



SÜTAŞ SÜT ÜRÜNLERİ A.Ş.
ANNUAL REPORT
2022



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.



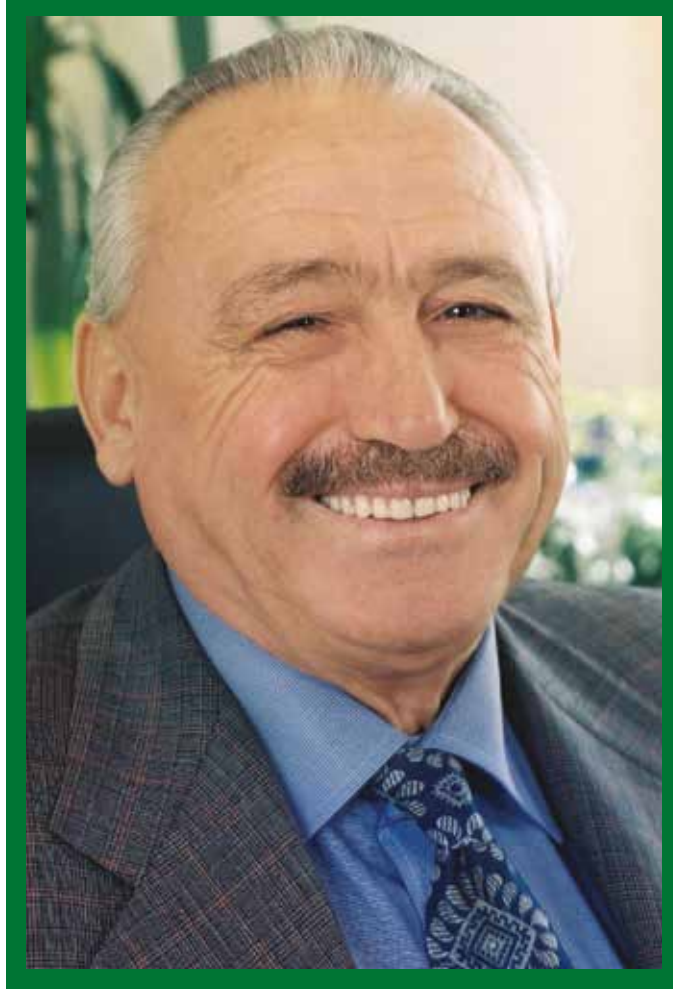
SÜTAŞ A.Ş. FINANCIAL REPORT AND EXPLANATIONS 2022

CONTENTS

1. MAJOR DEVELOPMENTS IN TURKEY AND OUR ACTIVITIES	6
2. HUMAN RESOURCES ACTIVITIES	8
3. MANAGEMENT SYSTEMS ACTIVITIES	10
4. CONSUMER MARKETING ACTIVITIES	11
4.1 Key Market Developments	20
4.2 Export Activities	21
5. SÜTAŞ A.Ş. FINANCIAL INFORMATION 2022	23
5.1 General Information	23
5.1.1 Accounting Period of the Report	23
5.1.2 Trade Name	23
5.1.3 Trade Registry Number	23
5.1.4 Headquarters and Contact Information	23
5.1.5 Website	23
5.1.6 Branches and Contact Information	23
5.1.7 Organizational Structure and Senior Management	23
5.1.8 Shareholding Structure	24
5.1.9 Direct and Indirect Affiliates and Share Ratios	24
5.1.10 Board of Directors	25
5.1.11 Committees of the Board of Directors	25
5.1.12 Information on Transactions Performed by the Members of the Board of Directors under the Non-Competition Restriction	26
5.1.13 Compensation and Financial Rights Provided to the Members of the Board of Directors and Senior Executives	27
5.1.14 Research and Development Activities	27
5.1.15 Domestic and Foreign Investments	27
5.1.16 Information on Private and Public Audits	27
5.1.17 Major Lawsuits	27
5.1.18 Judicial and Administrative Sanctions	27
5.1.19 Aids and Donations	27
5.1.20 Relations with the Controlling Company	27
5.2 Corporate Governance	28
5.2.1 Board of Directors	28
5.2.2 Working Principles of the Board of Directors	30
5.2.3 Committee Assessment of the Board of Directors	30
5.2.4 Internal Control and Audit Activities	30
5.2.5 Risk Management	31
5.3 Financial Information and Explanations	31
5.3.1 Consolidated Balance Sheets for January 1–December 31, 2022	32
5.3.2 Consolidated Profit, Loss, and Other Comprehensive Income Statement for January 1–December 31, 2022	33
5.3.3 Developments After January–December 2022	34
5.3.4 Key Indicators of Financial Results	34
5.3.5 YManagement’s Financial Situation Assessment	34
5.3.6 Dividend Distribution Policy and Dividend Distribution	34
6. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT	36



OUR FOUNDER



Sadık YILMAZ
(1929 - 2005)

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





Dear stakeholders,

Unfortunately, our country was shaken by two major earthquakes in Kahramanmaraş on February 6, 2023, as we were preparing our annual report for 2022. We all deeply felt the pain of the lives lost in the earthquake. We strive to recover and heal our wounds by mobilizing and showing solidarity across the nation. We have taken responsibility and stood by the earthquake victims in the disaster area since day one. Closely following the dairy product needs of the region affected by the earthquake, we delivered our aid through public institutions, the Disaster and Emergency Management Agency (AFAD), and our own distribution organization. We communicated with the producers in the region, bought their milk, and provided them with as much feed support as we could. We will continue to do our best to support our earthquake victims until these challenging times are over.

Esteemed Stakeholders,

The year 2022 saw the continuation of the global uncertainties and challenges caused by the pandemic, the worsening of supply chain issues with the Russo-Ukrainian War, rising raw material costs, primarily energy, and countries grappling with high inflation. While the increases in commodity and food prices due to the war, global financial fluctuations, and uncertainties affected the economies, the Turkish economy exceeded expectations by growing 5.6 percent in 2022 with the contribution of domestic consumption.

During this period, high inflation and increasing costs negatively affected the dairy industry as well as others. The supply and demand equilibrium in the market was also affected by these developments. Despite all these challenges, motivated by a deep sense of responsibility, we worked to ensure our consumers can enjoy our natural tastes in the easiest, most affordable, and most reliable manner, all the while sharing the goodness and abundance of milk. Thanks to our strong and integrated "Farm to Table" supply chain structure, which enables us to manage the entire chain competently and collaboratively, we were not significantly affected by these developments. We expanded our business with our efforts in 2022 while continuing our investments. We kept track of the changing conditions, the changes in the demands of our customers, and the latest developments. To that end, we strengthened our processes, took measures, and increased our efficiency.

We successfully expanded into new markets, forged direct commercial relationships with global food companies, and significantly improved

our export figures. As a result of all these efforts, we managed to increase our net sales to 14 billion Turkish lira and our total assets to over 7 billion Turkish lira in 2022, maintaining our market leadership in branded products.

Our eagerly anticipated investments in Süttaş Eastern-Southeastern Anatolia Dairy Project, Bingöl Integrated Facilities continued at full speed under these conditions, as we realized 1.55 billion Turkish lira in investments. Our farms expanded, our livestock increased, and new production lines were put into operation at our dairy factory. In addition to our set yogurt and ayran production, we also started producing UHT milk and strained cheese. I am delighted to announce that we are ready to open this key facility in our country.

In 2022, we continued to strengthen our foreign investments. Our facility investment in Pakistan, a joint venture with Nishat Group, continued without interruptions despite various adverse conditions and natural disasters in the country. We aim to put this major investment into service in 2023. We spent a year in North Macedonia developing our commercial relations with our customers.

As you know, our "Farm to Table" business model not only ensures food safety and supply security, but also enables us to achieve very important results in the field of sustainability. As the efficient use of our world's limited resources becomes more important every day, our industry remains at a critical point in providing people with a healthy and balanced diet. We confidently continue to carry out our activities in line with our 2025 sustainability goals, while strengthening our commitments in the process.

As our Republic celebrates its 100th anniversary in 2023, Süttaş leaves almost half a century behind. I am proud of where we have come at our 48th year, the great team we have built, and the business results we have achieved. I am seeing that we are ready for the new century of our Republic with our integrated facilities, technologies, and specialized teams located all over Turkey.

I'd like to express my deepest gratitude to all our colleagues who have embraced our mission, upheld our values, and devoted their efforts to the dairy industry and Süttaş, as well as our customers, business partners, and esteemed shareholders who share our vision.

Best regards,

Muharrem YILMAZ

Chairman



1. MAJOR DEVELOPMENTS IN TURKEY AND OUR ACTIVITIES



20 Years of Süttaş Farm Cartoons!

“Süttaş Farm Cartoons”, one of the key elements of Süttaş’s fun communicative language, celebrated their 20th year in the last months of 2022. The event held at Wyndham Grand Levent for the 20th anniversary of “Süttaş Farm Cartoons” saw the opening of the “Süttaş Farm Cartoons Exhibition” and the introduction of an NFT collection.

Consisting of Süttaş Farm Cartoons created by Faruk Bayraktar from Hürriyet Newspaper since 2002 and enjoyed by readers for 7,418 consecutive days, the exhibition was open to enjoyers of cartoons at ÖzdilekPark İstanbul for two weeks. More exhibitions are planned at various locations throughout Turkey as part of the 20th-anniversary celebrations.



The timeless Süttaş Farm Cartoons have been published in digital and social media as well as print media for a long time. The NFT collection, which consists of comic strips from the past 20 years, entered the Web 3.0 world through the Süttaş account on the OpenSea platform.



Süttaş Collaborated with Atlas Tarih Magazine for the 100th Anniversary of August 30 Victory Day

The special “Atlas Tarih Magazine August 30” issue, prepared with the contributions of Süttaş and enriched with unique photographs, was published on the 100th anniversary of August 30 Victory Day. In this special edition, historians, researchers, and journalists from Turkey examined the “Great Victory” from a multi-faceted perspective.



Süttaş Becomes the Industry Representative of the Erasmus+ “European Excellence in Dairy Sector” Project in Turkey

Süttaş became the industry representative of the Erasmus+ “European Excellence in Dairy Sector” project in Turkey. The project aims to establish a Center of Vocational Excellence for the Turkish Dairy Industry, close the gap in research and development personnel required by the sector, and increase the knowledge and skills of the existing workforce.

Considered to be essential for nutrition and public health, dairy products are considered one of the 13 areas to focus on in the Erasmus+ training program for the European Union's (EU) Centers of Vocational Excellence. After the call for proposals for "Centers of Vocational Excellence" made in 2021 as part of Erasmus+, the EU's education, training, youth, and sports program, the "European Excellence in Dairy Sector" project was selected, making Süttaş the industry representative in Turkey.

