



BANVİT BANDIRMA VİTAMİNLİ YEM SANAYİ ANONİM ŞİRKETİ
01 JANUARY 2023 – 31 DECEMBER 2023 PERIOD
ANNUAL ACTIVITY REPORT

26.02.2024

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A. General Information

1) Reporting Period

01.01.2023 – 31.12.2023

2) Information on the Company

Commercial Title	Banvit Bandırma Vitaminli Yem San. A.Ş.
Trade Registry No	4153
Tax Office	Bandırma
Tax Number	1400036590
Address of the Headquarter	Ömerli Mah. Ömerli Sok. No: 208 A Bandırma-Balıkesir
Phone of the Headquarter	Phone: (0266) 733 86 00 Pbx
Website	www.banvitas.com
Upper Limit of the Registered Capital	TRY 300.000.000
Paid In/Issued Capital	TRY 100.023.579

3) Shareholding Structure and Capital Structure

Shareholders	Number of Shares	Percentage in Capital (%)
TBQ Foods GMBH	91.727.012	91,71
Other (Publicly Held)	8.296.567	8,29
Total	100.023.579	100,00

There has been no change in the direct shareholding and capital structure within the period.

4) Explanations Related to Privileged Shares and Voting Rights of the Shares

There are no privileged shares in the capital and each shareholder has one (1) voting right.

5) Information on the Board of Directors, Key Managers and Number of Personnel

In accordance with the Turkish Commercial Code ("TCC") and the related legislation, the election of the Board of Directors is executed by the General Assembly within the framework of the articles of association. Should there be a vacancy in the membership of the Board of Directors within the respective period; an election for the available positions is made according to the provisions of TCC and the company's articles of association and the results are submitted to the upcoming Ordinary General Assembly to be approved.

The Members of the Board of Directors on duty as of 31.12.2023:

Board of Directors	Position	Duty Period
Igor Fonseca Marti	Chairman	09.05.2023 – 09.05.2026
Fadi Felfeli	Vice Chairman	09.05.2023 – 09.05.2026
Fabio Luis Mendes Mariano	Member	09.05.2023 – 09.05.2026
Davide Luigi Vimercati	Member	09.05.2023 – 09.05.2026
Feras Abdulaziz M H Al-Naama	Member	09.05.2023 – 09.05.2026
Selim Taşo	Independent Member	09.05.2023 – 09.05.2026
Ali Ferda Elerman	Independent Member	09.05.2023 – 09.05.2026
Meral Kurdaş	Independent Member	09.05.2023 – 09.05.2026

Powers and Duties of the Members of the Board of Directors

The Board of Directors carries out and executes the duties assigned to them by the resolutions held by the General Assembly meeting in matters specified in the TCC, the Capital Markets Law and other relevant legislation and the article 9 of the company's articles of association.

Information on the Tasks Performed by the Members of the Board of Directors and Executives Outside the Company and Declarations on the Independence of the Members of the Board of Directors

The duties of the members of the Board of Directors outside the Company are listed below.

Declarations of independence of Independent Board Members Meral Kurdaş, Ali Ferda Elerman and Selim Taşo were published in the annex of the PDP announcement dated 11.04.2023. (www.kap.org.tr/tr/Bildirim/1136526)

Information About Board Members' Titles outside of the Company:

Board of Directors	Position	Titles Out of the Company
Igor Fonseca Marti	Chairman	BRF – Finance Director International Markets
Fadi Felfeli	Vice Chairman	GCC & Turkey DDP Executive Director
Fabio Luis Mendes Mariano	Member	BRF Cheif Financial Officer
Davide Luigi Vimercati	Member	Qatar Investment Authority – Investment Director
Feras Abdulaziz M H Al-Naama	Member	Qatar Investment Authority – Specialist
Ali Ferda Elerman	Independent Member	Elerman Bağımsız Denetim SMMM – Managing Partner

Selim Taşo	Independent Member	Alliance Healthcare – General Manager
Meral Kurdaş	Independent Member	Member of Foundation for the Evaluation of Women's Work

Members of Board Committees, Frequency of Meetings, Operating Principals Including Activities Performed and Evaluation of the Board on the Effectiveness of the Committees

Audit Committee, Early Risk Detection Committee and Corporate Governance Committee was established under the Board of Directors.

The Audit Committee held 7 meetings in 2023 and continued its activities in accordance with CMB Legislation. The members of the Board of Directors participated in the meetings regularly.

The Early Risk Detection Committee held 6 meetings in 2023 and continued its activities in accordance with CMB Legislation. The members of the Board of Directors participated in the meetings regularly.

The Corporate Governance Committee held 7 meetings in 2023 and continued its activities in accordance with CMB Legislation. The members of the Board of Directors participated in the meetings regularly.

No external consultancy services were received by the Committees during the year.

Numbers of Board meetings within the Year and Attendance of the Board Members in the Meetings

The Board of Directors held 37 meetings within 2023. All Board Members attended these meetings regularly.

Executive Management as of 31.12.2023 date:

Name Surname	Duty	Commencement Date
Tolga Gündüz	General Manager	16.10.2019
Levent Aytimur	Finance Director	09.01.2023
Nerdin Alp	Sales Director	06.04.2001
Atakan Sakin	Logistics Director	01.06.2022
Yasemin Gürleroğlu	Marketing and Corporate Communications Director	18.05.2020
Gökçen Aslan Özşar	Human Resources Director	27.09.2021
Miray Ilıksoy Baran	Legal and Corporate Relations Director	23.09.2021

6) Transactions of the Members of the Board of Directors With the Company on Behalf of Themselves or Others and Their Activities Within the Scope of the Prohibition of Competition

The Board members are allowed to carry out transactions for the year of 2023 in accordance with article 395 and 396 of TCC at the Ordinary General Assembly meeting dated 9 March 2023.

