



SÜTAŞ SÜT ÜRÜNLERİ SANAYİ VE TİCARET A.Ş. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1. Corporate Governance Principles Compliance Report

Striving to spread 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 the management of our company, the powers and responsibilities of our managers, and the rights of all our stakeholders, especially those of the 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 set forth in the Communiqué on Corporate Governance (Series: II-17.1) published by the Capital Markets Board of Turkey.

The company highly values measurements and ratings by independent organizations to continuously improve and enhance corporate governance practices.

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 95.9 on December 30, 2020, to 96 on December 30, 2021. The distribution of the Corporate Governance Rating score by sub-headings is listed below.

Sub-Headings	Weight	Grade
Shareholders	25%	95.29
Public Disclosure and Transparency	25%	97.84
Stakeholders	15%	98.53
Board of Directors	35%	94
Total	100%	96

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

Duygu Yılmaz
Corporate Governance
Committee Chair

Eşref Hamamcıoğlu
Corporate Governance
Committee Member

Serpil Veral
Corporate Governance
Committee Member



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SECTION I: SHAREHOLDERS

2. Shareholder Relations Unit

In accordance with 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 requests by shareholders 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	+90 224 688 51 01	mozdalga@sutas.com.tr
Murat Coşkun	+90 224 688 51 01	mcoskun@sutas.com.tr
Dilara Kara	+90 216 572 30 50	dkokturk@sutas.com.tr

The Shareholder Relations Unit's primary responsibilities 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 in accordance with the legislation, the Articles of Association, corporate governance principles, and the disclosure policy
- Ensuring that the General Assembly meeting complies with the effective legislation, the Articles of Association, and other corporate regulations;
- Preparing documents that the shareholders may find 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



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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, www.sutas.com.tr/en/, or at our company headquarters.

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

4. General Assembly Meetings

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

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

Within the framework of Article 20, "Announcement," of the Articles of Association, all General Assembly meeting invitation announcements are to be made in compliance with the relevant provisions of the Turkish Commercial Code (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 www.sutas.com.tr/en/.

If questions unrelated to the agenda or questions too broad to receive an immediate response are raised during the General Assembly, 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.



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5. Voting Rights and Minority Rights

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

All General Assembly meetings and meeting quorums are subject to the provisions of the TCC.

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 in the form of cash and/or bonus shares at least 20 percent of the distributable income for the period calculated in compliance with the Turkish Commercial Code and other relevant legislation. However, 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 advance dividend payment and the Board of Directors, provided that the General Assembly grants it the authority and it is in compliance with the legislation in force, may declare and distribute advance dividend payments.



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7. Transfer of Shares

There are no provisions restricting the transfer of shares in the company's Articles of Association. The transfer of the shares is carried out under the relevant provisions of the Turkish Commercial Code.

SECTION II: PUBLIC DISCLOSURE AND TRANSPARENCY

8. Disclosure Policy

The primary 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 Turkish Commercial Code (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 on the website in Turkish and English versions.

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



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ii) Notification via the corporate website:

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

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



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- 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 questions by shareholders or stakeholders prompt previously non-disclosed information to be revealed, a team coordinated by the Corporate Governance Committee, consisting of the chairman, 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 Sütaş A.Ş. website on www.sutas.com.tr/en/ is actively used to inform the public as stipulated in the new TCC. The website is accordingly structured and sectioned and contains the corporate governance principles' components (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.

Sütaş A.Ş. does not receive investment consultancy services. The company signs mutual agreements with third parties who provide Sütaş with external services, including ratings, to prevent potential conflicts of interest and to protect the company's rights. No conflicts exist between the company and the consultancy firms that provide services to the company.



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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 Sütaş Family" booklet, which also includes our ethical rules.

Sütaş A.Ş. prioritizes customer satisfaction in all commercial activities. Customer satisfaction is guaranteed with the follow-up of our products after sale, practices for products on the shelves and procedures adopted for product returns, and care is taken to keep the confidentiality of customer and supplier information within the scope of trade secrets. Numerous channels through which suppliers, customers, or end customers (consumers) may submit 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. All communication channels are displayed on our product packaging, website, and advertisements.

13. Human Resources Policy

The Sütaş Group's human resources vision encourages us to build Sütaş into a strong employee brand with a respected mission. It supports us in creating a family of good people, good citizens, and good dairy farmers who have a strong sense of awareness and responsibility, are masters at their craft, and are highly passionate about spreading 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 Sütaş Group's mission, vision, and values. Sütaş A.Ş. aims to achieve sustainability through enhanced employee engagement.

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



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Orientation Policy

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

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

Performance Management Policy

We implement a goal-oriented and competency-based performance management system 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 the sustainability of our company 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.



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Code of Ethics Compliance Policy

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

Remuneration Policy

The remuneration policy of Sütaş A.Ş. 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 duration of employment and salary, factoring in the severance payment ceiling.
- Notice payment applies in two forms: the employee is notified that the contract of employment 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.

14. Code of Ethics and Social Responsibility

The company's activities are carried out under all legal regulations and within the framework of the Code of Ethics established by the Sütaş Group. These rules have been made public on our website, www.sutas.com.tr/en/. The rules are also outlined in our "Being a Part of the Sütaş 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 point of recruitment 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



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the board operates, how to apply to the committee, and the procedures applied in case of violations to the Code of Ethics.