Süttaş Wins the Corporate Governance Association of Turkey's Corporate Governance Award for the 8th Time!



Süttaş received the Corporate Governance Award given by the Corporate Governance Association of Turkey (TKYD) in the "Non-Public Real Industry Company" category for the 8th time. Süttaş maintained its first place by receiving the highest score since 2015.

Süttaş Selected "Most Reputable Brand of the Year" in the Food Industry at The ONE Awards

Süttaş was selected the "Most Reputable Brand of the Year" in the food industry by public voting at The ONE Awards Integrated Marketing Awards held in cooperation with Marketing Türkiye and Akademetre.



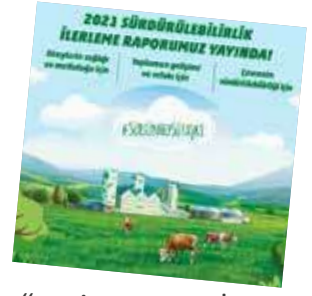
Süttaş Takes First Place in the "Yogurt" Category at the Food Stars Award Ceremony

Süttaş Yogurt became the Food Star at the "Food Stars Award Ceremony" organized by the students in the Food and Healthy Nutrition Club at Yıldız Technical University (YTU) Food Engineering Department.



Süttaş Published Its Sustainability Progress Report

Aiming to contribute to the "health and happiness of people," "development and prosperity of society," and "environmental sustainability" with the sustainability-oriented "Farm to Table" Integrated Business Model, Süttaş published the "Sustainability Progress Report 2021."



Süttaş met 80 percent of its electricity needs in 2021 with the renewable energy produced from the fertilizers in its farms and organic waste and aims to increase this rate to 100 percent by 2025. Revising its solar power plant investment target from 10 MW to 25 MW, Süttaş plans to cover 50 percent of its heating needs from renewable energy.



Süttaş Launches Its New Website

Süttaş launched its new, up-to-date and comprehensive website in two languages (www.sutas.com.tr and www.sutas.com), showcasing its products, "Farm to Table" integrated business model, sustainability studies, HR practices, and "News" section. Some of the innovations on top of the various content on the renewed website:

- Comprehensive content was prepared for the "Farm to Table" business model and moved to the main menu.
- "Sustainability" studies were added to the main menu with comprehensive content.
- The comic strips page was improved for easy access
- User experience was improved so that it can be adapted to all devices by making use of a plain design approach and up-to-date technologies.



2. HUMAN RESOURCES ACTIVITIES

Training and Development

Sütaş aims to support corporate development and accelerate learning through training and skill development. We organize all development activities under the “Love of Milk Academy.” We encouraged our employees 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 63,688 hours of training in 2022. The average training hours per person were 13. In-house trainers provided 86 percent of total in-house training sessions. The training programs continued to focus on professional training for mastery and expertise and on corporate development.



The Love of Milk Academy Development Portal

We added innovations to the Love of Milk Academy Development Portal, which offers a remote learning experience to our colleagues, and launched a mobile application along

with the digital training catalogue. We carried out launch activities to introduce the innovations to our employees.

We introduced 6,410 development solutions in our digital education catalog to our colleagues, and implemented the “Theme of the Month” and “Academy Suggests” themes in line with the evolving needs.

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 2022, the participant satisfaction survey for the Orientation Program registered an average of 4.87 points.

Sütaş Production School

Dairy Farming Certificate Program

The “Dairy Farming Certificate Program,” which aims to enhance the professional skills of our specialists and above and increase the skills and expertise of our colleagues in their career planning, was organized online for the 2020–2022 academic year. The 14 training sessions of the program were concluded with in-house trainers and achieved a satisfaction score of 4.46. In 2022, the final exams and re-exams were completed with 22 people, and 17 people graduated from the program.

Sütaş Sales School

Field Sales Development Program

As part of the Sales School, the “Strategic Sales Management—Train the Trainer” program was organized for all of our Sales Managers, Regional Sales Managers, and Regional Managers within the Deputy Directorate General for Sales Operations with a focus on expanding our Sales Internal Trainer staff.



Our 12 internal trainers were included in the internal trainer project as part of our training program, which was completed with the training courses held at three different locations with 43 participants, and the workshops held at four integrated facilities.

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 employees, 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 55 participants, the program received a 4.40-point satisfaction score.

As part of the “Leadership Development Journey,” which was prepared in the digital environment under the Management School, the subjects of Leading the Team and Leading the Future were discussed.

Sütaş Specialist Development Program (Sütaş UP)

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 2022, 47 people participated in Sütaş EP. The program 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 4.51-point satisfaction score.

Training on Our Values

As of April 2019, we have implemented a series of training programs across our integrated facilities, operational sites, and headquarters. The primary goal of these programs is to instill the core human values of respect, responsibility, excellence, and passion in each of our employees, ensuring they are embodied in all aspects of our operations. As of the end of 2022, a total of 4,993 people attended the ongoing training courses throughout Turkey.

“Each Manager Is a Human Resources Manager” Training

The “Each Manager Is a Human Resources Manager” program welcomed 86 participants. 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.

Support for English Education

We aimed to contribute directly to the language development of our colleagues by starting English education with Rosetta Stone, which offers memorable visual and auditory interactions and provides digital access to lessons from anywhere.

Sütaş Internal Mentoring Program

We completed our work for the Sütaş Mentoring Program, which we carry out in order to constantly grow and develop to become a master and expert in our job at Sütaş, go further into depth with the tasks we take part in, and shape the future by gaining new perspectives. We prepared our mentors and mentees for their mentoring journey with our training courses.



With the Sütaş Mentoring Program, we aimed to help our colleagues reach their goals in their career development journeys and support the onboarding of our new talents.

The Love of Milk Group

The Love of Milk Band, composed of volunteering Sütaş employees, organizes in-house events, hobby clubs, and competitions to boost employee motivation through entertainment and encourage socialization of families through cultural tours outside the company. In 2022, we reached 66,463 contacts at 550 events organized by the Love of Milk Group. March 8 International Women’s Day, April 23 National Sovereignty and Children’s Day, World Milk Day, August 30 Victory Day, October 29 Republic Day, November 10th Program for Commemoration of Atatürk, and New Year Celebrations were among our special events that stood out in 2022.

Seniority Awards Ceremonies

The Seniority Awards were organized at all our locations separately, and 680 Sütaş family members received their awards at the ceremonies.

Suggestion and Kaizen Awards

At the Suggestion and Kaizen Award Ceremonies we held in May 2022, 445 colleagues were recognized for improving the quality and efficiency of our operations with their suggestions.



3. MANAGEMENT SYSTEMS ACTIVITIES

The Age of Robots in Business; Robotic Process Automation (RPA)

In 2022, the Information and Communication Technologies department held RPA awareness events in collaboration with other company departments. We learnt about RPA technology and saw how we can utilize it in our processes alongside our consultancy firms.

These efforts continued with the RPA technology process analyses made on a departmental basis. We determined our business needs and processes after extensive analysis. To that end, we started commissioning the RPA software that we offer with the Information and Communication Technologies infrastructure and develop with our own resources. These projects include:

- Distributor Delivery Note Automation
- Distributor Return Process Automation
- EE-Archive Invoice Automation
- Advance and Cost Processes Automation

We Completed Digital Transformation in Our Refrigerant Processes

At the end of 2020, we completed the first phase of our “Refrigerant Tracking System (RTS)” project started for the monitoring of our indispensable refrigerants, and registered all of our refrigerants. We ended 2021 with 100% verification performance with the Refrigerant Tracking System, which enables us to monitor all refrigerant movements.

Thanks to RTS, we are able to manage refrigerant demand, return, and verification processes from mobile devices and ensure that our regions gain operational speed while saving paper.



Mono Distributor Handheld Terminal and E-Transformation Project

We renewed the handheld terminals and printers used by our mono distributors with up-to-date hardware and software. By including new devices in mobile device security, we are now able to monitor the status of devices on site. Hardware and Application managers are now able to offer troubleshooting by connecting to devices remotely. This change has enabled our mono distributors to move faster, more efficiently, and more safely on site.

After the studies we carried out together with our Sütas Sales Operations Department, we ensured that all our mono distributors started using e-Invoice and e-Archive. With our e-Transformation Project, we prepared our on-site teams for the e-Transformation carried out by the Turkish Revenue Administration (GIB). To that end, we made the necessary plans by reviewing the business processes for the software and equipment needs of our mono distributors. After the successful transition of 150 mono distributors determined by Financial Affairs in the first phase, we included all our distributors in our e-Transformation process.

We Updated Our E-Mail Servers and Application

We renewed the Windows operating systems and email software of our email servers with their current versions. We moved 2,000 active email accounts to new servers. With this update, we minimized any risks to our business continuity and information security. Our server count decreased thanks to stronger infrastructure and resource use. In doing so, we also decreased our licensing, refrigeration, and maintenance costs. We started archiving our emails in a healthier manner based on the policies we determined and revised our backup systems.

4. CONSUMER MARKETING ACTIVITIES



Sütaş and Ezo Sunal came together in “Songs from the Farm”

After the “Tales from the Farm” series, which is approaching 8 million views, and was implemented and supported with an intensive communication plan in order to contribute to the emotional and mental development of children as well as their healthy nutrition, we introduced “Çiftlikten Şarkılar (Songs from the Farm)” for the children in the last quarter of 2022.

In the first song of the “Songs from the Farm” series published on our YouTube channel, we collaborated with Ezo Sunal, who writes storybooks for children, composes songs, and organizes play workshops and educational activities. Having written the lyrics and music of “Buzu ile Zıpla (Jump with Buzu),” Ezo Sunal adds fun to the world of children with Buzu and her friends on the farm, and helps them get to know the natural life at the Sütaş Farm.

Including digital advertising models, our song was watched by 33 percent of the children in our target audience in the first month of its launch. It took sixth place on YouTube Ads Leaderboard Türkiye, which was determined by YouTube in the fourth quarter according to criteria such as interaction, viewing rates, and accurate targeting among videos from all industries. We bonded with the children over our song while lending a helping hand to mothers as they raise their children.



The Sütaş Ramadan Campaign

As part of our Ramadan campaign, we aired commercials on TV, radio, outdoor and digital channels, our customized videos for 81 cities, and our cooperation with Nefis Yemek Tarifleri, Turkey’s most visited recipe website. We conveyed our message “Iftar in Turkey, Pride for Sütaş” to our target audience through different channels.