No transaction had been made in this context.

7) Staff and Employee Movements and Collective Bargaining Practices and Rights and Benefits Provided to Staff and Employees

Wages and side benefits of **our blue-collar employees** are subject to collective bargaining agreements.

Our white-collar employees are not subject to any collective labor agreement.

In addition to base salaries; we offer bonuses, marriage benefits, health insurance, Company annual dividends, product assistance, food assistance and vehicle assistance to our employees.

Permissions are annual paid leave, excuse leave, unpaid leave and marriage leave, death leave, working limit (pregnancy) leave, maternity leave, breastfeeding leave.

The number of employees of Banvit Bandırma Vitaminli Yem Sanayi A.Ş. as of dates between 31 December 2023 and 31 December 2022:

	31.12.2023	31.12.2022
White Collar	642	715
Blue Collar	4174	4473
Total	4816	5188

8) Corporate Governance Principles Compliance Report

In accordance with the Capital Markets Board's decision dated 10.01.2019 and numbered 2/49; the "Corporate Governance Compliance Report (URF)" which shows compliance with the principles that are voluntary and mandatory to be implemented by our company's Corporate Governance Principles and "Corporate Governance Information Form (KYBF)", which provides information about our current corporate governance practices are disclosed on the Public Disclosure Platform using relevant templates and have been provided in the annexes of the report.

Statement of Compliance with Corporate Governance including our explanations within the framework of the 8th article of the Corporate Governance Communiqué No. II-17.1 titled "Corporate Governance Principles Compliance Reports" is attached in Annex-1.

9) Changes to the Articles of Association

No amendments were made to the articles of association during the period.

B. Financial Rights Given to Board Members and Executive Management

1) Total Amount of Financial Rights such as Attendance Fee, Wages, Bonus, Premium and Dividend Payments

At the Ordinary General Assembly meeting of the company on May 9, 2023, it has been resolved that the members of the Board of Directors are not paid and, starting from the month following the General Assembly, until the next Ordinary General Assembly, a monthly gross salary of TRY 50,000 per month to each Independent Board Members.

Salaries of the company's senior executives are determined by the Company's Board of Directors. All senior executives have private health insurance.

In the fiscal period ending on 31 December 2023, all benefits provided to senior executives are short-term benefits and include wages, premiums and other payments.

Performance-based additional payments are made to out-of-scope personnel, including senior managers, within the company.

Between 1 January 2023 and 31 December 2023; a total of TRY 26,977,690.67 was paid for senior executives and TRY 1,514,698.53 SSI-employer deduction was made. In addition, in 2023, a total of TRY 1,504,000.20 TL was paid for three independent members as attendance fee.

No payables were given, no loans were issued directly or through a third party and no indemnity such as sureties was given to Board Members or executive management during the period.

The total of fees paid to board of directors and executive managers for the period between 01.01.2023 – 31.12.2022 is indicated in the table below.

(TRY)	31.12.2023	31.12.2022
Members of the Board of Directors	1,504,000	806,320
Senior Executives	26,977,690	17,580,864
Total	28,481,690	18,387,184

2) Information on Allowance Granted, Travel, Accommodation and Representation Expenses and Total Amount of Facilities in Cash and Kind, Insurances and Similar Guarantees

The total amount of allowance, travel, accommodation, and representation expenses as well as in cash and kind facilities and insurances given to the members of the board of directors and senior executives during the period is TRY 28.481.690,87.

C. Research and Development Studies

In order to meet the demands and needs of our consumers, customers and suppliers in a creative, high quality, practical and delicious way, our Company carries out R&D activities on product development and the production of new products. In addition, other areas within the scope of our Company's R&D activities include researching and determining the most suitable packaging and recyclable packaging for the products produced and contributing to sustainability efforts by performing waste management effectively.

In this context, 92 new products and 111 new packages were developed between 01.01.2023 - 31.12.2023. Our Company aims to increase the rate of use of packaging made from recyclable materials in packaging diversity. In the 01.01.2023 - 31.12.2023 period, the utilization rate of packaging produced from recyclable materials was realized as 92.9% with the effect of newly added and unlisted products in the product portfolio.

D. Activities and Significant Developments Regarding the Activities

1) Investment Activities

As of December 31, 2023, the total investment expenditure of Banvit Bandırma Vitaminli Yem Sanayi A.Ş. is TRY 267.467.386. (31 December 2022: 1.066.369.101 TL).

2) Internal Control System and Internal Auditing Activities

The Internal Audit unit provides independent and impartial assurance and consultancy activities to the board of directors regarding corporate governance processes. Internal Audit activities aim to provide a reasonable assurance to the stakeholders of the company, especially shareholders, on the establishment of managerial accountability, efficiency and effectiveness of business processes, reliability of the financial reporting system, compliance of company activities with laws and regulations. Internal Audit activities are carried out according to the "International Internal Auditing Standards" established by the International Institute of Internal Auditors (IIA). The internal audit unit works in compliance with the "Banvit Internal Audit Regulation" and monitors the audit findings until the risk disappears.

The Internal Control unit carries out the activities of early detection, evaluation, calculation of the effects and probabilities of risks that may affect the company, managing and reporting these risks in accordance with the corporate risk appetite of the company, taking necessary measures to reduce the effects and probabilities of the identified risks and establishing effective internal control systems in this direction. Internal Control unit aims to provide reliable financial reporting and effective management of risks according to the basic internal control components consisting of "control environment, risk assessment, control activities, information and communication and monitoring".

