corporate Governance Committee and the Sustainability Committee. Duygu Yılmaz also sits on the boards of the Business Council for Sustainable Development Turkey (BCSD Türkiye) and the Corporate Governance Association of Turkey (TKYD).



HAYDAR YILMAZ Board Member

Haydar Yılmaz was born on February 2, 1958. He started working at Sütaş in 1990. He served as a Hospitality Sales Chief from 1990 to 1991, and then as the Regional Manager for Istanbul from 1991 to 2000. From 2000 to 2004, he was a Key Account Sales Coordinator and, from 2004 to 2006, he was the Deputy General Manager of Sales. Between 2006 and 2010, he was the HORECA Food and Consumption Services Group Director. He has been a Member of the Board at Sütaş A.Ş. since 2010 and has served as the General Manager for the Macedonian operations of Sütaş since 2015.



5.2.2 Working Principles of the Board of Directors

The Board is our Company's highest level of strategic decision-making, managing, supervisory and representative organ. The Board of Directors reserves the right to decide on all matters with the exception of issues assigned to the authority of the General Assembly save for the non-assignable and inalienable duties and authorities stipulated by the relevant laws and the Company's Articles of Association. The Board, nonetheless, holds the right to delegate, in whole or in part, its managing authority to one or more Board Members, to the Board Committees, to the Chairman of the Executive Committee, to the Executive Committee, or Members of the Executive Committee in compliance with the restrictions and limitations as set forth in a previously agreed-upon internal directive. Within that scope, the Board may annul, amend in whole or in part, or reformulate the delegated authorities.

The Members of the Board will be severally liable for the consequences should they fail, by intent or negligence, to fulfill the responsibilities assigned to them either by the applicable legislation, the Articles of Association or the General Assembly.

The Members of the Board (with the exception of the independent members) cannot take on any duties outside of the company that would present a conflict of interest or would prevent them from undertaking their duties at the company.

The Members of the Board, as a principle, cannot engage in transactions or competition with the Company. Should such a case arise, the Board Member shall immediately notify the Board of Directors in writing. Shareholders shall be informed of the case during the next General Assembly meeting, and it will be featured in the Annual Report. Board Members can only engage in transactions or compete with the Company upon approval by the shareholders. The Board of Directors is authorized on this matter by the General Assembly meetings.

The Board of Directors convenes regularly once a month according to a schedule confirmed in advance. Also, where deemed necessary, the Board can meet immediately irrespective of the said period. The Board of Directors convenes in Istanbul; however, the meeting can be moved to another location upon the approval of more than half of the Members. A secretariat reporting to the Chairman and at the service of all Board Members is established to keep accurate and orderly archives of the Board meeting documents.

The Board of Directors convened 19 times from January 1 to December 31, 2021. The meetings were held with the participation of all members. The meetings were convened at the corporate headquarters and invitations were delivered by phone or email. The members approved the Board resolutions made during these meetings by the unanimous vote of those present with no dissenting vote.

5.2.3 Committee Assessment of the Board of Directors

The Board of Directors reported that the Committees operated in line with the working principles and stipulated meeting frequency during the January 1 – December 31, 2021 period. The relevant minutes regarding meeting conclusions were submitted to the Board of Directors. It was determined that the committees undertook their assignments efficiently. Additionally, the Audit and Risk Management Committee submitted one written notification to the Board of Directors in 2021.

5.2.4 Internal Control and Audit Activities

The "Audit and Risk Committee" instituted by the Board of Directors establishes the systems necessary for the accounting, internal control, risk management and financial planning units; ensures the functioning, compliance and adequacy of these systems; and determines the relevant internal powers and responsibilities.

As the Audit and Risk Committee assumes these responsibilities, the Audit Department works with the findings of the approving institutions in independent auditing and certified public accounting services.



The Audit Department regularly reviews the company's risk management and internal control system within the framework of the risk-based annual audit plan, in order to achieve the following objectives, and reports directly to the Audit and Risk Committee in line with the following objectives:

- Accuracy and reliability of financial and operational information;
- Effectiveness and efficiency of operations;
- Protection of company assets;
- Ensuring legal, regulatory and contractual compliance.

The Audit function of the Company determines how well the internal control systems work, makes suggestions for the improvement of existing systems and the establishment of new systems in areas where the need is determined.

5.2.5 Risk Management

Our corporate risk management relies on identifying all existing and potential risks, and developing and monitoring measures to minimize the identified risks.

The Audit and Risk Committee works to implement measures against and manage potential threats to our Company's ongoing existence as a going concern, development and continuity.

The overall current and potential risks to our Company are outlined below:

- All production activities by our Company follow food safety and other relevant legislation, and are supervised by food safety management systems. We adapted and integrated into our existing management system the ISO 9001:2008 (Quality Management System Standards), FSSC 22000 (Food Safety System Standards), ISO 50001 (Energy Management System Standards), ISO 14001:2004 (Environmental Management System Standards), OHSAS 18001 (Occupational Health and Safety Management System Standards), and ISO/IEC 27001 (Information Security Management System Standards) to gain higher efficiency in our operations. The annual internal and external audits keep these systems up to date and running.
- The debt-to-equity ratio, foreign exchange risk, and other such financial risk factors that could have a direct impact on the Company's financial position are periodically monitored by the relevant departments at weekly and monthly intervals.
- We implement the "Assurance – Risk Management System" to monitor customer-related risks. When customers exceed individual purchasing limits defined for them, our systems prevent the sale of goods.
- The implemented SAP system is a crucial technological component that minimizes current risks and supports decision-making processes to this end. This component tracks the consequences of actions in real-time to eliminate human-related errors and subsequently boosts the efficacy of our internal control systems.

The company assets are insured against natural disasters such as fires and earthquakes. The insurance policies, aligned with the true values of the assets, are purchased from authorized insurance companies.

5.3 Financial Information and Explanations

The consolidated financial statements for the activities in the years 2021 and 2020 prepared in compliance with the Turkish Commercial Code and the National Accounting Standards of Turkey are presented in the table below.