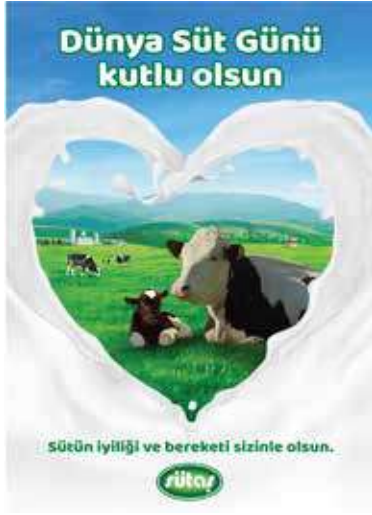
We delivered our Ramadan message to 82 percent of our target audience with the “Yanık Kayınço (Brother-in-Law on Fire)” and “Utangaç Enişte (Shy Uncle)” commercials on TV.

Our 81 customized videos, which we prepared exclusively for each province and showed in the hours close to Iftar in the relevant province, were watched 29.3 million times in total on YouTube.

We prepared eight popular recipes with Sütaş tastes during Ramadan in cooperation with Nefis Yemek Tarifleri, and these videos received a total of 15.4 million views. We shared our “Healthy Eating in Ramadan” suggestions in cooperation with nutritionists on our social media accounts and on YouTube throughout the month.

On the first day of the holiday, popular influencers made dishes with Sütaş tastes and shared them with their followers on their social media accounts.





World Milk Day Communication

We aired our commercial on television in celebration of World Milk Day with the message “May the goodness and abundance of milk be with you. Happy World Milk Day.” Mothers, children, women, and sports influencers who reach different target groups on social media raised awareness of the benefits of milk on social media using filters and GIFs. Similarly, with a view to underlining 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.



Fresh from the Farm with the Love of Milk Campaign

We became the milk brand that made the highest campaign investment in the plain milk category in 2022 with our commercial for Fresh from the Farm with the Love of Milk, with which we aim to be Turkey's most natural and reliable dairy brand.

The commercial highlighted that the fresh and natural milk from the happy cows of Süttaş Dairy Farm comes “Fresh from the Farm with the Love of Milk,” and supported our brand on TV, radio, digital media, and field events. With our strong communication investments and field events, we increased our market share by growing by 1 percent in the plain UHT milk market, which contracted by 9 percent in 2022.



Süttaş Lactose-Free Milk Campaign

For four months, we aired our commercial targeting lactose-intolerant consumers to help them enjoy a carefree day with Süttaş Lactose-Free Milk. We promoted our brand on TV, radio, digital media, and with field events. We boosted our household penetration by gaining new consumers with our lactose-free milk campaign investments and grew 34 percent more than the market.



New Süttaş Chocolate and Fruit Milk Campaign

We became the most communicative children's milk brand throughout the year with two different versions of our new chocolate and fruit milk communication



campaign for summer and winter and strengthened our brand's bond with children.

In our new commercial, we invited children to have fun with Sütaş Milk at home, at school, and in the park with the motto "Stick the straw wherever you are, have fun with Sütaş Milk" in a fun new song.

In addition to our commercial, we also reached our consumers through digital channels and shopper events. We invited children to the fun world of our "Neşeli Eğlenceli (Happy & Fun)" app to play games and sing our fun songs. More than 50,000 children downloaded our "Neşeli Eğlenceli (Happy & Fun)" app during the summer vacation and mid-term holidays, and became a part of the fun world of Sütaş Chocolate and Fruit Milk.



Sütaş Launches New Chocolate Milk! Turkey's First 1L Chocolate Milk That Can Be Consumed Both Hot and Cold Hits the Shelves!

We transformed everyone's favorite Sütaş Chocolate Milk into a brand new experience with a new formula suitable for both hot and cold consumption.

The new Sütaş 1L Chocolate Milk took its place on the shelves in December and is now available for consumption by all ages. With the new Sütaş 1L Chocolate Milk, which offers a more intense chocolate taste, we offered a brand new alternative that consumers can consume hot or cold with pleasure every season.



Sütaş Salep, the Indispensable Taste of Winter Days, Took Its Place Hits the Shelves This Winter!

In line with our vision to carry Anatolia's traditional recipes into the future with our advanced technology and expertise, we once again provided our consumers with Sütaş Salep, the popular drink of cold winter days.

Throughout winter, we continued to remind people of Sütaş Salep with weekly-updated content, and supported our digital communication with our powerful shopper events.

With our strong communication support and field events, we achieved 45 percent growth and became the fastest-growing brand in the Salep category, which contracted by 8 percent in 2022, and became the category leader by increasing our market share by 13 percentage points.





“This cheese is unlike any other! This Kashkaval Cheese is SÜTAŞ Kashkaval!” Communication Campaign

The campaign ran throughout 2022, reaching the target audience on every platform, and highlighting the taste, versatility, and superior performance of the SÜTAŞ Kashkaval Cheese. Through our communication campaign with the key message “This Kashkaval Cheese is unlike any other! This Kashkaval Cheese is SÜTAŞ Kashkaval!” we achieved high visibility through strong television communication, as well as on the most listened-to national and digital radio channels, digital food platforms, outdoor spaces, social media, and stores with shopper events. Thanks to all these campaign efforts, SÜTAŞ Kashkaval Cheese remained the leading brand in the market.

SÜTAŞ Shredded Kashkaval Cheese is now available!

SÜTAŞ continued to expand its Kashkaval Cheese product portfolio to cater to the evolving needs and preferences of its target audience. SÜTAŞ Shredded Kashkaval Cheese took its place on the shelves to present a practical product alternative to consumers who consume kashkaval cheese by shredding it.

New Izgarella Packaging!

Izgarella took its place on the shelves with its new 120g, two-piece packaging.

“Masterful Tastes with the Love of Milk” Cheese Family Grows!

In 2022, we continued to expand the portfolio of “Masterful Tastes with the Love of Milk” in order to meet all the needs and usage habits of our target audience.

Produced from cow, sheep, and goat milk and matured for at least 12 months for a rich taste, SÜTAŞ Aged Kashkaval Cheese took its place on the shelves in its new package of 200g as well as 350g. The packaging design was also renewed to better suit the Masterful Tastes family. SÜTAŞ Classic Kashkaval Cheese 200g, produced solely from cow’s milk and matured for at least 120 days, was also added to the portfolio.

SÜTAŞ Cheddar 200g, which is one of the key ingredients of sauces and which attains its unique rich taste by maturing for four months, enriches breakfast tables, cheese platters, and sandwiches, and adds taste to meat and chicken dishes, was launched for consumers who want to invite more joy and variety to their tables.

The packaging of SÜTAŞ Mihaliç Cheese, which is in our current portfolio, was changed from 350g to 200g, and the product design was renewed to better suit the Masterful Tastes family.



SÜTAŞ SÜZME Cheese Campaign

With our campaign “Lots of Reasons to Savor, SÜTAŞ SÜZME Is Like No Other,” we conveyed the unique taste and consistency, variety of occasions, and health benefits of SÜTAŞ SÜZME, one of Turkey’s most popular cheeses, as well as children’s preference for it.

With this campaign, we remained the only brand that makes regular marketing investments in its category. We reached our consumers through TV, radio, digital channels, outdoors, and point-of-sale events.



Sütaş Labaneh Recipe Campaign

We aimed to increase the awareness of Sütaş Labaneh and encourage people to try Sütaş Labaneh with our recipe campaign, which we continued throughout the year across digital channels. Despite the decrease in total cheese consumption in 2022, we managed to become the only brand that increased its market share in the labaneh market, achieving higher growth than the market itself.

Sütaş Portion White Cheese HO-RE-CA Launch

We expanded our portfolio with our new white cheese product in order to meet the needs of HO-RE-CA channels. Developed with chefs, our new product has many uses with its perfect salt

ratio, texture, taste, and cooking performance, including desserts, sauces, and snacks.



Classic White Cheese 300g Launches

We enriched our White Cheese portfolio with new packaging to meet the needs of consumers and shoppers. We targeted consumers who prefer small packages with our 300g cow, sheep, and goat cheeses.

We also improved our visibility with new packaging and renewed product design.



We Introduced Sütaş Extra Thick Texture Strained Yogurt to Our Consumers in New 900g Bucket Packaging

We expanded our portfolio with the new Sütaş Extra Thick

Texture Strained Yogurt in 900g bucket packaging for consumers who are looking for a thick texture in their strained yogurt.



In order to meet the thick texture expectations of strained yogurt consumers and increase the options they can purchase based on their needs, we introduced the new Sütaş Extra Thick Texture Strained Yogurt in 900g packaging. We created a brand block for Sütaş Strained Yogurt by launching our Sütaş Extra Thick Texture Strained Yogurt 900g product in December and putting it on the shelves.

In the packaging design, we included food and appetizer images on two sides. We placed a QR code to direct our consumers to our various appetizer recipes and strained yogurt recipes. We reached out to shoppers during the New Year period by distributing our leaflets containing recipes with Sütaş Strained Yogurt. Sütaş Strained Yogurt grew by 88 percent in turnover in 2022.

Source: OLAP, Turnover, excluding HO-RE-CA, 2022

We Emphasized Our Use of Natural and Fresh Ingredients in Sütaş Garlic Yogurt and Caciki Campaign

With our campaign, which we ran in March and July of 2022, we explained the naturalness, freshness, and health benefits of each ingredient in our products, and aimed to increase awareness.



We collaborated with influencers on social media while publishing our digital advertising content for the target 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. We reached a wide audience by showcasing our commercial on displays at Metro, Metrobus, and Ferryboat lines in Istanbul. We explained to the shoppers that we carefully prepare our products at sales points while maintaining consumer engagement through our advertisements. We implemented a CRM plan with MMS, location-based texting, banners on mobile applications, and inserts. In 2022, Sütaş Garlic Yogurt grew by 75 percent, and Sütaş Caciki grew by 77 percent in turnover.

Source: Nielsen Retail, Turkey Total, 2022





Süttaş Brings Its Extra Thick Texture Strained Yogurt to HO-RE-CA Customers

We launched our completely natural and additive-free “Extra Thick Texture Strained Yogurt” product, which we developed in line with the expectations of chefs. With Süttaş Strained Yogurt, we grew 33 percent in metric tons and 217 percent in turnover in the HO-RE-CA channel launched in 2022.

Source: OLAP, Net Weight, HO-RE-CA (EDYT+YED), 2022

We Aimed to Bond with Our Consumers with the “Yogurt That Yogurt-Lovers Trust” Campaign



With our “Yogurt That Yogurt-Lovers Trust” campaign, we aimed to establish an emotional bond with our consumers as the most reliable, most natural, and most delicious yogurt brand, and explain that Süttaş Yogurt does not contain any additives. We carried out our campaign on digital channels as well as TV and radio. In 2022, we grew by 91 percent in turnover with Süttaş Set Yogurt.