3) Direct and Indirect Subsidiaries

The main scope of business and the participation in their shareholding of the affiliates subject to consolidation are as follows:

Company	Country of Operation	Operation	Effective Share		Nature
			31.12.2023	31.12.2022	
Nutrinvestments B.V.	Holland	Holding Company	%100,00	%100,00	Subsidiary
Banvit Enerji ve Elektrik Üretim A.Ş.	Türkiye	Energy Production	%100,00	%100,00	Subsidiary

Banvit's subsidiary, Nutrinvestments B.V., that Banvit has participation on %100 of the capital, was established on 18 August 1999 as a holding company in Amsterdam, Holland. The paid capital of the company reduced to EUR 21,890,500 from 56.390.500 after management decision of capital decrease that is published in 20th June 2023. Liquidation decision has been taken regarding Nutrinvestments, which is 100% owned by our Company. Since it is subject to full consolidation in the preparation of our Company's financial statements, it is assessed that the liquidation of Nutrinvestments will not have a negative impact on the financial statements.

Banvit's subsidiary, Banvit Enerji, was established on 14 May 2009 by acquiring necessary licence from Energy Market Regulatory Authority and registered on 5 June 2009 for the purpose of establishing, commencing and renting manufacturing plants to have the energy sources turned into electrical energy in those plants, producing electrical energy, selling the produced electrical energy and/or the capacity of the produced energy to the customers. The paid capital of the company is TRY 10,000,000.

4) Information About Company Shares Acquired by the Company

None.

5) Explanations on Private Audit and Statutory Audit

At the Ordinary General Assembly of our Company dated 09.05.2023 for the year 2022, Eren Bağımsız Denetim A.Ş. (Grant Thornton) was appointed to audit the consolidated financial reports of our Company for the fiscal year of 2023 and to carry out other activities within the scope of the relevant regulations in these laws in accordance with the principles determined in accordance with the Turkish Commercial Code No. 6102 and the Capital Markets Law No. 6362.

Our company has signed a contract with PWC YMM A.Ş on 30.01.2023 for performing the annual corporate income tax return, financial statements and notifications attached to them in accordance with the Law No. 3568, other relevant laws and regulations for the fiscal year of 2023.

6) Legal Subjects

a) Lawsuits

Taking into account the opinions of Legal Department and external specialist attorneys, the company management determines the allowance amounts related to the ongoing lawsuits through possible cash outflows based on management's best estimate of the probability of loss and the liabilities to be incurred in case of loss. As of 31 December 2023, there is provision amounting to TRY 19.332.465 in the statement of financial position (31 December 2022: TRY 24.535.386)

b) Administrative - Judicial Sanctions

There is none.

7) General Assemblies

The Ordinary General Assembly meetings of our company are held in accordance with the applicable provisions of the Capital Market Law, TCC and the articles of association of the company, and any decision made in such meetings are performed within due times. The Ordinary General Assembly of Banvit Bandırma Vitaminli Yem Sanayi A.Ş. was held on 3 June 2023.

At the Ordinary General Assembly meeting held on 3 June 2023, it has been resolved not to distribute of the profit of 2022.

8) Donations Made and Social Responsibility Projects

The total amount of donations made by our company to public institutions and organizations regarding education, food, corporate social responsibility, maintenance, and repair, etc. in 2023 is 1.085.204,50 TRY (2022: TRY 567,592). Additionally, Company participated in social responsibility projects with TRY 666.241,24 monetary contribution (2022: 2,816,639 TL).

9) Group of Companies

a) Transactions

Pursuant to Article 199 of the Turkish Commercial Code, Law No. 6102, that became effective on July 1, 2012, Banvit Bandırma Vitaminli Yem Sanayi A.Ş. Board of Directors is obligated to issue a report within the first three months of the fiscal year regarding the Company's relationships with its controlling shareholder and the subsidiaries of its controlling shareholder during the previous fiscal year, and to include the conclusion section of this report in the annual report. The transactions Banvit Bandırma Vitaminli Yem Sanayi A.Ş. executed with its affiliated parties are presented in the relevant note of the financial report. The report issued by the Board of Directors states: "It was concluded that in each and every transaction Banvit Bandırma Vitaminli Yem Sanayi A.Ş. executed with its controlling shareholders and the subsidiaries of its controlling shareholders in 2023, based on the situation and conditions known to us at

the time the transaction was executed, or the measure was taken, or the measure was refrained from being taken, the Company had a commensurate gain in return and there was no measure taken or refrained from being taken that will lead to losses for the Company and, within this framework, there are no transactions or measures that require compensation."

b) Explanations on Transactions

None.

E. Financial Status

1) Summary of Financial Statements

The financial statements are prepared in accordance with the financial reporting standards published by the Capital Markets Board. The financial statements dated 31.12.2023 and 31.12.2022 were audited.

Summary of Balance Sheet

(TRY)	(Audited) 1 January - 31 December 2023	(Audited) 01 January - 31 December 2022
Current Assets	6.456.000.279	7.051.339.733
Non-Current Assets	4.475.219.397	5.148.261.529
Total Assets	10.931.219.676	12.199.601.262
Short Term Liabilities	5.645.946.434	7.046.987.682
Long Term Liabilities	883.763.243	1.151.117.474
Capital	4.401.509.999	4.001.496.106
Total Assets	10.931.219.676	12.199.601.262

Summary of Income Statement

(TRY)	(Audited) 1 January - 31 December 2023	(Audited) 01 January - 31 December 2022
Net Sales	21.324.856.578	20.273.876.437
Gross Profit	2.530.108.401	-516.395.196
EBIT	863.010.866	-2.082.465.378
EBITDA	2.128.004.002	-1.367.381.546
Net Profit/(Loss)	951.965.590	-982.668.170

The company prepares its budgets within the frame of its strategic goals that is approved by the Board of Directors.

In its regular meetings, the Board of Directors is reviewing the current position of the company and activities are compared with the previous period and budget targets.