5.3.1 Consolidated Balance Sheets for January 1–December 31, 2021

Assets

Current Assets

Cash and cash equivalents	205.904.509	322.505.613
Financial investments	935.598.766	829.720.865
Trade receivables	791.655.327	455.278.058
-Trade receivables from related parties	9.973	567.942
-Trade receivables due from non-related parties	791.645.354	454.710.116
Other receivables	56.157.630	52.431.857
-Other receivables due from related parties	56.157.630	52.431.857
Inventories	812.546.681	498.967.041
Biological assets	3.060.120	1.644.900
Prepaid expenses	32.191.932	10.465.492
Other current assets	158.869.701	97.977.714
Total current assets	2.995.984.666	2.268.991.540

Non-Current Assets

Trade receivables	221.605	85.597
-Trade receivables due from non-related parties	221.605	85.597
Investments accounted for using the equity method	59.496.607	8.800.015
Biological assets	197.897.800	90.442.532
Investment properties	4.830.781	4.865.687
Property, Plant and Equipment	1.370.526.670	1.075.131.644
Right-of-use assets	38.551.651	45.485.552
Intangible assets with the exception of goodwill	39.612.768	30.490.909
Prepaid expenses	82.366.784	24.975.153
Deferred tax assets	122.893.079	165.086.579
Total non-current assets	1.916.397.745	1.445.363.668
TOTAL ASSETS	4.912.382.411	3.714.355.208

Liabilities

December 31, 2021

December 31, 2020

Short-term liabilities

Short-term borrowings	1.042.071.001	640.375.271
Current portions of long-term borrowings	130.092.725	220.538.865
Lease obligations	18.568.853	12.863.483
Trade payables	687.662.122	398.542.421
-Trade payables to related parties	47.811.102	61.690.390
-Trade payables to non-related parties	639.851.020	336.852.031
Liabilities within the scope of employee benefits	34.970.350	25.355.294
Other payables	20.919.180	17.488.736
-Other payables to related parties	272.362	273.361
-Other payables to non-related parties	20.646.818	17.215.375
Deferred income	4.172.977	3.602.258
Short-term provisions	31.783.087	23.294.255
-Short-term provisions related to employee benefits	18.280.321	13.259.408
-Other short-term provisions	13.502.766	10.034.847
Total short-term liabilities	1.970.240.295	1.342.060.583

Long-term liabilities

Long-term borrowings	636.966.667	764.342.496
Lease obligations	27.008.980	39.388.669
Deferred income	2.304.550	5.440.641
Long-term provisions	69.863.001	46.743.686
-Long-term provisions related to employee benefits	69.863.001	46.743.686
Total long-term liabilities	736.143.198	855.915.492



Shareholders' Equity	December 31, 2021	December 31, 2020
Paid-in capital	41.000.000	41.000.000
Other accumulated comprehensive expense	182.228.893	20.647.122
-Not to be reclassified in profit or loss	(23.237.543)	(17.656.913)
-To be classified in profit or loss	205.466.436	38.304.035
Reserves on retained earnings	40.325.677	40.325.677
Retained earnings	1.414.406.334	987.085.235
Net profit for the period	528.038.014	427.321.099
Total shareholders' equity	2.205.998.918	1.516.379.133
TOTAL LIABILITIES AND shareholders' equity	4.912.382.411	3.714.355.208

5.3.2 Consolidated Profit, Loss and Other Comprehensive Income Statement for January 1–December 31, 2021

Continued Operations	January 1- December 31, 2021	January 1- December 31, 2020
Revenue	5.932.361.753	4.056.221.566
Cost of goods sold (-)	(4.619.357.588)	(3.228.601.362)
Gross profit	1.313.004.165	827.620.204
General administration overheads (-)	(238.844.201)	(179.639.523)
Marketing, sales and distribution expenses (-)	(460.348.554)	(347.039.616)
Research and development expenses (-)	(22.066.381)	(20.456.827)
Other income from ordinary activities	147.152.633	66.167.262
Other expenses of ordinary activities (-)	(90.405.253)	(22.442.258)
Real operating profit	648.492.409	324.209.242
Income from investing activities	157.397.025	78.339.742
Expenses of investing activities (-)	(22.810.291)	(6.464.749)
Share Loss from Investments Accounted for Using Equity Method (-)	(14.029.807)	(2.011.830)
Operating profit before financial expenses	769.049.336	394.072.405
Financial income	318.786.810	151.552.520
Financial expenses (-)	(575.147.514)	(272.702.855)
EARNINGS BEFORE TAXES FROM CONTINUED OPERATIONS	512.688.632	272.922.070
Tax income/expenses from continued operations	15.349.382	154.399.029
Tax expenses for the period (-)	(2.255.915)	(4.326.092)
Deferred tax income/expense	17.605.297	158.725.121
Net profit for the period	528.038.014	427.321.099
Not to be reclassified in profit or loss, pretax		
Defined benefit plans remeasurement gains/losses	(6.975.788)	1.502.116
To be reclassified in profit or loss, pretax		
Foreign currency translation differences	(58.260.868)	(28.698.055)
Gains from financial assets at fair value through other comprehensive income	305.969.967	73.272.927
Shares to be reclassified in profit or loss from other comprehensive expenses of investments valued by the equity method	(19.352.705)	1.764.661
Total other comprehensive income/expenses, pretax	221.380.606	47.841.649
Total tax on other comprehensive expenses not to be reclassified in profit or loss	1.395.158	(300.423)
Total tax on other comprehensive expenses to be reclassified in profit or loss	(61.193.993)	(14.654.585)
Total other comprehensive income/expenses	161.581.771	32.886.641
TOTAL COMPREHENSIVE INCOME	689.619.785	460.207.740



5.3.3 Developments After January–December 2020

No major events took place between the issue date of the financial statement and the preparation of the report.

5.3.4 Key Indicators Pertaining to Financial Results

Key Indicators	2021 (%)	2020 (%)
Current Ratio	1,52	1,69
Total Debts/Total Assets	55	59
Gross Sales Profit Margin	22	20
Net Profit Margin	9	11

Key Indicators (Day)	2021	2020
Receivables Collection Period	38,4	39,7
Inventory Turnover Period	51,8	52,1

5.3.5 Management's Financial Situation Assessment

During the January 1 – December 31, 2021 period, the results we achieved aligned with our strategic growth targets through our predictions and expectations. Our total assets reached 4.91 billion Turkish lira as of December 31, 2021 from the previous 3.71 billion Turkish lira in 2020. Our net sales registered as 5.93 billion Turkish lira and our net profit for the period reached 528 million Turkish lira.

5.3.6 Dividend Distribution Policy and Dividend Distribution

Our corporate dividend distribution decisions are based on the provisions of the Turkish Commercial Code, tax regulations, other relevant regulations, and the articles related to dividend distribution in our Articles of Association. In dividend distribution, a balanced and consistent policy is maintained between the interests of shareholders and the Company in accordance with the Corporate Governance Principles of the Capital Markets Board of Turkey. We aim to distribute in the form of cash and/or bonus shares at least 20 percent of the distributable income for the period calculated in compliance with the Turkish Commercial Code and other relevant legislation. However, this policy is reviewed every year by the Board of Directors from the perspective of investment strategies required for long-term growth, the current economic environment, market expectations, financial requirements, profitability, and cash position and submitted to the General Assembly for approval.