Source: OLAP, Turnover, excluding HO-RE-CA, 2022

We reached our target audience through the people they follow with our special influencer projects. We also enhanced the visibility of Süttaş Fruit Yogurt at sales points, guiding customers towards purchasing the product.

Süttaş Fruit Yogurt grew by 69 percent in turnover in 2022.

Source: OLAP, Turnover, excluding HO-RE-CA, 2022

We Emphasized the Difference in Taste and Texture of Süttaş Strained Yogurt with Our Recipe Campaign

With our “Refine the Taste with Süttaş Strained Yogurt!” campaign, we aimed to gain new consumers by expanding the uses of strained yogurt.



Strained yogurt is most often consumed during Ramadan and the New Year, so we ran the “Refine the Taste with Süttaş Strained Yogurt!” campaign during each of these occasions.

We reached our consumers on TV with banner ads of various food images and broadcast sponsorships during Ramadan. We shared YouTube, Instagram, and Facebook posts and stories with Süttaş Strained Yogurt recipe videos on digital platforms, and received 7.5 million views.

For our New Year’s campaign, we shared YouTube, Instagram, and Facebook posts and stories with Süttaş Strained Yogurt recipe videos on digital platforms, and received 5.7 million views. We directed users searching for recipes on YouTube to our recipe videos with a special advertising model and collaborated with influencers whose recipes garner a significant following.

We handed out leaflets with Süttaş Strained Yogurt recipes to shoppers during New Year festivities. We placed 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 texting, banners on consumer mobile applications, and inserts.

Süttaş Strained Yogurt grew by 88 percent in turnover in 2022.

Source: OLAP, Turnover, excluding HO-RE-CA, 2022



Süttaş Fruit Yogurt “Lots of Fruits, Lots of Taste” Taste Communication Aired for Our Consumers

With our Süttaş Fruit Yogurt campaign, we explained the taste and the feeling of pleasure that comes from adding plenty of real fruits to yogurt on each occasion.

We aimed to remind our consumers of our product and embrace their usage occasions with our campaign, which we ran with a different visual and plan for each of the “in between meetings,” “during exercise,” and “in front of the screen” occasions.





We Ran “Dinner” and “Breakfast” Campaigns for Süttaş Butter Throughout the Year!

We improved our reach by reaching customers through alternative channels and shopper events in addition to TV during the “Key to Children’s Health and Wellness, Süttaş Butter at Breakfast” campaign for Süttaş Butter, which is indispensable to breakfast tables with its delicious taste and naturalness, and free of additives and full of nutritional values, and the “For Your Health or Your Palate, Enjoy Your Recipe with Süttaş Butter!” campaign, which included the witty exchange of two groups who take care of themselves by eating healthily and focusing on the taste they are enjoying at the dinner table.

Thanks to these campaigns, Süttaş Butter remained the leader among branded products in the market in 2022, excluding discount markets.



This Recipe Is a Dream, Made of Süttaş Cream!

Our communication campaign ran throughout 2022 and highlighted the taste and versatility of Süttaş Cream. Be it a dessert, a main course, or a sauce, Süttaş Cream boosts the taste of any dish. The main message of our advertisement campaign, accordingly, is “This Recipe Is a Dream, Made of Süttaş Cream!”. In support of the compelling visibility of our commercial on television, we spread the word of the campaign across Turkey through banner advertising, radio, digital communication platforms, and shopper events.



Shake Süttaş Ayrın with Every Meal!

In our campaign, which was launched to ensure that Süttaş Ayrın is consumed in more households, we underlined that Süttaş Ayrın is indispensable for every daily meal.

The commercials featured everyday home meals, such as meatballs with pasta, and chicken with rice, accompanied by delicious Süttaş Ayrın to affirm the slogan that “Shake Süttaş Ayrın with Every Meal!”

The campaign, supported by two commercials and strong media investments, was presented to consumers on the radio, digital and social media, and field activities as well as on TV.

Cool Down with Süttaş Ayrın

With our “Cool Down with Süttaş Ayrın” campaign, we emphasized that Süttaş Ayrın is a beverage that cools, refreshes, and quenches thirst. In our commercial, we showed people who are overwhelmed by the heat on the street and on the beach drinking Süttaş Ayrın to cool off. Running on strong media investment, the campaign also utilized radio, digital, social media, and field activities in addition to television communication. With these campaigns:

- Süttaş Ayrın increased its turnover by 80 percent in 2022.*
- Süttaş Ayrın’s perception score for “Goes Well with Meals” increased from 54 to 56, while its perception score for “Cooling and Refreshing Products” increased from 30 to 39.**
- Süttaş Ayrın continued to be the most popular ayran brand by far as a result of the communication (52%).

Sources:

*Nielsen Retail, Turnover Change, Turkey Total, including HD, 2022.

**Ipsos, Brand Health Report on Soft Drinks, December 2022.





Kaf Kefir “Yeast from Caucasus, Naturalness from Süttaş”

The product campaign highlighted the Caucasian origins of the kefir yeast fermented in Kaf Kefir to distinguish the product from competitors. We cemented our message with our slogan, “Yeast from the Caucasus, Naturalness from Süttaş.” Running on strong media investment, the campaign also utilized radio, outdoor, digital, and field events in addition to television communication.

We also communicated with our consumers throughout the year with our weekly posts and stories on Kaf Kefir social media accounts.

Thanks to these efforts;

- Kaf Kefir increased its market share by 3.5 percentage points to 20.4 percentage points across its channels in 2022.*

Kaf Kefir increased its household penetration by 0.4 percentage points to 3.3 percentage points.**

Sources:

*Nielsen Retail, Volume Share, Local + Rest, 2022

**Ipsos, Household Consumption Panel, 2022

Kaf Kefir Product Family Expands with the Launch of Forest Fruits 1L

Combining the kefir yeast of the Caucasus with the freshest milk from the Süttaş Dairy Farm, the Kaf Kefir product family grew with the launch of Forest Fruits 1L. Standing out from its competitors with its natural immune-boosting “Elderberry” content, Kefir Forest Fruits managed to become the second best-selling product of Kaf Kefir in 2022.

Source: * Nielsen Retail, Volume Share, Local + Rest, 2022.

We Were On Air With Four New Hüptrik Commercials All Year Long!

We were on the air both on children’s TV channels and on digital platforms throughout the year with four new “The Fun Never Stops with Hüptrik” commercials for each season. We aired our commercials showing how the delightful taste of Hüptrik captivates and thrills children anytime, anywhere. With the campaign efforts supported by field events, we reached our highest household penetration in the last five years in the children’s fruit yogurt market,* and increased our market share to 21.2 percent with a +6.1 percent growth, while also achieving growth of +22.6 percent in metric tons.**



Sources:

*Ipsos, Household Consumption Panel Research, Turkey Total, 2022.

**AC Nielsen Turkey Total TR 2022.

We Continued Actively Sharing on Hüptrik Social Media Accounts Throughout the Year

Throughout the year, we have strengthened our brand bond with our followers with eight different Hüptrik GIFs and wallpapers as well as entertaining and instructive posts.





We Ran the “Freeze and Enjoy Büyümix!” Campaign All Summer

We supported our ice cream promotion with both field shopper events and TV children’s channels and digital communication from April 23 through September 17 with the slogan “Freeze and Enjoy!”.



Minimix Digital Communication is Aired!

With our commercials showing the fun of popping candies, we were on the air during the mid-term break and summer vacation periods when children spent more time online. With field studies throughout the year, we became the only brand that increased its market share by gaining +2.7 percentage points of market share in the children’s fruit yogurt market with Hüprik.

*Source: AC Nielsen, Turkey Total, 2022.



We Ran Our “Freeze Büyümix” Commercial All Summer!

We targeted children and shopping mothers with our “Freeze and Enjoy Büyümix, with 6 Different Shapes as Gifts!” ice cream promotion that we ran on children’s TV channels and digital platforms between June and September. We further supported the promotion through shopper events.



New Packaging Design for Minimix

In order to make our shelves more appealing and highlight the prominent features of Minimix, the characters in our packaging designs have been made more entertaining and the emphasis on popping candies has been increased, reflecting the fun of Minimix in the packaging.



4.1 Key Market Developments

In 2022, Sütaş reached 79.7 percent of all households in Turkey and 8 out of every 10 households in the dairy market. *

In 2022, the brand registered 56.8 billion Turkish lira in turnover, with a 94.6-percent growth in the packaged dairy products retail market. Sütaş maintained its position as the market leader in branded products with a 7.8-percent* turnover share. **

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

Category – 2022*	Volume Share (%)	Turnover Share (%)
Fruit Yogurt in Tube for Children (Hüptrik)	60.0	35.7
Light Fresh White Cheese Cultured Light	15.8	18.3
Ultra Filtrated White Cheese—Cottage	12.0	13.2
Mihaliç Cheese	3.8	6.2
Cream Cheese Regular	4.1	5.3
Light Spreadable Wedges	100	99.0
Ayran in a Cup	9.9	13.3
1-Liter Bottle of Ayran	22.5	24.7
Packaged Butter	12.0	14.5
Churned Butter	40.2	40.8
Pasteurized Whole Milk	37.7	46.5
Pan Yogurt	6.3	8.8
Flavored Yogurt	100	100
Light Yogurt	54.6	59.8
Standard Set Yogurt	7.0	9.4

Sources:

* Ipsos Household Consumption Panel, 2022

**Nielsen Retail Measurement Panel, Including Discount Markets, 2022, Among Branded Products

Sütaş Milk

In 2022, Sütaş Milk ranked third in the market with a 6.1-percent turnover share. Sütaş UHT Milk had a 6.4-percent turnover share, Sütaş Pasteurized Milk had 3.1 percent, and Sütaş Chocolate and Fruit Milk had 7.9 percent. *

Sütaş Butter

Sütaş Butter held an 7.8-percent share in 2022 turnover. *

Sütaş Yogurt

Sütaş Yogurt maintained its leadership in 2022 with a 9.6-percent turnover share. Sütaş Set Yogurt, Pan Yogurt and Light Yogurt maintained their leadership in 2022, with turnover shares of 9.4 percent, 8.8 percent, and 59.8 percent, respectively. The turnover share of Sütaş in Cream-On-Top Yogurt In a Glass Bowl is 14.6 percent. Sütaş Strained Yogurt registered a 66.2-percent turnover growth and completed 2022 with a turnover share of 10.1 percent. As for Fruit Yogurt for Adults, the turnover share of Sütaş stood at 5.4 percent.*

Sütaş Ayran

Sütaş Ayran registered an 80.1-percent turnover growth. Sütaş Ayran maintained its leading position in the ayran market in 2022 with a 20.5-percent turnover share. *

Sütaş Cheese

In 2022, Sütaş Cheese maintained its leading position in the cheese market with a 6.9-percent turnover share. Turnover shares in 2022 were 11.3 percent for Sütaş Fresh White Cheese (Total Cultured), 11.5 percent for Sütaş Strained Cheese (Total Strained Cheese), 8.0 percent for Sütaş Fresh Kashkaval Cheese (Regular), 8.4 percent for Sütaş Spreadable Wedges (Standard Flavor), 10.0 percent for Sütaş Labaneh, and 5.3 percent for Sütaş Cream Cheese.*

Taste, Joy, and Functional Products

Meanwhile, Sütaş Büyümix and Sütaş Tatlımmm completed 2022 with 7.9 percent and 5.5 percent turnover share, respectively. In the children's fruit yogurt category, Sütaş Minimix achieved 6.1 percent turnover share, while Sütaş Hüptrik achieved 15.5 percent in 2022.