2) Key Ratios

(%)	1 January - 31 December 2023	01 January - 31 December 2022
Gross Profit Margin	11,86%	-2,55%
EBIT Margin	4,05%	-10,27%
EBITDA Margin	9,98%	-6,74%
Net Profit Margin	4,46%	-4,85%
Profit Per Share	9,52	-9,82

3) Financial Strength

It has been determined that the capital of the company is not unrequited, and the company is not in insolvency within the framework of the calculation made by considering the ratios specified in the article 376 of the TCC.

4) The Development of Financial Sources and The Policies Applied in the Framework this Development

New funding alternatives according to changing market conditions are continuously analyzed and offers are evaluated. The debt policy of company is developed based on the capability of cash generation and the strong equity structure. Hedging methods and amounts used against financial risks are developed based on a frame of determined models.

5) The Nature and Amount of Issued Capital Market Instruments

There is no capital market instrument issued in the period.

With Company's Board of Directors resolution dated 5 December 2022, it has been resolved on the issuance debt instruments, to the amount or TRY 2,500,000,000 (two billion five hundreds million Turkish lira) in total, having maximum three years of maturity; at once or at several times, within the country, without offering to public, to be sold to Qualified Investors. The approval was received on 19.01.2023 by the application made to CMB on 12.12.2022. Within the scope of the related approval, no capital market instruments were issued during the period.

The issuances that shall be made will be announced in Public Disclosure Platform in accordance with relevant laws and legislation.

6) Dividend Distribution Policy

The offer of Board of Directors on dividend distribution for 2023, will be announced in Public Disclosure Platform in accordance with relevant laws and legislation, it shall be presented for the approval of shareholders in the first general assembly that shall be held.

No dividend distribution was made during the period.

7) Information About the Sector and the Position within the Sector

Banvit, which started its activities as a compound feed producer in 1968, also stepped in broiler production in 1984. Banvit that performs first time the cleaned and bagged fresh broiler production in Turkey, in 2001 began production of firstly turkey meat, then ready-to-eat further processed foods and delicatessen products. Production is carried out in three different locations in Elazığ, İzmir and Bandırma. The main activity is the sale and export of produced goods to the domestic market.

Having left 55 years behind in its sector, Banvit is one of the leading food companies in our country that serves its customers daily with its raw chicken and turkey products, sauced products group, ready-to-eat cooked products and delicatessen products. Banvit's vision is specified as "To strengthen our position as Turkey's leading poultry and poultry meat products company". Banvit's mission is positioned as "To meet the expectations of consumers and customers in a creative, high quality and delicious manner, to ensure that our consumers are fed with healthy and affordable protein, to be sensitive to the environment, animal welfare and employee happiness". Turkey meat production was terminated in the first quarter of 2023. Banvit continues its future production and operational targets through chicken meat.

In addition to the products sold with its main brand, Banvit provides service with its sub-brands in accordance with customer types and needs.

8) Incentives

These grants and incentives can be used by all companies, which meet the related legislative requirements and those grants have no sectoral differences:

- Investment incentive documents (Customs Duty exemption, VAT exemption, corporate tax advantages),
- Export refunds on agricultural products
- Inward processing permission certificates,
- Social Security Institution incentives,
- Insurance premium employer share incentive.

9) Development of the Business

Our company's finished chicken meat production for the first 12 months of 2023 decreased by 7.5% compared to the same period last year. The finished turkey plant has ceased operations as of the end of March 2023 and therefore the decrease in production has reached 92%, the plant is not active. There is an 18% increase in further processed products due to new capacity.

About 16% of the total poultry and further processed products produced were exported. Domestic sales for the full year 2023 decreased by 5.7% compared to last year. The export figure lags even further behind.

According to the recently published TUIK data, the amount of chicken sent to the domestic market increased by 5% in January-December 2023 compared to the same period of the previous year, while the amount exported decreased by 29%.

Total production in January-December 2023 decreased by 4% compared to the same period in 2022. Total chicken production in Turkey decreased from 2418 thousand tons in the same period of 2022 to 2330 thousand tons in the same period of 2023.

10) Products

The main products of Company are as follows:

Bandırma	İzmir	Elâziğ
Chicken Breast	Chicken Breast	Chicken Breast
Chicken Drumstick	Chicken Drumstick	Chicken Drumstick
Chicken Feet	Chicken Feet	Chicken Feet
Chicken Gizzards	Chicken Gizzards	Chicken Gizzards
Chicken MDM	Chicken MDM	Chicken MDM
Chicken Thighs	Chicken Thighs	Chicken Thighs
Chicken Whole Leg	Chicken Whole Leg	Chicken Whole Leg
Chicken Wings	Chicken Wings	Chicken Wings
Chicken Poultry Parts	Chicken Poultry Parts	Chicken Poultry Parts
Chicken Whole Poultry	Chicken Whole Poultry	Chicken Whole Poultry
Chicken Others	Chicken Others	Chicken Others
FPP Breaded	*Turkey Breast	
FPP Coldcut	*Turkey Leg	
FPP Raw Doner	*Turkey Wings	
FPP Cooked Doner	*Turkey Whole Poultry	
FPP Other	*Turkey Others	

* Production of turkey meat and products was terminated in the first quarter of 2023.

11) Improvements/Changes in Sales Figures

Considering the change in 2022/2023 on a Domestic basis; there is a 63.6% increase in net turnover in Finished Chicken-Turkey and Processed Product (Prepared Product & Delicatessen) sales compared to 2022 figures.

Product	(%)
Total Finished Chicken	%62,4
Total Processed Product (Prepared Products & Delicatessen)	%96,4
Total	%63,6

Domestically, considering the last quarter of 2022 - last quarter of 2023; there is a **63.5%** increase in net turnover in the sales of Finished Chicken-Turkey and Processed

Product (Prepared Product & Delicatessen) compared to the figures of the last quarter of 2022.