Dividend distribution may be subject to the following conditions:

Dividends are distributed at the latest by the end of the year in which the relevant General Assembly meeting is held, unless otherwise decided in the General Assembly meeting. The General Assembly or, if authorized, the Board of Directors may resolve to distribute dividends in equal or variable installments in compliance with the provisions of the legislation in force. The Articles of Association of our Company allow for advance dividend payment and the Board of Directors, provided that it is granted the authority by the General Assembly and in compliance with the legislation in force, may declare and distribute advance dividend payments.

The shareholders' equity of the Company consisting of paid-in capital, capital reserves, and retained earnings reached 2,205,998,918 Turkish lira as of December 31, 2021.



THE BOARD OF DIRECTORS OF SÜTAŞ SÜT ÜRÜNLERİ ANONİM ŞİRKETİ

MUHARREM YILMAZ

CHAIRMAN AND EXECUTIVE MEMBER OF THE BOARD
OF DIRECTORS

SERPİL VERAL

DEPUTY CHAIRMAN

S. TARIK TEZEL

DEPUTY CHAIRMAN

MURAT ARAT

MEMBER

H. MUSTAFA ÇEVİK

MEMBER

ERGUN ERMUTLU

MEMBER

EŞREF HAMAMCIOĞLU

MEMBER

MÜRVET TEZEL

MEMBER

A. DUYGU YILMAZ

MEMBER

HAYDAR YILMAZ

MEMBER



6. Corporate Governance Principles Compliance Report

1. Corporate Governance Principles Compliance Report

Striving to share the goodness and abundance of milk, Sütaş Süt Ürünleri A.Ş. is aware of its responsibilities to its stakeholders and believes in implementing high corporate governance standards for maintaining successful business practices, sustaining our company and generating enduring value for stakeholders. With that in mind, to achieve a bright future, we regulate the values, priorities, processes and rules for the management of our company, the powers and responsibilities of our managers, and the rights of all our stakeholders, especially those of our employees, through the Corporate Governance Principles.

Sütaş Süt Ürünleri A.Ş. not only complies with all relevant legal regulations but also voluntarily adopts the equality, transparency, accountability and responsibility concepts advocated in the Corporate Governance Principles set forth in the Communiqué on Corporate Governance (Series: II-17.1) published by the Capital Markets Board of Turkey.

The company highly values measurements and ratings by independent organizations with a view to continuously improve and enhance Corporate Governance practices.

The “Corporate Governance Rating Periodical Revision Report” was completed by SAHA Corporate Governance and Credit Rating, an international rating agency accredited in Turkey to issue ratings in compliance with the CMB Corporate Governance Principles. Our Corporate Governance Rating is upgraded from 95.9 on December 30, 2020 to 96 on December 30, 2021. The distribution of the Corporate Governance Rating score by sub-headings is listed below.

Sub-Headings	Weight	Net
Shareholders	%25	95,29
Public Disclosure and Transparency	%25	97,84
Stakeholders	%15	98,53
Board of Directors	%35	94,00
Total	%100	96,00

You can find the corporate governance rating report on our Corporate website at www.sutas.com.tr/en/.

We are continuing our efforts to further advance our Corporate Governance principles.

A. Duygu YILMAZ

Corporate Governance Committee
Chairman

Eşref HAMAMCIOĞLU

Corporate Governance Committee
Member

Serpil VERAL

Corporate Governance Committee
Member



SECTION I – SHAREHOLDERS

2. Shareholder Relations Unit

Pursuant to the Corporate Governance Principles, our company has a Shareholder Relations Department in place to monitor the relations between our company and our partners, act as a liaison between shareholders and the Board of Directors, and respond to the inquiries of information by shareholders.

The Shareholder Relations Department consists of: Murat Özdalga, Murat Coşkun, and Dilara Kara. Murat Özdalga is the unit leader. The contact information of our colleagues assigned to the unit is provided below.

Name/Surname	Phone	Email Address
Murat ÖZDALGA	0 224 688 51 01	mozdalga@sutas.com.tr
Murat COŞKUN	0 224 688 51 01	mcoskun@sutas.com.tr
Dilara KARA	0 216 572 30 50	dkokturk@sutas.com.tr

The main responsibilities of the Shareholder Relations Unit include the following:

- Ensuring accurate, safe and up-to-date tracking of shareholder records;
- Responding to written shareholder requests for information concerning the company, excluding any information that is not disclosed to the public, is confidential, and/or is a trade secret in accordance with the legislation, the Articles of Association, corporate governance principles, and the disclosure policy;
- Ensuring that the General Assembly meeting complies with the effective legislation, the Articles of Association, and other corporate regulations;
- Preparing documents that the shareholders may find useful at General Assembly meetings;
- To assist the chairman of the meeting in order to ensure that the minutes of the general assembly meeting is duly taken, that the results of the voting are recorded and that reports on the results are prepared,
- To make recommendations to ensure that the annual reports are prepared as stipulated by the legislation and Corporate Governance Principles.

3. 3. Exercising Shareholders' Right to Information

We responded to all shareholder inquiries submitted to the Shareholder Relations Unit during the period covered by the annual report.

Our company has taken all necessary measures to ensure that the inquiries for information are thoroughly, accurately, and carefully assessed and responded to as swiftly as possible by the Shareholder Relations Unit.

Our shareholders may access explanations on frequently asked matters, and on developments that will significantly impact their use of rights, on our website www.tarfas.com.tr or at our company headquarters.

All information required for the healthy exercise of shareholders' rights is made available for the information and use of our shareholders in our annual report at our headquarters.



4. General Assembly Meetings

The General Assembly meeting, where the results of 2021 will be discussed, will convene at 11 a.m. on April 22, 2022 at the Uluabat neighborhood, Karacabey district, Bursa premises of Sütaş Süt Ürünleri Anonim Şirketi'nin (Sütaş A.Ş. or Şirket). A meeting invitation was issued in the Turkish Trade Registry Gazette No. 10549, dated March 31, 2022.

The invitation to the 2020 General Assembly Meeting was issued on page 335 in the Turkish Trade Registry Gazette numbered 10299, dated March 31, 2021, and the meeting was held at the company headquarters on April 22, 2021. The registry and announcement pertaining to the 2020 General Assembly Meeting were published in the Turkish Trade Registry Gazette No. 10326, dated May 10, 2021.

Within the framework of Article 20, "Announcement," of the Articles of Association, all General Assembly meeting invitation announcements are to be made in compliance with the relevant provisions of the Turkish Commercial Code, any legislation or communiqué issued within the scope of the Code and any other effective regulations.