The assessments and sanctions of the Ethics Committee are applied in conformance with the relevant law and legislation.

The Ethics Committee promises to protect the anonymity of appeals.

Details on the Business Ethics Committee are provided under the 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 report and the sustainability reports.

SECTION IV: BOARD OF DIRECTORS

15. Structure and Formation of the Board of Directors

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

In compliance with the Articles of Association, the Board of Directors is authorized to make and execute decisions in all fields of activity, excluding the matters that are left exclusively under the authority of the General Assembly by the 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 to either an executive committee that it will form with its members, to executive member/s, managers who may or may not be shareholders, or third parties, by issuing an internal directive.

The board members will be held 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 a minimum of 25 percent female representation among members.

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



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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.

The chairman and general manager cannot be the same in our company. The Board of Directors plays a leading role in maintaining effective communication between the Company and its shareholders, and in eliminating and resolving potential disputes.

Summary information concerning the members of the Board of Directors is presented below. The detailed CVs of our members can be found under the "Corporate Governance" section of the annual report and on our corporate website.

Name/Surname	Title	Executive/Independent/Non-Executive	Company Served On	Term
Muharrem Yılmaz	Chairman and Executive Member of the Board of Directors	Executive/Non-Independent	SÜTAŞ A.Ş.	04.22.2022
Serpil Veral	Deputy Chairman	Executive/Non-Independent	SÜTAŞ A.Ş.	04.22.2022
Selim Tarık Tezel	Deputy Chairman	Executive/Non-Independent	SÜTAŞ A.Ş.	04.22.2022
Murat Arat	Member	Executive/Non-Independent	SÜTAŞ A.Ş.	04.22.2022
Hüseyin Mustafa Çevik	Member	Executive/Non-Independent	SÜTAŞ A.Ş.	04.22.2022
Ergun Ermutlu	Member	Executive/Non-Independent	SÜTAŞ A.Ş.	04.22.2022
Eşref Hamamcioğlu	Member	Non-Executive/Independent	SÜTAŞ A.Ş.	04.22.2022
Mürvet Tezel	Member	Non-Executive/Non-Independent	SÜTAŞ A.Ş.	04.22.2022
Aynur Duygu Yılmaz	Member	Non-Executive/Non-Independent	SÜTAŞ A.Ş.	04.22.2022
Haydar Yılmaz	Member	Executive/Non-Independent	SÜTAŞ A.Ş.	04.22.2022



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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.

Meeting invitations are communicated by printed invitation, phone, or email and are issued by the chairman or, in their absence, by the deputy chairman. The chairman or, in their absence, the deputy chairman can summon a meeting upon written request by any board member.

The Board of Directors may convene if two-thirds of 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 to be denied.

A secretariat reporting to the chairman and at the service of all board members is established to keep accurate and orderly archives of the board meeting documents.

The Board of Directors convened 19 times from January 1 through December 31, 2021. The meetings were held with the participation of all members. The meetings were convened at the corporate headquarters, and invitations were delivered by phone or email. The members approved the board resolutions made during these meetings by 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 the members of the committees. The chairman of the Board of Directors and the general manager cannot participate in the committees. The Board



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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 evaluates the effectiveness of the committees.

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 activities, organizational structure, and nature of the internal audit function and makes suggestions and evaluations to the Board of Directors. These assessments also cover issues such as the responsibilities of the company's internal audit function, the budget of the Audit Department, and personnel resources.

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

In addition, it works for the early detection of all kinds of strategic, operational, financial, legal, and other risks that may endanger the existence, development, and continuation of the company to implement the necessary measures regarding the identified risks and to manage the risk. In line with the opinions of the Board of Directors, it carries out (makes sure others carry out) the necessary studies to determine the company's risk map and reviews these studies 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 of the committee members must have a minimum of 10 years of experience in auditing, accounting, and finance.

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



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Name/Surname	Committee Title
Aynur Duygu Yılmaz	Chairman
Eşref Hamamcioğlu	Member
Mürvet Tezel	Member

Corporate Governance Committee

It determines whether the corporate governance principles are applied or not, and if not, the reasons and conflicts of interest arising from not fully complying with these principles, and makes recommendations to the Board of Directors to improve corporate governance practices. It reviews the "Corporate Governance Compliance Report" to be disclosed to the public and checks whether the information contained therein is correct and consistent with the 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 a year. Information on the members of the Corporate Governance Committee at our company is as follows:

Name/Surname	Committee Title
Aynur Duygu Yılmaz	Chairman
Eşref Hamamcioğlu	Member
Serpil Veral	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.



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It updates the code of business ethics and the implementation processes of the committee in line with the changing conditions, opinions, and suggestions received by the committee and submits it for the approval of the Board of Directors.

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
Aynur Duygu Yılmaz	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 critical sustainability-related issues to the agenda of the Board of Directors.

The Sustainability Committee convenes at least once every two months.

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



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Name/Surname	Committee Title
Aynur Duygu Yılmaz	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 Sütaş 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. When customers exceed individual purchasing limits defined for them, our systems prevent the goods issue.
- 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 assets are insured against natural disasters, such as fires and earthquakes. The insurance policies, aligned with the true values of the assets, are purchased from authorized insurance 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.



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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 the performance of the management, 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 framework of the Remuneration Policy 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.