Source:

*Nielsen Retail Measurement Panel, Including Discount Markets, 2022, Among Branded Products Sütaş Milk.



4.2. Export Activities

2022 was a record-breaking year for our exports.

Despite the “export bans” imposed on main export products during the year, we achieved a year-on-year turnover growth of more than three times and increased the number of our markets to 47.



Consumer group (retail and HO-RE-CA);

In the consumer product groups that reach the retail and HO-RE-CA channels in different countries, we achieved a turnover growth that was twice the export growth rate of the whole industry with a year-on-year increase of 75 percent with the contribution of new markets.

With the new connections established during the year, the company exported consumer products to Saudi Arabia, Switzerland, China, South Korea, Uzbekistan, the Democratic Republic of Congo, and the Maldives for the first time.

For our Germany-based European operations (Germany, the Netherlands, Belgium, Austria, and France), the growth momentum continued with the contribution of our new products, as our products are regularly available on the shelves at nearly 1,000 points. We also provide consumers with various products on Getir UK and yababa.com, a Berlin-based multicultural grocery delivery company.

In the Balkan markets, the contribution of exports to North Macedonia enabled an assertive entry into the Kosovar market, and our products are now released to the Bulgarian market in high volumes and at regular intervals.

Our share in Turkey's exports is 57 percent in Kosovo and 53 percent in Bulgaria.

As for the MENA (Middle East / North Africa) region, we achieved significant growth in the markets of Iraq, Israel, Jordan, Libya, the United Arab Emirates, and Oman. With the significant contribution of these markets, our exports of consumer products to the region increased by 82 percent.

We also made significant progress towards our goal of penetrating the Far East markets with consumer products and achieving sustainable trade. While the first exports to South Korea and China were made at the end of the year, Japan has now become a permanent and regular market.

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

We participated in the Gulfood, the world's largest annual food and beverage exhibition, held in Dubai in February and in the international WorldFood Istanbul in September. We discussed opportunities for cooperation at our stands with visitors from over 50 different countries.

We continued our below-the-line marketing activities for different cultures in various markets throughout the year and supported our Germany-based European operations with a digital campaign during Ramadan.

Industrial products B2B Sales

With the initiatives carried out in industrial products, our penetration of new markets, and the advantages provided by Süttaş's quality and unique business model, a growth of over 300 percent was achieved compared to the 11-percent growth in the whole industry thanks to the direct commercial relations established with global food companies.

The cyclical price increases, especially those in Europe, were utilized for the establishment of new business partnerships. While sales were increased in countries such as Algeria, Egypt, and Pakistan, the main export markets of Turkey, large-volume contracts were successfully converted into sales in markets such as the Netherlands, Nigeria, and Serbia, marking a first in the industry.





The export bans on butter, which were imposed in May, and on milk powder, which were imposed in September, damaged these new relations and caused serious decline in our exports in the second half of the year for industrial products.

Looking at the product and market details of industrial product exports;

- 94 percent of total EU exports from Turkey,
 - 33 percent of total butter exports from Turkey,
 - 100 percent of total exports from Turkey to Serbia,
 - 91 percent of exports from Turkey to Nigeria,
 - 100 percent of total exports from Turkey to the Netherlands,
 - 83 percent of exports from Turkey to Qatar,
 - T94 percent of exports from Turkey to Tajikistan,
- were carried out by Süttaş.

These significant achievements are the results of commercial relations established not only with “global trader” companies but also with many local - and global-scale direct manufacturers in different geographies.

These include global companies that are among the biggest in the Chocolate/Biscuit industry, market leaders in the Balkans, cheese production companies at the center of Europe, and MENA locations of EU-based Dairy Farmers.

5. SÜTAŞ A.Ş. FINANCIAL INFORMATION 2022

5.1. General Information

5.1.1 Accounting Period of the Report

The accounting period of the report is January 1–December 31, 2022.

5.1.2 Trade Name

Sütaş Süt Ürünleri Anonim Şirketi

5.1.3 Trade Registry Number

The 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

<http://www.sutas.com>

5.1.6 Branches and Contact Information

The 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 22
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 OfficeKeşan	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
İst. Avrupa Merter Bölge Md.	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
Izmir 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

The company's 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

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

Name/Surname	Departments
Murat ARAT	Chief R&D and Technology Officerı
H. Mustafa ÇEVİK	Chief Financial Affairs 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, 2022, we have a total of 4,482 employees, including those employed at our subsidiaries.

5.1.8 Shareholding Structure

Name/Surname	VALUE OF SHARES OWNED (TRY)	STAKE (%)
Yılmaz Holding A.Ş.	20.527.333,33	50.07
Muharrem YILMAZ	20.315.715,23	49.55
Diğer	156.951,44	0.38
TOPLAM	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) (%)
Euro Dairy DOOEL/ North Macedonia	Production, Sales, and Distribution of Milk and Dairy Products	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	100
Balkan Dairy Shpk/ Albania	Sales and Distribution of Milk and Dairy Products	50,000	50,000	100
Balkan Dairy Shpk/ Kosovo	Sales and Distribution of Milk and Dairy Products	50,000	50,000	100
Euro Dairy Farm DOOEL/ North Macedonia	Production of Wheat, Grains, and Seeds	5,000	5,000	100
Euro Dairy GmbH/ Germany	Sales and Distribution of Milk and Dairy Products	500,000	500,000	100

5.1.9.2 Joint Ventures

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	USD 18.84 million	USD 18.84 million	USD 9.42 million	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	22.04.2022
Serpil VERAL	Deputy Chairman	22.04.2022
S. Tank TEZEL	Deputy Chairman	22.04.2022
Murat ARAT	Member	22.04.2022
H. Mustafa ÇEVİK	Member	22.04.2022
Ergun ERMUTLU	Member	22.04.2022
Mürvet TEZEL	Member	22.04.2022
A. Duygu YILMAZ	Member	22.04.2022
Haydar YILMAZ	Member	22.04.2022
Eşref HAMAMCIOĞLU	Independent Member	22.04.2022

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 authority limits on the company's external representation and binding are outlined 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 committee convened four times between January 2022 and December 2022.

Name/Surname	Committee Title	Term Started On
Eşref HAMAMCIOĞLU	Chairman	22.04.2022
A. Duygu YILMAZ	Member	22.04.2022
Mürvet TEZEL	Member	22.04.2022

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 month

Name/Surname	Committee Title	Term Started On
Mürvet TEZEL	Chairman	22.04.2022
Serpil VERAL	Member	22.04.2022
A. Duygu YILMAZ	Member	22.04.2022

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	22.04.2022
Murat ARAT	Member	22.04.2022
Ergun ERMUTLU	Member	22.04.2022

5.1.11.4 Corporate Governance Committee

The Sustainability Committee consists of the members listed in the table below. The committee convened four times in 2022.

Name/Surname	Committee Title	Term Started On
Eşref HAMAMCIOĞLU	Chairman	22.04.2022
A. Duygu YILMAZ	Member	22.04.2022
Serpil VERAL	Member	22.04.2022



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, 2022 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, 2022 activity period equals 22.74 million Turkish lira.

5.1.14 Research and Development Activities

Sütaş Süt Ürünleri A.Ş. ("Company") spent 42.51 million Turkish lira on technology and R&D as part of its environmental and efficiency efforts in the January 1–December 31, 2022 activity period.

5.1.15 Domestic and Foreign Investments

The company invested 517.95 million Turkish lira during the January 1–December 31, 2022 activity period.

5.1.16 Information on Private and Public Audits

There were no public audits during the January 1–December 31, 2022 period. In the 2022 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 company's activities or financial status were filed against the company during the January 1–December 31, 2022, 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.

5.1.19 Aids and Donations

The company gave 576,565.48 Turkish lira in aid and donations to various institutions during the January 1–December 31, 2022, period.

5.1.20 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 holding company's instructions.



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 appointed as General Manager in 1989. He has been a member of the board at Süttaş since 2005.

He 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 TUGIAD 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 TUGIAD, and was the Chairman of the Corporate Governance Association of Turkey (TKYD). During the same period, he was vice president for the Turkish Enterprise and Business Confederation (TURKONFED) and Federation of Industrial Associations, the regional and sectoral stakeholders of TUGIAD, respectively.



SERPİL VERAL Deputy Chairman

Born on March 9, 1966, Serpil Veral obtained her bachelor's degree in 1989 from the Department of Food Engineering at Ege University. She started her career at Süttaş Süt Ürünleri A.Ş. in 1988. She served, respectively, as Production Manager, Quality Assurance Coordinator, Assistant General Manager of Technical Affairs, and Chief Management Systems Officer. She was the General Manager of Süttaş Süt Ürünleri A.Ş. from 2010 to 2016. Serpil Veral currently serves as a Board Member in addition to her role as Chief Management Systems Officer. Veral had previously served as the Vice President of the Turkish Industrialists and Businessmen Industrialists Association (TUGIAD) and is currently the Vice President of the Turkish Enterprise and Business Confederation (TURKONFED) and a Board 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. After working abroad, he returned to Turkey to complete his post-graduate studies. Tezel operated his own architecture practice between 1989 and 1994, and Süttaş recruited him 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. In addition to these duties, since 2013, Arat has served as the deputy chairman of Enfaş A.Ş., the energy industry company of the 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 successively promoted to deputy director of the 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 Süttaş in 2001 as the Marketing Consultant. He currently serves as the Chief Marketing Officer and a board member at Süttaş 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 Süttaş when 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 Süttaş 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 Süttaş 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 Süttaş 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 Süttaş 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 HO-RE-CA Food and Consumption Services Group Director. He has been a member of the board at Süttaş A.Ş. since 2010 and has served as the General Manager for the North Macedonian operations of Süttaş 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 except for 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 to members of the Executive Committee in compliance with the restrictions and limitations as outlined in a previously agreed-upon internal directive. Within that scope, the board may annul, amend in whole or part, or reformulate the delegated authorities.