As of the General Assembly invitation announcement date, all financial tables and reports, including the Annual Report, potential briefing documents prepared concerning General Assembly agenda items, the latest version of Articles of Association, and the amendment status of the Articles of Association, the amendment content and justification were made available for review by the shareholders at the company headquarters and at the indicated branches. If amendments are to be made to the Articles of Association, both the previous and amended versions should be included.

All shareholders may access information and document pertaining to the previous General Assembly meeting on our website at www.sutas.com.tr/en/.

If questions unrelated to the agenda or questions too broad to receive an immediate response are raised during the General Assembly, these questions will be responded to in writing within 30 business days at the latest by the Shareholder Relations Unit.

5. Voting Rights and Minority Rights

There are no privileged shares or privileged voting rights granted at our company. All General Assembly meetings and meeting quorums are subject to the provisions of the Turkish Commercial Code. Each shareholder or proxy present at the ordinary or extraordinary General Assembly holds one (1) voting right per share. Votes are cast by raising hands at general assembly meetings.

Shareholders may opt for a secret ballot should those holding a tenth of the capital represented by the participants at an Ordinary General Assembly request so.

The shareholders cannot vote in cases relating to themselves or their spouses, ancestors or descendants, or to any personal affairs or cases between themselves and the company. Shareholders may be represented by proxy by other shareholders or external representatives at the General Assembly meetings in compliance with the Turkish Commercial Code's provisions on voting by proxy. The proxy who is also a shareholder is entitled to vote per their own shares as well as per the shares of the principal shareholder.



6. Right to Dividends

There are no privileges in dividend distribution at our company.

Our corporate dividend distribution decisions are based on the provisions of the Turkish Commercial Code, tax regulations, other relevant regulations, and the articles related to dividend distribution in our Articles of Association. In dividend distribution, a balanced and consistent policy is maintained between the interests of shareholders and the Company in accordance with the Corporate Governance Principles of the Capital Markets Board of Turkey.

We aim to distribute in the form of cash and/or bonus shares at least 20 percent of the distributable income for the period calculated in compliance with the Turkish Commercial Code and other relevant legislation. However, this policy is reviewed every year by the Board of Directors from the perspective of investment strategies required for long-term growth, the current economic environment, market expectations, financial requirements, profitability, and cash position and submitted to the General Assembly for approval.

The dividends will be paid at the latest before the year-end of the General Assembly meeting unless otherwise decided during the said General Assembly Meeting. The General Assembly or, if authorized, the Board of Directors, may agree to pay the dividend in equal or variable installments in compliance with the effective legislative provisions. The Articles of Association of our Company allow for advance dividend payment and the Board of Directors, provided that it is granted the authority by the General Assembly and in compliance with the legislation in force, may declare and distribute advance dividend payment.

7. Transfer of Shares

There are no provisions restricting the transfer of shares in the articles of association of the company. The transfer of the shares is carried out in accordance with the relevant provisions of the Turkish Commercial Code.

SECTION II – PUBLIC DISCLOSURE AND TRANSPARENCY

8. Disclosure Policy

The primary purpose of the Süttaş A.Ş. (“Company”) Disclosure Policy is to provide accurate, complete, and clear information on time to shareholders and stakeholders alike, and to set the basis for written and verbal communication. The Disclosure Policy is based on the Turkish Commercial Code (“TCC”), other legal regulations, and Corporate Governance Principles. The Corporate Governance Committee is assigned by the Board of Directors to create, develop and monitor the Disclosure Policy. Our company makes use of the below methods and tools when implementing the public disclosure and information policy:

1) Shareholder Disclosures

Our Ordinary General Assembly convenes annually within the legal period and all necessary information regarding shareholder participation in the General Assembly, as well as capital increase and dividend payment announcements, are both published in the Turkish Trade Registry Gazette and communicated by post or email. The company’s financial statements and footnotes prepared in compliance with the Turkish Financial Reporting Standards (“TFRS”) and the Turkish Accounting Standards (“TAS”), as well as the independent audit reports, accompanied by the compliance report of the Audit and Risk Committee, are announced to the shareholders through the Annual Report as stipulated by the TCC regulations.



Our annual reports and all other information and documents required within the framework of legal regulations are accessible to shareholders. The annual report, once approved by the Board of Directors, is disclosed to the shareholders at the company headquarters. Any opinions, information, and meeting requests from stakeholders are evaluated by the Stakeholders Relations Unit.

II) Notification via the corporate website:

Our corporate website at www.sutas.com.tr/en/ includes detailed current and historical information related to the company within the scope of the Corporate Governance Principles. Key sections of the website include the following:

- Our Mission, Vision and Values
- Corporate Governance Principles Compliance Report
- Further on the Information Society Services
 - Articles of Association
 - Trade Registry Information
 - Members of the Board of Directors
 - General Assembly Reports (Date of meeting, agenda and list of participants for the General Assembly)
 - Company Auditor Information
 - Shareholding Structure
- Committees of the Board of Directors
 - Corporate Governance Committee
 - Audit and Risk Committee
 - Business Ethics Committee
 - Sustainability Committee Disclosure through press and monitoring news in the press
- Corporate Governance Policies
 - Disclosure Policy
 - Dividend Distribution Policy
 - Human Resources Policy
 - Information Security Policy
 - Donation and Aid Policy
 - Energy and Environmental Policy
 - Occupational Health and Safety
- Our Code of Ethics
- Annual Reports
- Frequently Asked Questions
- Press Releases
- Sustainability Reports
- Information on the Field of Activity and Products

The Corporate Communications Coordination Office handles briefings via the press and addresses inquiries submitted by the media.

- The spokesperson to represent our company on all communication channels, including the press, is assigned by the Chairman.
- The Corporate Communications Coordination Office tracks any and all news related to the company on local, national or international media organizations including TV, print media, the internet and radio. This information is then shared with to the senior management.
- If the Office comes across any non-factual news report related to the company, then the issue is brought to the attention of the Chairman.

Disclosures to Other Stakeholders

- When questions by shareholders or stakeholders prompt previously non-disclosed information to be revealed, a team coordinated by the Corporate Governance Committee, consisting of the Chairman, Head of the Shareholder Relations Unit, and the Corporate Communication Coordinator gather to discuss the matter from the Disclosure Policy perspective.
- Customer, supplier and consumer questions and inquiries submitted to our Hotline via phone, electronic mail, fax or any other communication channel will be addressed within 24 hours at the latest. If the issue takes longer to be resolved, the customer will be notified at each step throughout the process. Resolution time is considered a performance criterion for the concerned manager.