Net Turnover distribution by production type is as follows:

Product	(%)
Total Finished Chicken	%62,6
Total Processed Product (Prepared Products & Delicatessen)	%95,6
Total	%63,5

Domestically, there was an **8.1%** increase in net turnover when compared to Q4 2023-Q3 2023.

When the change in 2022/2023 is analyzed as Overseas; there is a **33.7%** increase in net turnover in the sales of Finished Chicken-Turkey and Processed Product (Prepared Product & Delicatessen) compared to 2022 figures.

Net Turnover distribution by production type is as follows:

Product	(%)
Total Finished Chicken	%30,7
Total Processed Product (Prepared Products & Delicatessen)	%68,7
Total	%33,7

Considering the last quarter of 2022 - last quarter of 2023; there is a **110.5%** increase in net turnover in the sales of Finished Chicken-Turkey and Processed Products (Prepared Products & Delicatessen) compared to the figures of the last quarter of 2022.

Net Turnover distribution by production type is as follows:

Product	(%)
Total Finished Chicken	%107,7
Total Processed Product (Prepared Products & Delicatessen)	%144,3
Total	%110,5

Compared to Q4 2023 - Q3 2023, net turnover increased by **44.7%**.

F.Risks and Evaluation of the Board of Directors

1) Corporate Risk Management

The risk map and risk management policies have been published by the internal control unit with the purpose of ensuring systematic and comprehensive identification, evaluation, control, monitoring and establishing action plans to identify those

responsible and reduce their impact of risks and opportunities that may affect company's assets, reputation, profitability.

The policies include guidance on support and positioning, risk identification, prioritization, improvement, reporting, monitoring/surveillance, and communication principles related to risks in order to manage company-wide risks to the highest standard.

In order to measure the risks incurred by the company and ensure conformity to the risk tolerance limits; risks are monitored and managed in accordance with regulations and guidelines developed for critical risks

2) Early Risk Detection Committee

The purpose of the Committee is to identify the risks that may threaten the existence, progress and continuation of the company operations within the scope of this regulation and legal legislation, to implement the necessary measures related to the risks identified and to manage those risks.

The meetings of the Committee are held once for every two-month period in order to ensure that the Committee can fulfill its duties effectively. After each meeting, a written report on the activities of the Committee is submitted to the Board of Directors with a summary of the minutes.

3) Prospective Risks

Market / Price Risks: Due to the industry that Company operates in, it is exposed to price change risks due to fluctuations in main inputs namely raw material prices and exchange ratios as well as to fluctuations in the price of poultry meat output of the production and to the price change risks since it operates in the production of products that should be subject to FMCG in the retail sector.

Currency risk: Company may partially be exposed to currency risk when sales; collection or payment transactions (credit repayments, supplier payments, energy payments, other payments, etc.) are transacted in currencies other than functional currency. Under these situations, company's basic approach to currency risk management is to utilize derivative transactions for hedging purposes with the help of appropriate financial instruments.

Interest Rate Risk: Changes in interest rates may result in increase in financing expenses. The company manages interest rate risk by creating a balanced financial asset-liability portfolio. In order to manage the interest rate risks incurred, duration-based profit/loss sensitivity is calculated considering the credit portfolio and cash flow projections.

Liquidity Risk: With the purpose of increasing productivity through incorporating evolving production technologies and increasing capacity, company continuously

makes large investments. In order to bear these high costs, we incorporate financial instruments besides cash from revenues. In the absence of proper planning, these financial liabilities may not be met on time, at a sufficient level and at an optimum cost. Therefore, the company manages its liquidity needs by monitoring credit usage, repayments and cash flow projections. The company has established an appropriate liquidity risk management structure for short, medium and long-term funding and liquidity requirements. The company manages liquidity risk by regularly tracking estimated and actual cash flows and maintaining sufficient funds and borrowing reserves by matching the maturities of financial assets and liabilities.

Counter-Party Risk: The company may suffer financial losses because of the failure of a counter-party to meet its obligations. The company's basic approach in managing counter-party risk is to distribute the exposure risk at a balanced and measurable level. Our customers' risk exposures are constantly monitored and when a limit is breached, a call for collateral completion is made. In addition to these risks, operational and financial risks that may occur are continuously monitored by internal control and reported to Board of Directors.

G.Other Information

1) Organizational Structure

Our company continues its activities through its head office at the address of Ömerli Mah. Ömerli Sok. No: 208 Bandırma-Balıkesir and the following branches:

İzmir Feed Factory Branch
İzmir Armutlu Slaughterhouse Branch
İzmir Pınarbaşı Branch
İzmir Sarnıç Branch
Elazığ Slaughterhouse Branch
Elazığ Feed Factory Branch
Elazığ Hatchery Branch
Pamukçu Hatchery Branch
İstanbul Hadımköy Sales Branch
İstanbul Kadıköy Sales Branch
İstanbul Kartal Sales Branch
Muğla Sales Branch
Fethiye Sales Branch
Bodrum Sales Branch
Trakya Sales Branch
Antalya Sales Branch
Ankara Esenboğa Sales Branch
Ankara Sales Branch
Samsun Sales Branch
Kayseri Sales Branch
Söke Sales Branch
Bursa Sales Branch
Kemerburgaz Sales Branch
Adana Sales Branch

2) Information About Amendments in Legislation that may Significantly Affect the Company's Activities

None.

3) Information About Conflicts of Interest Between the Company and Institutions that Provide Services to the Company on the Issues such as Investment Advisory and Ratings and Cautions Taken by the Company to Prevent These Conflicts

None.

4) Information on the Social Rights of Employees, Professional Training and Other Activities of the Company that Cause Communal and Environmental Consequences

All employees are entitled to annual paid leave allowance, marriage/birth/death allowance, active military benefit, child / education allowance, supplementary health insurance, with notice period and compensation. Employees are entitled to social benefits such as food and vehicle supports, incentives to encourage senior labor, private health insurance for certain personnel, and individual retirement plan benefits for the managers and upper-level personnel.