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

The board members (except for the independent members) cannot take on any duties outside of the company that would present a conflict of interest or prevent them from undertaking their tasks at the company.

As a principle, the board members 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 shareholder approval. 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.

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, 2022, 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 2022.

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 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 regulatory and contractual compliance

The company's audit function determines how well the internal control systems work, makes suggestions for improving existing systems, and establishes 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 company activities are carried out and supervised per 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 (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 relevant departments periodically monitor the debt-to-equity ratio, foreign exchange risk, and other such financial risk factors that could directly impact the company's financial position at weekly and monthly intervals.
- We implement the "Assurance-Risk Management System" to monitor customer-related risks. Our systems prevent the goods issue when customers exceed individual purchasing limits defined for them.
- The implemented SAP system is a crucial technological component that minimizes current risks and supports decision-making processes. 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's assets are insured against natural disasters like fires and earthquakes. The insurance policies, aligned with the assets' true values, are purchased from authorized insurance brokers.

5.3 Financial Information and Explanations

The consolidated financial statements for the activities in the years 2022 and 2021 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, 2022

Assets	December 31, 2022	December 31, 2021
Current Assets		
Cash and cash equivalents	772,479,871	205,904,509
Financial investments	95,605,038	935,598,766
Trade receivables	1,490,657,973	791,655,327
-Trade receivables from related parties	621,516	9,973
-Trade receivables due from non-related parties	1,490,036,457	791,645,354
Other receivables	66,346,906	60,295,666
-Other receivables due from related parties	--	56,157,630
-Other receivables due from non-related parties	66,346,906	4,138,036
Inventories	1,154,721,219	812,546,681
Biological assets	10,595,932	3,060,120
Prepaid expenses	153,100,222	32,191,932
Other current assets	308,817,992	154,731,665
Total current assets	4,052,325,153	2,995,984,666
Non-Current Assets		
Trade receivables	416,356	221,605
-Trade receivables due from non-related parties	416,356	221,605
-Investments accounted for using the equity method	89,781,123	59,496,607
Biological assets	558,720,187	197,897,800
Investment properties	4,826,898	4,830,781
Property, Plant and Equipment	1,667,237,259	1,370,526,670
Right-of-use assets	51,634,162	38,551,651
Intangible assets	49,246,832	39,612,768
Prepaid expenses	66,313,852	82,366,784
Deferred tax assets	635,166,660	122,893,079
Total non-current assets	3,123,343,329	1,916,397,745
TOTAL ASSETS	7,175,668,482	4,912,382,411

Liabilities	December 31, 2022	December 31, 2021
Short-term liabilities		
Short-term borrowings	60,576,163	1,042,071,001
Current portions of long-term borrowings	223,148,877	130,092,725
Lease obligations	59,270,459	18,568,853
Trade payables	914,845,408	687,662,122
-Trade payables to related parties	3,949,379	47,811,102
-Trade payables to non-related parties	910,896,029	639,851,020
Liabilities within the scope of employee benefits	71,059,082	34,970,350
Other payables	55,249,650	20,919,180
-Other payables to related parties	242,550	272,362
-Other payables to non-related parties	55,007,100	20,646,818
Deferred income	1,276,041	4,172,977
Short-term provisions	64,307,591	41,694,393
-Short-term provisions related to employee benefits	46,727,374	28,191,627
-Other short-term provisions	17,580,217	13,502,766
Total short-term liabilities	1,449,733,271	1,980,151,601
Long-term liabilities		
Long-term borrowings	418,076,219	636,966,667
Lease obligations	44,143,260	27,008,980
Deferred income	767,605	2,304,550
Long-term provisions	178,166,350	59,951,695
-Long-term provisions related to employee benefits	178,166,350	59,951,695
Total long-term liabilities	641,153,434	726,231,892



Shareholders' Equity	December 31, 2022	December 31, 2021
Paid-in capital	41,000,000	41,000,000
Other accumulated comprehensive expense	(63,193,525)	182,228,893
-Not to be reclassified in profit or loss	(114,803,601)	(23,237,543)
-To be classified in profit or loss	51,610,076	205,466,436
Reserves on retained earnings	43,120,677	40,325,677
Retained earnings	1,907,995,283	1,414,406,334
Net profit for the period	3,155,859,342	528,038,014
Total shareholders' equity	5,084,781,777	2,205,998,918
TOTAL LIABILITIES AND shareholders' equity	7,175,668,482	4,912,382,411

5.3.21 Consolidated Profit, Loss, and Other Comprehensive Income Statement for January 1 - December 31, 2022

Continued Operations	January 1–December 31, 2022	January 1–December 31, 2021
Revenue	14,338,293,890	5,900,056,161
Cost of goods sold (-)	(10,839,240,722)	(4,619,357,588)
Biological assets fair value differences	224,200,198	32,305,592
Gross profit	3,723,253,366	1,313,004,165
General administration overheads (-)	(414,039,347)	(238,844,201)
Marketing, sales and distribution expenses (-)	(978,914,763)	(460,348,554)
Research and development expenses (-)	(42,510,733)	(22,066,381)
Other income from ordinary activities	335,095,147	147,152,633
Other expenses of ordinary activities (-)	(254,671,801)	(90,405,253)
Real operating profit	2,368,211,869	648,492,409
Income from investing activities	322,351,631	157,397,025
Expenses of investing activities (-)	(17,212,639)	(22,810,291)
Shares of losses of investments accounted for using the equity method (-)	(27,201,116)	(14,029,807)
Operating profit before financial expenses	2,646,149,745	769,049,336
Financial income	261,991,250	318,786,810
Financial expenses (-)	(223,204,230)	(575,147,514)
Finansman giderleri (-)	2,684,936,765	512,688,632
EARNINGS BEFORE TAXES FROM CONTINUED OPERATIONS		
Tax income/expenses from continued operations	470,922,577	15,349,382
Tax expenses for the period (-)	(1,666,580)	(2,255,915)
Deferred tax income/expense	472,589,157	17,605,297
Net profit for the period	3,155,859,342	528,03,014
Not to be reclassified in profit or loss, pre-tax		
Defined benefit plans remeasurement gains/losses To be reclassified in profit or loss, before tax	(114,457,573)	(6,975,788)
Foreign currency translation differences	(59,172,546)	(58,260,868)
Gains from financial assets at fair value through other comprehensive income	(83,964,544)	305,969,967
Total tax on other comprehensive expenses of investments valued by the equity method	(27,512,177)	(19,352,705)
Total other comprehensive income/expenses, pre-tax	(285,106,840)	221,380,606
Total tax on other comprehensive expenses not to be reclassified in profit or loss	22,891,515	1,395,158
Total tax on other comprehensive expenses to be reclassified in profit or loss	16,792,909	(61,193,993)
Total other comprehensive income/expenses	(245,422,416)	161,581,771
TOTAL COMPREHENSIVE INCOME	2,910,436,926	689,619,785



5.3.3 Developments After January–December 2022

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

5.3.4 Key Indicators of Financial Results

Key Indicators	2022 (%)	2021 (%)
Current Ratio	2.80	1.52
Receivables Collection Period	28.6	38.4
Inventory Turnover Period	33.1	51.8
Total Debts/Total Assets	29	55
Gross Sales Profit Margin	26	22
Net Profit Margin	22	9

5.3.5 Management’s Financial Situation Assessment

In the January–December 2022 period, we achieved results similar to our estimations and expectations as well as our strategic growth targets. We increased our total assets from 4,912 million Turkish lira in 2021 to 7,176 million as of December 31, 2022. Our net sales registered as 14,34 billion Turkish lira, and our net profit for the period reached 3,156 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 following the corporate governance principles of the Capital Markets Board of Turkey. We aim to distribute at least 20 percent of the distributable income for the period calculated in compliance with the TCC and other relevant legislation in the form of cash and bonus shares. However, this policy is reviewed annually 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. Dividends are distributed by the end of the year at the latest 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 advanced dividend payments. The Board of Directors, provided that the General Assembly grants it the authority and it complies with the legislation in force, may declare and distribute advanced dividend payments.

The shareholders’ company equity, consisting of paid-in capital, capital reserves, and retained earnings, reached 5,08 billion Turkish lira as of December 31, 2022.



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 the company, and generating enduring value for stakeholders. With that in mind, we regulate the values, priorities, processes, and rules for our company's management; the powers and responsibilities of our managers; and the rights of all our stakeholders, especially employees, through the corporate governance principles to achieve a bright future.

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 outlined 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 to improve and enhance corporate governance practices continuously.

The SAHA Corporate Governance and Credit Rating, an international rating agency accredited in Turkey to issue ratings in compliance with the CMB Corporate Governance Principles, completed the "Corporate Governance Rating Periodical Revision Report." Our corporate governance rating was upgraded from 95.96 on December 30, 2021, to 96.04 on December 30, 2022. 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%	97.88
Stakeholders	15%	98.53
Board of Directors	35%	94.20
Total	100%	96.04

You can find the corporate governance rating report on our corporate website at <http://www.sutas.com>. We are continuing our efforts to advance our corporate governance principles further.

Eşref HAMAMCIOĞLU
Corporate Governance Committee
Chair

Serpil VERAL
Corporate Governance Committee
Member

A. Duygu YILMAZ
Corporate Governance Committee
Member



SECTION I—SHAREHOLDERS

2. Shareholder Relations Unit

Following 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 all shareholder requests for information.

The Shareholder Relations Unit consists of the following: Murat Özdalga Murat Coşkun Dilara Kara Murat Özdalga is the unit leader.

The contact information of our employees 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, secure, 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 following 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 helpful at General Assembly meetings
- Assisting the chairman of the meeting in ensuring that the General Assembly meeting minutes are duly taken, that the results of the voting are recorded, and that reports on the results are prepared
- Making recommendations to ensure that the annual reports are prepared as stipulated by the legislation and corporate governance principles.

3. Exercising Shareholders' Rights 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 Shareholder Relations Unit swiftly assesses and responds to inquiries for information as thoroughly, accurately, and carefully as possible.

Our shareholders may access explanations on frequently asked matters and developments that will significantly impact their use of rights on our website, <http://www.sutas.com> or at our company headquarters.