9. Corporate Website and Content

The Sütaş A.Ş. website on www.sutas.com.tr/en/ is actively used to inform the public as stipulated in the new Turkish Commercial Code. The website is accordingly structured and sectioned, and it contains the components of the Corporate Governance Principles (Details are in Chapter 8, Disclosure, of this report).

10. Annual Report

The Annual Report of the Board of Directors is prepared in a manner that ensures the public's access to full and accurate information about Company activities and the details required by the Turkish Commercial Code.

SECTION III – STAKEHOLDERS

11. Disclosures to Stakeholders

Our Stakeholders are: our Shareholders, our Colleagues, our Customers, and our Suppliers. We show the utmost care in keeping them in the loop on any company issues that might concern our stakeholders and regulate our own relations with them through written agreements. In cases where the rights of the stakeholders are not regulated by legislation or a contract, the interests of the stakeholders are protected in good faith and to the extent of the Company's capabilities, also taking into account the reputation of the Company. Sütaş A.Ş. does not receive investment consultancy services. The company signs mutual agreements with third parties who provide Sütaş with external services, including ratings, to prevent potential conflicts of interest and to protect the company's rights. No conflicts exist between the company and the consultancy firms that provide services to the company.

12. Stakeholder Participation in Management

Our company is in constant communication with all stakeholders. The feedback received from stakeholders is submitted to the evaluation of the senior management after passing through certain stages depending on the internal procedures, and solutions and policies are developed. Practices aimed at enhancing quality, efficiency and institutionalization are of great importance for our company. Our company maintains a continuous and regular commercial relationship with its stakeholders, suppliers and customers, directly or through the persons it assigns. In order to maintain this relationship in accordance with business ethics, the issue of relations with suppliers and customers is discussed in detail in the "Being a Part of the Sütaş Family" booklet, which also includes our ethical rules. Sütaş A.Ş. prioritizes customer satisfaction in all commercial activities. Customer satisfaction is guaranteed with the follow-up of our products after sale, practices for products on the shelves and procedures adopted for product returns, and care is taken to keep the confidentiality of customer and supplier information within the scope of trade secrets. Numerous channels through which suppliers, customers or end customers (consumers) may submit any opinions, suggestions or complaints are closely monitored and solutions are produced. The performance of the organization established for this purpose is continuously measured electronically, in accordance with the determined criteria.

Our suppliers, customers or consumers can contact us by phone at 444 4 SÜT (788), or by email at tuketici@sutas.com.tr, kurumsaliletisim@sutas.com.tr. All communication channels are visibly displayed on our product packaging, website and advertisements.



13. Human Resources Policy

Sütaş Group's Human Resources vision encourages us to build Sütaş into a strong employee brand with a respected mission. It supports us to create a family of good people, good citizens, and good dairy farmers who have a strong sense of awareness and responsibility, are masters at their craft, and are highly passionate about sharing the goodness and abundance of milk.

Recruitment Policy

Our Recruitment Policy guides us to hire competent human capital with high potential. It offers the effective use of the right tools and methods to ensure equal opportunities for all candidates and their proper placement in line with the mission, vision and values of Sütaş Group. Sütaş A.Ş. aims to achieve sustainability through enhanced employee engagement.

The candidates we reach through various channels based on the job description are also included in assessment processes tailored for each position. In addition to the standard interview, our assessments include personality analyses, English and general aptitude tests, and case studies based on the position level and requirements.

Orientation Policy

Our orientation process helps our new recruits adopt the Sütaş Group values and prepares them for their new role. During this process, our new colleagues learn about the vision, mission, values and business methods of Sütaş Group, and receive all necessary technical training required for their role.

All new personnel in the company participate in the "Dairyman Program," our onboarding and orientation program.

Performance Management Policy

We implement a goal-oriented and competency-based performance management system for guiding our colleagues toward common goals, enhancing productivity and rewarding success. We formulate performance-based succession planning and career paths. This also dictates our remuneration and benefits processes.

Training Policy

We consider the training of our colleagues an integral part of our corporate development and continuously invest in our human resources. Our training policy is to support our colleagues with tailored training sessions to pursue their responsibilities with high motivation and performance.

With that in mind, we design tailored personal development or technical training programs to provide specialization for each job/role or improving ways of business.

Career Management Policy

Our career policy revolves around supporting the sustainability of our company and preparing our employees for their future roles by evaluating their potential. We prioritize our colleagues for career and development opportunities that become available within our company and monitor their advancement from that perspective.



Reward Policy

We reward ideas that add value to our company as part of our Recognition & Rewarding system to encourage employee engagement, to support innovative, outstanding and creative ideas, and to celebrate achievements together.

Equal Opportunity Policy

Equal opportunity is the basis our code of ethics, and our human resources policy and practices. At Süttaş, we do not tolerate any discrimination based on gender or ethnicity. Employees cannot advocate religious or political views at the workplace during work hours, and such views cannot influence their decisions. All employees can notify the Ethics Committee anonymously of any issues including gender inequality, mobbing or sexual abuse.

Code of Ethics Compliance Policy

Details on this topic are provided in Chapter 14, Code of Ethics and Social Responsibility.

Remuneration Policy

The remuneration policy of Süttaş A.Ş. is designed to give our company a competitive advantage in the workforce market and to encourage the sustainable performance of our colleagues.

Within this scope, a graded remuneration system is in place based on business values. In accordance with this system, our total remuneration package consists of a base salary, premium payment, bonus and fringe benefits. Each component in our remuneration package depends on the position and seniority of our colleague, the market value of the position, their individual performance and qualities, inflation rates, and conditions prevailing in the industry.

Increases to the base salary are also made in accordance with these criteria. Bonuses are paid according to base salary at specific intervals and at set rates during the year. Performance-Based Premium Payments are paid annually, while Sales-Based Premiums are paid either monthly or quarterly depending on target realization results in compliance with our premium system. We also implement additional task-based premium systems.

Compensation Policy

Our compensation policy has been established with reference to the provisions of the Labor Law No. 4857 in force. Within this framework:

- Severance Payment is paid to the employee, or to their legal heirs in the event of the employee's death, if the employee had been employed at our company for at least a year and if their contract of service terminated in a manner prompting a severance payment as stipulated in the Labor Law No. 4857. The payment amount is calculated based on the duration of employment and on the salary, factoring in the severance payment ceiling.
- Notice Payment applies in two different forms: the employee is notified that the contract of employment will be terminated in compliance with Article 17 of the Labor Law No. 4857 and they are either given time off to seek a new job up to the maximum legal period depending on employee seniority, or they are paid the corresponding amount in cash.