Training programs were planned to accomplish the strategic goals of Banvit and to contribute realization of the fundamental principles of Quality, OHS, Environment, Energy and Information Management System Policies. In addition to various learning opportunities, such as on-the-job, classroom, domestic and international trainings and conferences, several training methods are used for adult training at Banvit. Also, online trainings are available companywide.

As per Law No 6331, the trainings, to inform our employees and raise their awareness about occupational health and safety issues regarding their legal rights and responsibilities, the dangers and risks they face and precautions to be taken, have continued.

5) Sustainability Principles

Environmental, social and corporate management studies, which are within the scope of the Sustainability Principles Compliance Framework, are carried out by our company. The implementation of the sustainability principles is based on a voluntary basis, and the effects on environmental and social risk management are evaluated by our company. Details of sustainability studies has been summarized under Annex 3.

6) Related Party Transactions and Information on the Balances Required to be Presented to the Shareholders

The main shareholder of the company is TBQ Foods GMBH. The transactions between the company and its subsidiaries, which are related parties of the company, have been eliminated in the consolidation and therefore are not disclosed in this note.

The details of transactions between the company and other related parties are disclosed below:

Commercial Receivables from Related Parties

	31 December 2023	31 December 2022
BRF Global GMBH	21.510.343	18.674.000
BRF Foods GMBH	--	--
AI Wafi	10.521.889	15.035.288
Toplam	32.032.232	33.709.288

The commercial receivables from related parties mainly arise from sales of final product, raw material and fixed asset sales and capital advances that are being sent.

Commercial Debts to Related Parties

	31 December 2023	31 December 2022
TBQ FOODS GMBH	18.597.510	--
BRF Foods GMBH	--	1.327.271
Federal Foods LLC	--	27.922
AI Wafi	--	16.700
Toplam	18.597.510	1.371.893

The commercial debts to related parties mainly arise from raw material, final product and services sale transactions.

Sales to Related Parties

	31 December 2023	31 December 2022
BRF Global GMBH	30.901.656	1.027.750.808
AI Wafi	2.028.388	27.382.010
Federal Foods LLC	1.159	--
BRF Foods GMBH	--	103.171.817
Toplam	32.931.203	1.158.304.635

The major sales to related parties mainly arise from the raw material, final product and service sale transactions.

Purchases from Related Parties

	31 December 2023	31 December 2022
BRF S.A.	520.492	--
BRF Global GMBH	162.186	--
Federal Foods LLC	13.329	--
AI Wafi	--	21.113.529
Toplam	696.007	21.113.529

The major purchases from related parties mainly arise from the loan interest and fixed assets purchases.

The period end balances are non-secured, and their collections will be done in cash. As of December 31, 2023, the company has not set aside any provision for doubtful receivables from related parties (31 December 2022: None).

7) Information on the Stakeholders

None.

8) The Parent Company's Annual Activity Reports in the Group of Companies

None.

Annex-1

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Banvit Bandırma Vitaminli Yem Sanayi A.Ş. (“Company”) has adopted the concepts of “equality”, “transparency”, “accountability” and “responsibility”, which form the basis of corporate governance in its activities and has taken maximum care and effort to comply with the Capital Markets Law and the secondary regulations and decisions of the Capital Markets Board (CMB).

The company believes in the importance of ensuring full compliance with the Principles of the Corporate Governance. In the activity period ended on 31 December 2023, the Company has continued to try to adopt the mandatory corporate governance principles that are included in the Corporate Governance Communiqué annexed to the relevant legislation.

The Company pays utmost attention to compliance with voluntary principles in the relevant legislation. In present situation, there is no conflict of interest between the stakeholders so far.

For the period ended on 31 December 2023, Our Company has shown the utmost care and effort regarding the compliance with the corporate governance principles included in the Corporate Governance Communiqué and the explanations of those are included in the annual report, Corporate Governance Compliance Report (“URF”) and Corporate Governance Information Form (“KYBF”)

In present situation, we continue to work on improving our corporate governance practices, including better operation of mechanisms and voluntary principles within the framework of the related principles in the corporate governance practices of the Company.

When there is a change in the Corporate Governance Compliance Report or Corporate Governance Information Form, there will be a material event disclosure and it will be published in the interim activity reports as well.

ANNEX 2 – Banvit BRF Sustainability Studies



**BANVİT BANDIRMA VİTAMİNLİ YEM SANAYİ ANONİM ŞİRKETİ
SUSTAINABILITY REPORT
2023**

26.02.2023

ANNEX - 2 : SUSTAINABILITY REPORT

As Banvit BRF, we not only produce products that add flavor and practicality to the lives of our consumers, but also carry out our activities by focusing on sustainability issues. In order to reduce the carbon footprint in nature, we carry out practices in different areas ranging from training activities to energy, from recyclable packaging to saving measures, from animal welfare to waste management. Within the framework of BRF's sustainability plan and related policies, we reinforce our commitment to incorporate ESG (environmental, social and governance) principles into our Company's future vision.

According to BRF's sustainability plan, the care of the way we work at all stages of the value chain and operations continues from the field to the table. When it comes to sustainability, we redouble our attention to the environment.

Sustainable Development Goals that we are in the scope are;

- SDG-2 (Zero Hunger)
- SDG-3 (Health and Quality of Life)
- SDG-6 (Clean Water and Sanitation for All)
- SDG-7 (Affordable and Clean Energy)
- SDG-8 (Decent Work and Economic Growth)
- SDG-9 (Industry, Innovation and Infrastructure)
- SDG-12 (Responsible Consumption and Production)
- SDG-13 (Climate Action)
- SKA-15 (Terrestrial Life)
- SDG-16 (Peace, Justice and Strong Institutions)

1. Strategy and Objectives

- Operational Efficiency
- Renewable Energy
- Environmental Management
- Energy
- Water
- Supply Chain
- NET ZERO

Member Associations and Working Groups

In today's business world, sectoral cooperation and coordination are becoming more important. In this context, associations and working groups have become important resources for companies.