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



4. General Assembly Meetings

The General Assembly meeting, where the results of 2022 were discussed, convened at 11 a.m. on April 25, 2023, at the Uluabat neighborhood, Karacabey district, Bursa premises of Sütaş Süt Ürünleri Anonim Şirketi'nin (Sütaş A.Ş. or Company). A meeting invitation was issued in the Turkish Trade Registry Gazette No. 10803, dated April 3, 2023.

The invitation to the 2021 General Assembly Meeting was issued in the Turkish Trade Registry Gazette No. 10549, dated March 31, 2022. The meeting was held at the company headquarters on April 22, 2022. The registry and announcement about the 2021 General Assembly Meeting were published in the Turkish Trade Registry Gazette No. 10569, dated April 28, 2022.

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 TCC, any legislation or communiqué issued within the scope of the TCC, 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 the 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 the indicated branches. If amendments are to be made to the Articles of Association, the previous and amended versions should be included.

All shareholders may access information and documents about the previous General Assembly meeting on our website at <http://www.sutas.com>

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

Shareholders posed no questions during the General Assembly.

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 TCC's provisions.

Each shareholder or proxy present at the ordinary or extraordinary General Assembly holds one 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.

Shareholders cannot vote at personal business or litigation meetings between themselves or their spouses / their lineal and collateral relatives and the company.

Shareholders or external representatives at the General Assembly meetings may represent other shareholders by proxy in compliance with the TCC's provisions on proxy voting. The proxies, who are also shareholders, are entitled to vote per their own shares as well as per the shares of the principal shareholder.

There is no cross-shareholding relationship between our shareholders and our company.



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 following the corporate governance principles of the Capital Markets Board of Turkey.

We aim to distribute at least 20 percent of the distributable income for the period calculated in compliance with the TCC and other relevant legislation in the form of cash and bonus shares. However, the Board of Directors reviews this policy annually from the perspective of investment strategies required for long-term growth, the current economic environment, market expectations, financial requirements, profitability, and cash position and submits it to the General Assembly for approval.

Dividends are distributed by the end of the year at the latest 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 advanced dividend payments. The Board of Directors, provided that the General Assembly grants it the authority and it complies with the legislation in force, may declare and distribute advanced dividend payments.

7. Transfer of Shares

No provisions restrict the transfer of shares in the company's Articles of Association. The transfer of the shares is carried out under the TCC's relevant provisions.

SECTION II—PUBLIC DISCLOSURE AND TRANSPARENCY

8. Disclosure Policy

The purpose of the Sütaş A.Ş. Disclosure Policy is to provide accurate, complete, and transparent 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 TCC, other legal regulations, and corporate governance principles.

The Board of Directors assigns the Corporate Governance Committee to create, develop, and monitor the disclosure policy. Our company makes use of the following methods and tools when implementing the public disclosure and information policy:

I) 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 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 and the Turkish Accounting Standards, 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. Once approved by the Board of Directors, the annual report is disclosed to the public in Turkish and English on the website.

The Stakeholders Relations Unit evaluates any opinions, information, and meeting requests from stakeholders.

II) Notification via the corporate website:

Our corporate website at <http://www.sutas.com> 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

- About Sütaş
- Integrated Dairy Centers
- Corporate Governance
 - Shareholder Structure
 - Committees
 - Corporate Governance Committee
 - Audit and Risk Committee
 - Business Ethics Committee
 - Sustainability Committee
 - Career Management Policy
 - Disclosure Policy
 - Dividend Policy
 - Human Resources Policy
 - Information Security Policy
 - Donations and Grants Policy
 - Integrated Governance System Policy
- Code of Business Ethics
- Corporate Governance Principles Compliance Report
- Corporate Governance Assessment Report Information Society Servicesi
 - Trade Registry Information
 - Board Members
 - General Assembly Reports (Date of meeting, agenda, and list of participants for the General Assembly)
 - Company Auditor Information
 - Reports
 - Annual Reports
 - Sustainability Reports
 - Bingöl Regional Impact Analysis Report
 - Aksaray Impact Analysis Report
 - Academic Studies
 - News from Sütaş
 - Media Center
 - Information on the Field of Activity and Products

III) Disclosure through the Press and Monitoring News in the Press

- The Corporate Communications Coordination Office handles briefings via the press and addresses inquiries submitted by the media.
- The chairman assigns the spokesperson to represent our company on all communication channels, including the press.
- The Corporate Communications Coordination Office tracks 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 senior management.
- If the office comes across any non-factual news report related to the company, then the issue is brought to the chairman's attention.

IV) Disclosures to other stakeholders

- When shareholders ask questions or prompt previously non-disclosed information to be revealed, a team coordinated by the Corporate Governance Committee, consisting of the chairman, the head of the Shareholder Relations Unit, and the corporate communication coordinator, gathers 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 shall 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 Süttaş A.Ş. website on <http://www.sutas.com> is actively used to inform the public, as stipulated in the new TCC. The website is accordingly structured and sectioned and contains the components of corporate governance principles (Details are in Chapter 8, Disclosure, of this report).

10. Annual Report

The Board of Directors' annual report is prepared to ensure the public's access to complete and accurate information about company activities and the details required by the TCC.

SECTION III STAKEHOLDERS

11. Disclosures to Stakeholders

Our stakeholders consist of our shareholders, employees, customers, and suppliers. We show the utmost care in keeping them in the loop on any company issues that might concern our stakeholders and regulate our relations with them through written agreements.

In cases where the rights of the stakeholders are not regulated by legislation or a contract, the stakeholders' interests are protected in good faith and to the extent of the company's capabilities, taking into account the company's reputation.

Süttaş A.Ş. does not receive investment consultancy services. The company signs mutual agreements with third parties who provide Süttaş 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 from stakeholders is submitted to be evaluated by the senior management after passing through certain stages depending on the internal procedures, and solutions and policies are developed.

Practices that enhance quality, efficiency, and institutionalization are important to our company.

Our company maintains a continuous and regular commercial relationship with its stakeholders, suppliers, and customers, directly or through the persons it assigns. To maintain this relationship following business ethics, the issue of relations with suppliers and customers is discussed in detail in the "Being a Part of the Süttaş Family" booklet, which also includes our ethical rules.

Süttaş 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. 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 opinions, suggestions, or complaints are closely monitored, and solutions are produced. The organization's performance established for this purpose is continuously measured electronically following the determined criteria.

Our suppliers, customers, or consumers can contact us by phone at 444 4 788 or by email at tuketici@sutas.com.tr and kurumsaliletisim@sutas.com.tr. Our product packaging, website, and advertisements display all communication channels.



13. Human Resources Policy

The Süttaş Group's human resources vision encourages us to build Süttaş into a strong employee brand with a respected mission. It supports us in creating a family of good people, citizens, and 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 in hiring competent human capital with high potential. It effectively uses the right tools and methods to ensure equal opportunities for all candidates and their proper placement in line with the Süttaş Group's mission, vision, and values. Süttaş 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 Süttaş Group's values and prepares them for their new role. During this process, our new recruits learn about the Süttaş Group's vision, mission, values, and business methods 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 to guide our employees toward common goals, enhance productivity, and reward 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 employees an integral part of our corporate development and continuously invest in our human resources. Our training policy is to support our employees 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 improve ways of doing business.

Career Management Policy

Our career policy revolves around supporting our company's sustainability and preparing our employees for their future roles by evaluating their potential. We prioritize our employees for career and development opportunities 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, support innovative, outstanding and creative ideas, and celebrate achievements together.

Equal Opportunity Policy

Equal opportunity is the basis of our code of ethics and our human resources policy and practices. At Sütaş, 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

Chapter 14, “Code of Ethics and Social Responsibility,” provides details on this topic.

Remuneration Policy

Sütaş A.Ş.’s remuneration policy is designed to give our company a competitive advantage in the workforce market and to encourage the sustainable performance of our employees.

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

Increases to the base salary are also made following these criteria. Bonuses are paid according to the base salary at specific intervals and 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 concerning the provisions of Labor Law No. 4857 in force. Within this framework:

- Severance payment is paid to the employee or 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 Labor Law No. 4857. The payment amount is calculated based on the employment duration and salary, factoring in the severance payment ceiling.
- Notice payment applies in two forms: the employee is notified that the employment contract will be terminated in compliance with Article 17 of 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 paid the corresponding amount in cash.



Code of Ethics and Social Responsibility

Code of Ethics

The company's activities are carried out under all legal regulations and within the framework of the Code of Ethics established by the Süttaş Group. These rules have been made public on our website, <http://www.sutas.com>. The rules are also outlined in our "Being a Part of the Süttaş Family" booklet, distributed to all our employees, and published online on our intranet.

All employees are obliged to comply with the Code of Ethics. The orientation program at the recruitment point provides recruits 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 Ethics Committee's assessments and sanctions 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 heading 17 titled 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 and 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 left exclusively under the authority of the General Assembly by the TCC and relevant legislation.

The Board of Directors is responsible for the company's management and external representation. 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 either to an executive committee that it will form with its members, to executive member/s, to managers who may or may not be shareholders, or to third parties, by issuing an internal directive.

The board members will be severally liable for the consequences should they fail, by intent or negligence, to fulfill the responsibilities assigned to them by the applicable legislation, the Articles of Association, or the General Assembly. The General Assembly elects the Board of Directors for a maximum term of three years. A member whose term has expired will be eligible for re-election. The General Assembly may replace members of the Board of Directors at any time should they deem it necessary. We prioritize having a minimum of 25 percent female representation among member



The Corporate Governance Committee at our company undertakes the duties traditionally carried out by the “Nomination Committee.”

The board member election criteria include qualities stipulated by the relevant legislation and 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 appointed as members of the Board of Directors should also possess 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 them at the company and is not involved in the company’s daily operations and ordinary activities.

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	Executive/Non-Independent	SÜTAŞ A.Ş.	25.04.2023
Serpil VERAL	Deputy Chairman	Executive/Non-Independent	SÜTAŞ A.Ş.	25.04.2023
S. Tank TEZEL	Deputy Chairman	Executive/Non-Independent	SÜTAŞ A.Ş.	25.04.2023
Murat ARAT	Member	Executive/Non-Independent	SÜTAŞ A.Ş.	25.04.2023
H. Mustafa ÇEVİK	Member	Executive/Non-Independent	SÜTAŞ A.Ş.	25.04.2023
Ergun ERMUTLU	Member	Executive/Non-Independent	SÜTAŞ A.Ş.	25.04.2023
Eşref HAMAMCIOĞLU	Member	Non-Executive/Independent	SÜTAŞ A.Ş.	25.04.2023
Mürvet TEZEL	Member	Non-Executive/Non-Independent	SÜTAŞ A.Ş.	25.04.2023
A. Duygu YILMAZ	Member	Non-Executive/Non-Independent	SÜTAŞ A.Ş.	25.04.2023
Haydar YILMAZ	Member	Executive/Non-Independent	SÜTAŞ A.Ş.	25.04.2023

Our General Assembly evaluates the prohibition of trading and competing with the company for the members of the Board of Directors at the ordinary General Assembly meetings held every year within the framework of Articles 395 and 396 of the TCC. The necessary authorizations and permissions are granted during the period.