14. Code of Ethics and Social Responsibility

Code of Ethics

Sütaş conducts all of its business activities in accordance with its Code of Ethics. These rules have been made public on our website, www.sutas.com.tr/en/. The rules are also set forth in our “Being a Part of the Sütaş Family” booklet and distributed to all our colleagues as well as being published online on our intranet.

All colleagues are obliged to comply with the Code of Ethics. The orientation program at the point of recruitment provides new colleagues with an exhaustive written and verbal account of our ethical principles, what to do to support the implementation of ethical principles within the company, the Ethics Committee, how the Board operates, how to apply to the Committee, and the procedures applied in case of violations to the Code of Ethics.

The assessments and sanctions of the Ethics Committee are applied in conformance with the relevant law and legislation. The Ethics Committee promises to protect the anonymity of appeals.

Details on the Business Ethics Committee are provided under the topic 17. The Number, Structure and Independence of Committees Established under the Board of Directors.

The Company’s social responsibility activities are explained in detail in the relevant sections of the Annual Report and in the Sustainability Reports.

15. Structure and Formation of the Board of Directors

The Board of Directors is the body that manages and supervises the company at the highest level by using its powers and responsibilities within the framework of the legislation, the Articles of Association, in-house regulations and policies, in line with the authority conferred to it by the shareholders at the General Assembly.

In compliance with the Articles of Association, the Board of Directors is authorized to make and execute decisions in all fields of activity excluding the matters that are left exclusively under the authority of the General Assembly by the Turkish Commercial Code and relevant legislation.

The Board of Directors is responsible for the management and external representation of the company. For the documents and contracts with the company as a party to be considered valid, they must be signed by persons authorized to represent and bind the company and the signatures must be placed under the company stamp.

The Board of Directors may distribute the representation and management roles between members or it may defer the responsibilities to either an executive committee that it will form with its own members, to executive member/s, managers who may or may not be shareholders, or third parties, by issuing an internal directive.

The Members of the Board will be severally liable for the consequences should they fail, by intent or negligence, to fulfill the responsibilities assigned to them either by the applicable legislation, the Articles of Association or the General Assembly.

The Board of Directors is elected by the General Assembly for a maximum term of three (3) years. A member whose term has expired will be eligible for re-election. Members of the Board of Directors may be replaced at any time by the General Assembly should they deem it necessary. We prioritize a minimum of 25 percent female representation among members.



The Corporate Governance Committee at our company undertakes the duties traditionally carried out by the “Nomination Committee.” The Board Member election criteria includes qualities stipulated by the relevant legislation as well as the Corporate Governance Principles. The Board of Directors should consist of individuals of these qualities who will exhibit the highest competency and efficiency.

In addition to these qualifications, the persons who will be appointed as Members of the Board of Directors should also possess a fundamental knowledge and understanding of the company’s field of activity and the relevant laws and regulations.

The Board of Directors includes executive and non-executive members. A non-executive Board member is a person who does not have any other administrative duties, except as a member of the Board of Directors, or an executive unit affiliated to him/her at the Company, and is not involved in the daily operations and ordinary activities of the Company.

In our company, the Chairman and the General Manager cannot be the same person. The Board of Directors plays a leading role in maintaining effective communication between the Company and its shareholders, and in eliminating and resolving potential disputes.

Summary information concerning the Members of the Board of Directors is presented below. The detailed CVs of our Members can be found under the Corporate Governance section of the Annual Report and on our corporate website.

Name/Surname	Title	Executive/Independent/ Non-Executive	Company	Served On Term
Muharrem YILMAZ	Chairman and Executive Member of the Board of Directors Deputy	İcracı/Bağımsız Değil	SÜTAŞ A.Ş.	22.04.2022
Serpil VERAL	Chairman	İcracı/Bağımsız Değil	SÜTAŞ A.Ş.	22.04.2022
S. Tank TEZEL	Deputy Chairman	İcracı/Bağımsız Değil	SÜTAŞ A.Ş.	22.04.2022
Murat ARAT	Member	İcracı/Bağımsız Değil	SÜTAŞ A.Ş.	22.04.2022
H. Mustafa ÇEVİK	Member	İcracı/Bağımsız Değil	SÜTAŞ A.Ş.	22.04.2022
Ergun ERMUTLU	Member	İcracı/Bağımsız Değil	SÜTAŞ A.Ş.	22.04.2022
Eşref HAMAMCIOĞLU	Member	İcracı Değil/Bağımsız	SÜTAŞ A.Ş.	22.04.2022
Mürvet TEZEL	Member	İcracı Değil/Bağımsız Değil	SÜTAŞ A.Ş.	22.04.2022
A. Duygu YILMAZ	Member	İcracı Değil/Bağımsız Değil	SÜTAŞ A.Ş.	22.04.2022
Haydar YILMAZ	Member	İcracı/Bağımsız Değil	SÜTAŞ A.Ş.	22.04.2022

16. Operating Principles of the Board of Directors

The Board of Directors convenes regularly once a month according to a schedule confirmed in advance. Also, where deemed necessary, the Board can meet immediately irrespective of the said period.

The first meeting of the Board of Directors is held on the day the members are appointed at the General Assembly. The first meeting elects a Chairman and at least one Deputy Chairman, and decides on duty distribution.

The Chairman of the Board of Directors determines the agenda of the Board meetings. The agenda is communicated to the Members prior to the meeting. If there are any documents or information related



to the Board meeting agenda items, they are submitted for the Board Members' review prior to the meeting. The Board may resolve to make changes to the agenda.

Meeting invitations are communicated by printed invitation, phone, or email. Meeting invitations are issued by the Chairman or, in his/her absence, by the Deputy Chairman. The Chairman or, in their absence, the Deputy Chairman, can summon a meeting upon written request by any board member.

The Board of Directors may convene if two-thirds of Members are present and two-thirds affirmative votes are required for approval. Each member of the Board of Directors has one vote. Our members do not have weighted voting or veto rights. In case there is a tie in the number of votes in favor of and against a proposal, the matter is postponed to the next meeting. If the tie still persists at the following meeting, the proposal in question is considered to be denied.

A secretariat reporting to the Chairman and at the service of all Board Members is established to keep accurate and orderly archives of the Board meeting documents.

The Board of Directors convened 19 times from January 1 to December 31, 2021. The meetings were held with the participation of all members. The meetings were convened at the corporate headquarters, and invitations were delivered by phone or email. The members approved the Board resolutions made during these meetings by the unanimous vote of those present with no dissenting vote.