First of all, by facilitating sectoral cooperation and coordination, they offer effective communication and cooperation between companies engaged in similar industrial or commercial activities. Through this cooperation, it is possible to follow developments in the sector and engage in joint projects.

We continue this initiative as an important opportunity to follow sectoral agenda issues, discuss sectoral problems and find solutions. With working groups, all member companies come together to carry out joint projects, technical feedback, and industrial collaborations more effectively. We see these platforms as important structures to overcome sectoral problems and find sustainable solutions.

Associations

- YASED-International Investors Association
- Sustainability Academy
- BESD-BIR
- TOBB
- GGD (Food Safety Association)
- TURKIYEM-BIR
- TUGIS
- DEİK
- TEİD

Working Groups

- Circularity and Food Waste Management (Sustainability Academy)
- Climate Change and Resource Management (Sustainability Academy)
- Transparency, Traceability and Responsible Consumption (Sustainability Academy)
- Sustainable Supply Chain and Agriculture (Sustainability Academy)
- Environment Working Group (BESD-BIR)

2. Sustainability Studies

2.1 Animal Welfare

By 2025, BRF aims to have 100% of the facilities owned by BRF group companies approved for Animal Welfare. BRF is committed to zero tolerance for the mistreatment of animals, whether through abuse or neglect. It also aims to use environmental enrichment in 100% of poultry integration by 2025.

Within the scope of "Good Agricultural Practices", the rate of our broiler breeder farms having this certificate is approximately 40% according to 2023 year-end data. In addition, 100% of our breeder farms have "Good Agricultural Practices" certificate.

BRF is pleased to announce the fulfillment of one of our Animal Welfare commitments, "Integrate 100% of poultry cage-free globally by 2023". We have now achieved cage-free status on 100% of our farms.

2.2 Environmental Management

On June 5, through the World Environment Day week, we shared informative e-mails on domestic waste management and "3Rs" (Reduce, Reuse, Recycle) rules with

our employees using internal communication. Subsequently, on June 7, 2023, we held a webinar called "Environment Talks" with our expert professor and talked about the "EU Green Deal and the Food Sector" with our employees.

The "Environmental Route" program, which we implement in our production facilities, is a system we adopt to reduce environmental impacts and strengthen the principle of sustainability. Within the scope of this program, the parameters identified in the checklists of our regional engineers are meticulously examined. These parameters include elements that directly affect environmental impacts such as waste management, management of chemical products, procedures, and instructions. Based on the checklists and the results of the detailed examination and evaluation of these parameters, the necessary corrective and preventive actions are determined in our facilities. Monthly follow-up and evaluation processes are organized to ensure that these activities are carried out effectively and their results are monitored. In this way, a systematic approach is adopted to continuously improve environmental performance and minimize environmental impacts at our facilities.

Another environmental management initiative is the "ISA", a description we have given to a checklist for the monthly monitoring of our environmental activities. Within the scope of "ISA", we can see the summary of the results of all tabs and the results for the month checked. Environmental license, artesian licenses, EIA, Emission reports, environmental law and related regulations include the follow-up of the issues we are legally subject to. Regarding wastewater, there is a comparison of our wastewater discharge analysis results with the legal limit values specified in the regulation by the authorized laboratory on a monthly basis according to the Water Pollution Control Regulation. The section on emissions includes our flue gas emission results and rendering chimney odor measurement results within the scope of the Air Pollution Control Regulation and the Regulation on Odor Forming Emissions. "Waste Management" checklist is the section where our observations on waste separation and leakages are reported during our site visits. Finally, license checks of the 3rd party waste disposal companies that we have contracted for waste management are provided. The total score resulting from all these checks is compared with the monthly targeted score.

In addition, 512 people received environmental training on zero waste, waste management and proper waste segregation at our Izmir facility in 2023. The facility's training policy stipulates that at least 60% of the current staff will be trained each year. In line with this policy, training was provided to 60% of the existing staff at the Izmir plant.

In our Elazığ plant, environmental training was provided to 633 people in total, reaching 75% of our plant employees. The trainings cover a wide range of topics such as environmental pollution, waste management, legal obligations, and climate change.

At our facility in the Bandırma region, a total of 1716 people received environmental training. The trainings covered topics such as environmental pollution and its consequences, waste management, and obligations under environmental

legislation. The facility's training rate is 93%, well above the 60% recommended by the ministry.

a. Natural Resources

Water

In 2023, thanks to the "Waste Water Recovery Facility" located at our Bandırma main campus, we recovered an average of 51% of the water we treated in drinking water quality. Thus, we continued to protect underground water resources by recovering waste water instead of using natural resources.

Afforestation Projects

First, in 2021, we implemented the "Banvit BRF Forests" project with 20 thousand trees in the afforestation area of Sahil Yenice neighborhood of Bandırma, where our main production campus is located, with the support of the General Directorate of Forestry.

In 2022, in cooperation with the Aegean Forest Foundation, we planted another 20 thousand saplings in Elazığ - Maden and Manisa - Yunt Mountain afforestation areas.

Finally, within the scope of the "Centennial Forests" project established by the Aegean Forest Foundation to commemorate the 100th anniversary of our Republic, we created a new forest of 10 thousand saplings in İzmit Taşköprü afforestation area in December 2023. Thus, our Banvit BRF Forests project reached a total of 50 thousand trees in 4 different regions in its 3rd year.

b. Reducing Food Waste, Waste and Packaging

As Banvit BRF, we also carry out our activities by taking into account the issue of preventing food waste. Our production integration operates with a zero food loss model. We have a rendering facility that processes and recovers all organic waste generated during the production process. Here, we contribute to animal nutrition by selling the resulting raw material production, especially to companies producing fish or pet food.