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 Board of Directors’ first meeting 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 before the meeting. If necessary, any documents or information related to the board meeting agenda items are submitted for the board members' review before the meeting. The board can resolve to make changes to the agenda.

Invitations to the meetings are made through written, telephone, and email communication. Meeting invitations are issued by the Chairman or, in his/her absence, by the Deputy Chairman. The Chairman or, in his/her 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 the 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. If there is a tie in the number of votes, the matter is postponed to the next meeting. If the tie persists at the following meeting, the proposal in question is considered 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 38 times from January 1 to December 31, 2022. 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 a unanimous vote of those present with no dissenting voice.

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 our committees' work carried out independently are presented to the Board of Directors, and the Board of Directors makes the final decision.

The Board of Directors determines the duties, working principles, and committee members. The chairman of the Board of Directors and the general manager cannot participate in the committees. The Board of Directors provides all kinds of resources and support required for the committees to fulfill their duties. 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 each member of the Board of Directors.

The committees convene as often as deemed necessary for the effectiveness of their work and at intervals, as described in the working principles. They submit the reports on their work findings and meeting results to the Board of Directors. The Board of Directors then evaluates the committees' effectiveness.



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 independent audit firm selection, the audit contracts preparation, the independent audit process initiation, and the independent audit firm's work at every stage are carried out under the supervision of this committee. It reviews the internal audit function's activities, organizational structure, and nature 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 Audit Department's budget, and personnel resources.

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

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 carry out) the necessary studies to determine the company's risk map and reviews them when necessary. It determines the risk management policies and implementation procedures and oversees their compliance.

To ensure that the risk monitoring function is fulfilled effectively, it may request information, opinions, and reports from the relevant units when necessary. It reviews the risk management systems at least once a year. The Audit and Risk Committee consists of three people. The committee chairman is elected from among the independent members of the Board of Directors and meets no less than four times a year. At least one committee member must have at least 10 years of experience in auditing, accounting, and finance.

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

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



Corporate Governance Committee

This committee determines whether the corporate governance principles are applied or not. If not, the reasons and conflicts of interest arise from not fully complying with these principles and making 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 committee’s knowledge.

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 a lack of implementation.

It follows the application of corporate governance principles worldwide and makes recommendations to the Board of Directors 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 no less than four times yearly. Information on the Corporate Governance Committee members at our company is as follows:

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

Business Ethics Committee

It announces 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 committee’s implementation processes in line with the changing conditions, opinions, and suggestions received by the committee and submits it for the Board of Directors’ approval. Unless it meets with a unique 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 and decides whether an investigation is needed and whether there is a subject to be brought to the disciplinary board’s attention.

The Business Ethics Committee is responsible for conducting inquiries and research on and resolving any claims of violations of the code of business ethics, acting on its own accord or pursuing a notification. Any decisions made regarding notification are justified by highlighting the relevant article of the Code of Ethics. The committee’s decisions 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 experts’ opinions on the subject and invite these people to the meeting as consultants.

Information on the members of the Business Ethics Committee at our company is as follows:

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 Board of Directors' agenda. The Sustainability Committee convenes at least once every two months. Information on the members of the Sustainability Committee at our company is as follows:

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

18. Risk Management and Internal Control Mechanisms

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 the 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 company activities are carried out and supervised per 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 (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 relevant departments periodically monitor the debt-to-equity ratio, foreign exchange risk, and other such financial risk factors that could directly impact the company's financial position at weekly and monthly intervals.
- We implement the "Assurance–Risk Management System" to monitor customer-related risks. Our systems prevent the goods issue when customers exceed individual purchasing limits defined for them.
- The implemented SAP system is a crucial technological component that minimizes current risks and supports decision-making processes. 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's assets are insured against natural disasters like fires and earthquakes.

The insurance policies, aligned with the assets' true values, are purchased from authorized insurance brokers.



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 risk-based annual audit plan framework 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 regulatory and contractual compliance

The audit function determines how well the internal control systems work and makes suggestions for improving existing systems and establishing 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 the company's long-term strategy and goals based on 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 company's long-term interests.

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



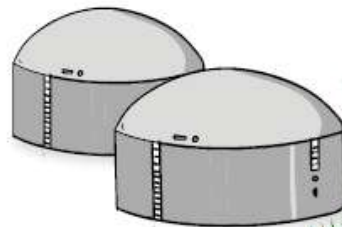
20. Financial Rights

The Corporate Governance Committee and the Board of Directors evaluate the payments made to the members of the Board of Directors and senior executives within the Remuneration Policy's framework each year. 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.

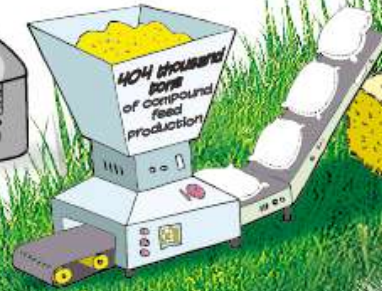
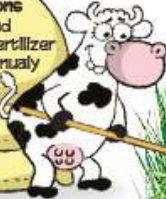
The company does not allow our board members or senior management to engage in any transactions with the company that could lead to a conflict of interest, including lending, loaning, or collaterals.



Our "Farm to Table" Int



50,000 tons
organic and
organomineral fertilizer
production annually

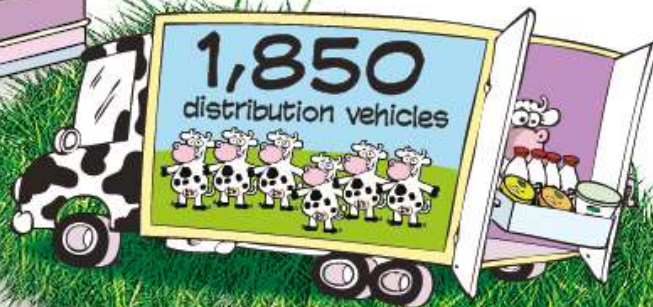


Fodder crop
production on
41,250
hectares of land



7 Süttaş farms
21,000
dairy cattle

4 million
liters
of raw milk
everyday

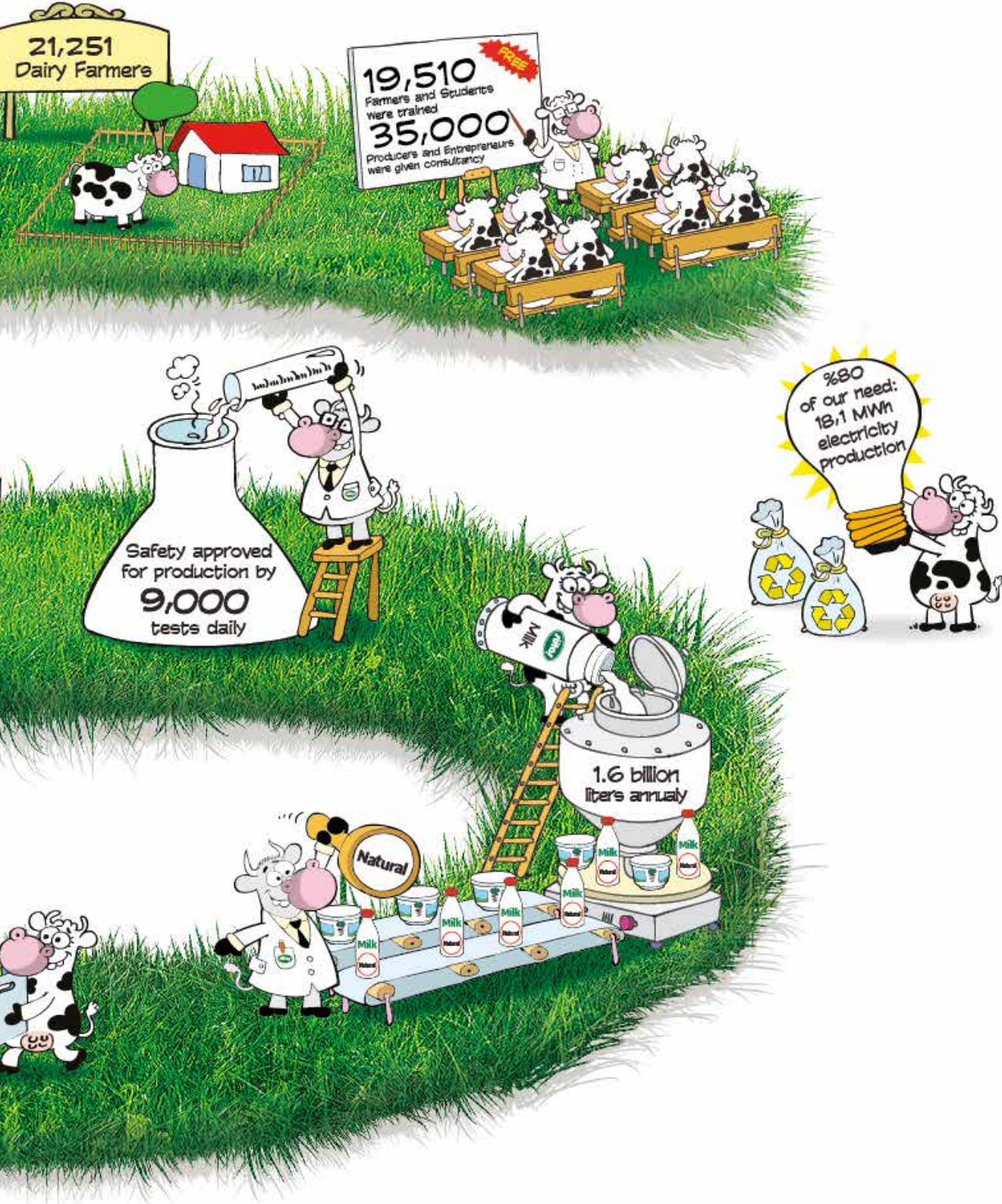


91 different
products



Süttaş products are definitely in
8 of every 10 households

Integrated Business Model





*Natural Taste
from Farm to Table*