17. The Number, Structure and Independence of Committees Established under the Board of Directors

The Audit and Risk Committee, the Sustainability Committee, the Corporate Governance Committee and the Business Ethics Committee are established to ensure that the Board of Directors undertakes their duties and responsibilities effectively and that the committees and the Board carry out their activities within the framework of the working principles determined by the Board of Directors. Decisions taken as a result of the work carried out independently by our committees are presented to the Board of Directors, and the final decision is taken by the Board of Directors.

The duties, working principles and the members of the committees are determined by the Board of Directors. The Chairman of the Board of Directors and the General Manager cannot take part in the committees. All kinds of resources and support required for the committees to fulfill their duties are provided by the Board of Directors. The committees may invite any person/s to their meetings to consult for their opinion. The committees keep thorough written records of their activities and submit the minutes to the each member of the Board of Directors.

The committees convene as often as deemed necessary for the effectiveness of the work they undertake and at intervals as described in the working principles. They submit the reports on the findings of their work as well as their meeting results to the Board of Directors. The effectiveness of the committees is evaluated by the Board of Directors.



Audit and Risk Committee

This Committee is responsible for auditing the accuracy, transparency, and compliance of the annual financial statements and other financial information with the legislation and international accounting standards. The selection of the independent audit firm, the preparation of the audit contracts and the initiation of the independent audit process, and the work of the independent audit firm at every stage are carried out under the supervision of this committee. It reviews the activities, organizational structure and nature of the internal audit function, and makes suggestions and evaluations to the Board of Directors. These assessments also cover issues such as the responsibilities of the company's internal audit function, the budget of the Audit Department, and personnel resources.

In addition, the Committee approves the annual audit plan prepared by the Audit Department and the changes when necessary. Examining and resolving the complaints received by the company regarding the company's accounting, internal control system, and independent audit and the methods and criteria to be applied in the evaluation of the company's employees' reports on accounting and independent audit matters within the framework of the confidentiality principle are determined by the Audit and Risk Committee.

In addition, it works for the early detection of all kinds of strategic, operational, financial, legal and other risks that may endanger the existence, development and continuation of the Company, to implement the necessary measures regarding the identified risks and to manage the risk. In line with the opinions of the Board of Directors, it carries out (makes sure others carryout) the necessary studies to determine the risk map of the Company, and reviews these studies when necessary. It determines the Risk Management Policies and implementation procedures and oversees their compliance.

In order to ensure that the risk monitoring function is fulfilled effectively, it may request information, opinions and reports from the relevant units when deemed necessary. It reviews the Risk Management Systems at least once a year.

The Audit and Risk Committee consists of three people. the Chairman of the Committee is elected from among the independent members of the Board of Directors and meets not less than four times a year. At least one of the committee members must have a minimum of 10 years of experience in auditing, accounting and finance.

Information on the members of the Audit and Risk Committee at our company are as follows:

Name/Surname	Committee Title
A. Duygu YILMAZ	Chairman
Eşref HAMAMCIOĞLU	Member
Mürvet TEZEL	Member



Corporate Governance Committee

It determines whether the corporate governance principles are applied or not, and if not, the reasons and conflicts of interest arising from not fully complying with these principles, and makes recommendations to the Board of Directors to improve corporate governance practices. It reviews the “Corporate Governance Compliance Report” to be disclosed to the public and checks whether the information contained therein is correct and consistent with the information possessed by the Committee.

It ensures the development, adoption and implementation of the Corporate Governance Principles within the Company, and makes suggestions to the Board of Directors to improve the degree of compliance by working on issues where there is lack of implementation.

It follows the application of corporate governance principles around the world and makes recommendations to the Board of Directors in order to take the necessary measures to improve compliance within the Company.

The Corporate Governance Committee also fulfills the duties of the “Nomination Committee” and “Remuneration Committee.” The Corporate Governance Committee consists of three people and meets not less than four times a year. Information on the members of the Corporate Governance Committee at our company are as follows:

Name/Surname	Committee Title
A. Duygu YILMAZ	Chairman
Eşref HAMAMCIOĞLU	Member
Serpil VERAL	Member

Business Ethics Committee

It carries out the announcement of the code of business ethics and application principles so that the employees are informed, and provides regular training sessions. It ensures the establishment and nurturing of a culture of business ethics. It updates the code of business ethics and the implementation processes of the Committee in line with the changing conditions, opinions and suggestions received by the Committee, and submits it to the approval of the Board of Directors. Unless it meets with a special agenda, the Business Ethics Committee convenes at least once a month and examines the applications made to the committee regarding the violation of business ethics rules, decides whether an investigation is needed and whether there is a subject to be brought to the attention of the disciplinary board.

The Business Ethics Committee is responsible for conducting inquiries and research on, and subsequently resolve, any claims of violations of the code of business ethics acting either on its own accord or pursuing a notification. Any decisions made regarding a notification is justified by highlighting the relevant article of the code of ethics. The decisions of the Committee are acted upon immediately.

Committee members act independently of the hierarchy within the organization while performing their duties. In case of need, the Business Ethics Committee may seek the opinions of experts on the subject and invite these people to the meeting as consultants.

Name/Surname	Committee Title
Mürvet TEZEL	Chairman
Serpil VERAL	Member
A. Duygu YILMAZ	Member

Sustainability Committee

The Sustainability Committee is responsible for determining the sustainability strategy, setting targets, monitoring and auditing the implementation, approval and auditing of the prepared report and communication plan and all related processes, and bringing important sustainability-related issues to the agenda of the Board of Directors. The Sustainability Committee convenes at least once every two months.

Information on the members of the Sustainability Committee at our company are as follows:

Name/Surname	Committee Title
A. Duygu YILMAZ	Chairman
Murat ARAT	Member
Ergun ERMUTLU	Member

18. Risk Management and Internal Control Mechanism

Our corporate risk management relies on identifying all existing and potential risks, and developing and monitoring measures to minimize the identified risks.

The Audit and Risk Committee of Süttaş Group works to implement measures against and manage potential threats to our Company's ongoing existence as a going concern, development and continuity.

The overall current and potential risks to our Company are outlined below:

- All activities of the company are carried out and supervised in accordance with the provisions of the quality management system, food safety and relevant legislation. We adapted and integrated into our existing management system the ISO 9001: 2015 (Quality Management System Standards), FSSC 22000 (Food Safety System Standards), ISO 50001:2018 (Energy Management System Standards), ISO 14001:2015 (Environmental Management System Standards), ISO 45001 (Occupational Health and Safety Management System Standards), and ISO / IEC 27001 (Information Security Management System) to gain higher efficiency in our operations. The continuity of these established systems is ensured through annual internal and external audits.
- The debt-to-equity ratio, foreign exchange risk, and other such financial risk factors that could have a direct impact on the Company's financial position are periodically monitored by the relevant departments at weekly and monthly intervals.
- The implemented SAP system is a crucial technological component that minimizes current risks and supports decision-making processes to this end. This component tracks the consequences of actions in real-time to eliminate human-related errors and subsequently boosts the efficacy of our internal control systems.
- The company assets are insured against natural disasters such as fires and earthquakes. The insurance policies, aligned with the true values of the assets, are purchased from authorized insurance companies.

The "Audit Department" establishes the systems necessary for the accounting, internal control, risk management and financial planning units; ensures the functioning, compliance and adequacy of these systems; and determines the relevant internal powers and responsibilities.

In assuming these responsibilities, the Audit Department works with the findings of approving institutions in independent auditing and certified public accounting services.



The Audit Department regularly reviews the company's risk management and internal control system within the framework of the risk-based annual audit plan, in order to achieve the following objectives, and reports directly to the Board of Directors. The findings and suggestions are reported to the Board of Directors in a written report format.

- Accuracy and reliability of financial and operational information;
- Effectiveness and efficiency of operations;
- Protection of company assets;
- Ensuring legal, regulatory and contractual compliance.

The audit function determines how well the internal control systems work, makes suggestions for the improvement of existing systems and the establishment of new systems in areas where the need is determined.

19. Corporate Strategic Goals

Our company vision is “To become the most admired and trusted dairy leader,” and our mission is “To work passionately to share the goodness and abundance of milk; to offer natural and tasty dairy products that boost people's health, quality of life, and happiness; and to manage and develop the milk value chain ‘Farm to Table’ and the resources entrusted to us in the most efficient way possible.”

The Board of Directors establishes our Company's long-term strategy and goals on the basis of this vision and mission.

The Board of Directors, through strategic decisions, maintains the optimal balance of risk, growth and income for the company, and represents and binds the company with a rational and cautious risk management approach that prioritizes the long-term interests of the company.

At Board of Directors and senior management meetings, the Company's goals and the activities carried out to achieve these goals, including past performance, and the performance of the management is audited. The current position of the company, together with the industry in which the company operates and its position in the industry, are reviewed, and new goals and strategies are developed if deemed necessary.

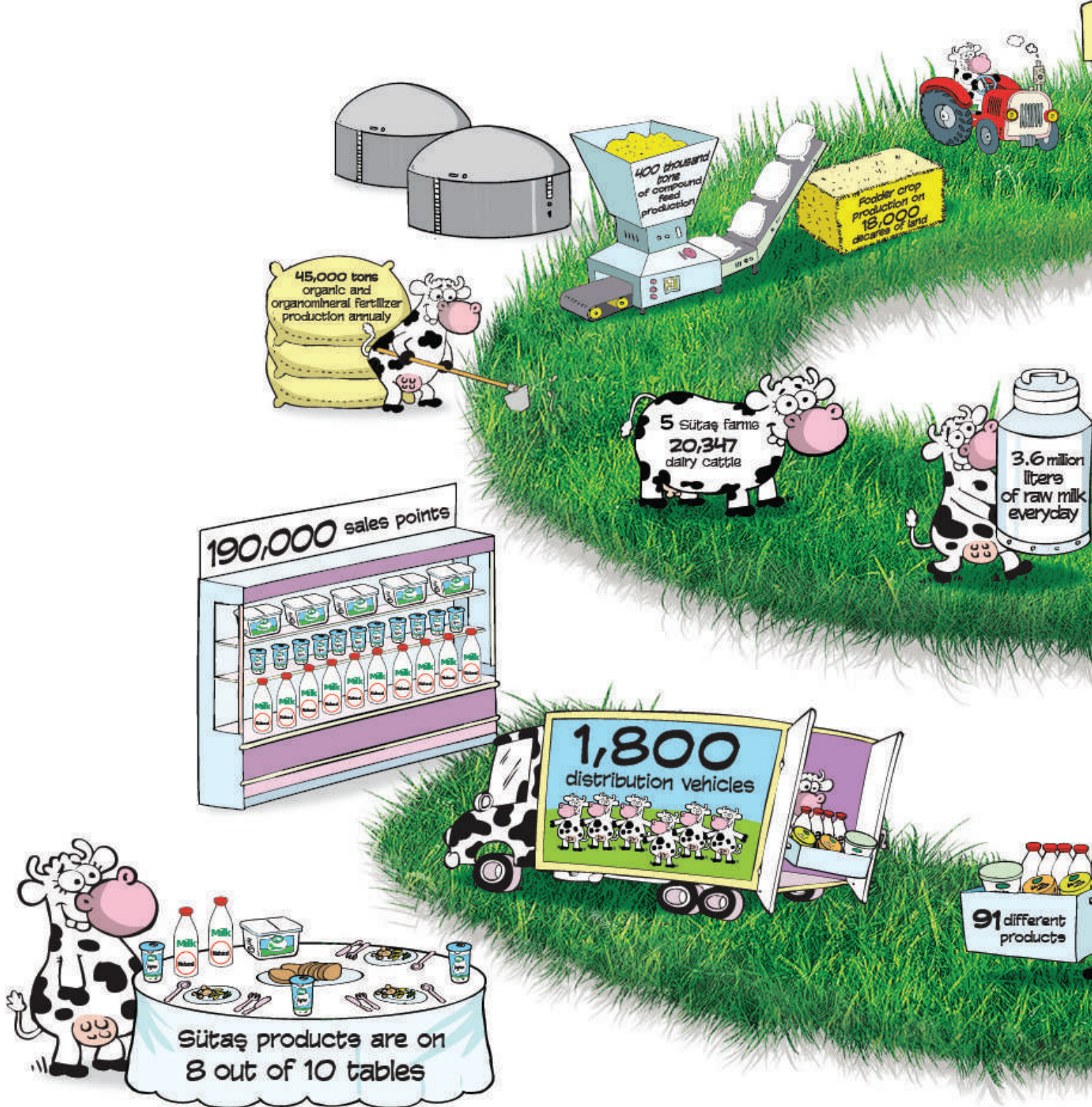
20. Financial Rights

Payments made to the Members of the Board of Directors and Senior Executives within the framework of the Remuneration Policy are evaluated each year by the Corporate Governance Committee and the Board of Directors. In the footnotes of the financial statements prepared by the company, the payments made to the Members of the Board of Directors and the Senior Executives are disclosed to the public collectively.

The company does not allow our Members of the Board or Senior Management to engage in any transactions with the company that could lead to a conflict of interest, including lending, loaning, or collaterals.



Our “Farm to Table”



Integrated Business Model



*Natural Taste
From Farm to Table*