In addition to these efforts, we launched the Smart Children's Table, one of our sustainability projects to reduce food waste, in March 2022. We are aware of the importance of conscious food consumption and food waste for the future of our world and new generations. As both a food producer and an organization whose sustainability goals include "preventing food waste", we launched our Smart Children's Table project. In order to make positive contributions to the future of our society and our world, we focused on "homes", one of the places where food waste occurs the most. We continue to include useful content prepared by expert consultants on conscious food consumption and food waste for children and their parents on our project website akillicocuksofrasi.com and our social media accounts.

With our Smart Children's Table project, our Company was deemed worthy of an award at the 2nd "Brandverse Awards" organized by Marketing Türkiye Magazine and BoomSonar in June 2023. We received the "Bronze" award in the "Fight against Waste and Recycling" category under the Social Responsibility and Sustainability section of the competition, where projects developed to solve social and environmental problems and raise awareness are evaluated.

We were also among the sponsors of the "Sustainable Brands Conference" held between September 12-14, 2023. At the conference, we gave information about our project to the participants of the event and answered their questions from the promotional stand of our Smart Children's Table project.

As a company, we continue our activities in all our facilities with "Zero Waste" certificates issued by the Ministry of Environment and Urbanization.

In line with our packaging commitment, we are working to increase this rate to 100% by 2025 so that the packaging materials we use are recyclable.

In 2023, the rate of use of packaging produced from recyclable materials in "kg" was 92.9%.

c. Emissions and Climate

Our Company's "Net Zero Commitment" aims to reduce Greenhouse Gas emissions by 35% by 2040, including Scope - 1 (direct) and Scope - 2 (Energy Indirect) emissions. In addition, the "Net Zero Commitment" includes a commitment to neutralize 12.3% of Scope - 3 emissions (other indirect emissions in the Company's value chain) by 2040.

We joined the Science Based Targets Platform (SBTi), a global initiative that aims to harmonize efforts to limit the warming of our planet.

In line with our sustainability strategy and the potential impacts of climate change on our business, we have sought to improve our efficiency in the use of natural resources, renewable energy, and emission control across the production chain.

By 2030, we aim to reduce direct emissions from our operations (Scope 1) and those from energy consumption (Scope 2) by 35%.

We also aim to reduce indirect emissions, which are part of our value chain, by 12.3%.

Energy

We aim to reduce our CO₂e emissions in the energy category by generating electricity and heat with natural gas in the cogeneration facility. The heat we gain from the facility supports the production of hot water and steam for use in processes.

In 2020, we aimed to reduce our water use by 13% in all our facilities by 2025. As a result of our commitment to reduce water use, our annual water consumption reduction result is 14.25%. This reduction is calculated based on the reference year 2020.

By 2030, we aim to meet at least 50% of the electrical energy we use in all our facilities from clean sources. In 2023, we procured 60,720 MWh (megawatt-hours) of electrical energy used in our production facilities across Turkey from renewable sources within the scope of the I-REC certificate. Thanks to this resource guarantee certificate, we have the traceability of the electrical energy produced with hydroelectric and solar energy provided to us.

In 2023, our operation consumed 9%* less natural gas energy, which translates into approximately 3,895 tCO₂eq less emissions for the environment.

While the use of mineral oil in ammonia compressors was considered standard practice, as a result of our energy efficiency efforts, we achieved significant electricity consumption savings by switching to synthetic oil instead of mineral oil. With this transition, we achieved a reduction in electricity consumption of approximately 7% thanks to the improvements we realized in our ammonia compressor systems.

These results can be considered an important step towards sustainable energy use and reduced environmental impact. The adoption of synthetic oil, together with the energy efficiency gains noted, stands out as a strategic improvement to enhance the overall performance of our plant. This study can serve as a model for other businesses looking to improve energy efficiency in industrial facilities.

*Compared to our objective.

2.3 Digital Transformation

"AGRO BRF App" contributes to the time, raw material and value chain management parameters of the live production department simultaneously with the corporate and Turkey digital transformation strategy. By covering SDG-8 Decent Work and Economic Growth, it enables live production and field teams to digitize the value chain management and create the infrastructure for this entire process and manage it from a single location thanks to the AGRO BRF App.

It aims to increasingly connect with integrated producers and create an ecosystem that meets their needs, makes life on the farm easier, and increases both productivity and sustainability through a technology-based process that ensures longevity.

Within the scope of the project, the utilization rate of the application within the scope of broiler farms in Bandırma, Elazığ and İzmir regions in Turkey is approximately 90% according to the year-end closing data. This figure is constantly updated according to the farms that are currently using the application.

When we compare the impact of the AGRO App project to the total size of our organization, we realize that it will improve communication and cooperation: The app acts as a bridge for seamless communication and collaboration between chicken breeders and our integration company. It facilitates the sharing of information, updates and feedback and enables both parties to work together more effectively and efficiently.

2.4 Culture and Participation

Gender Equality and Cultural Interaction

As Barvit BRF, gender equality is another issue that we see within our sustainability goals. Our company aims to increase the ratio of senior female employees to 30% by 2025 within the scope of the "Women Leaders" program.

Within the scope of the actions, 22 female employees participated in the "Lead as a Woman" program, which aims to develop our female employees and prepare their careers for leadership.

Employee Rights and Benefits

Our Company adopts Corporate Human Rights and Employee Rights principles in line with the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey and other relevant legislation.

Employees are entitled to annual paid vacation allowance, marriage/birth/death benefits, active military service allowance, child/education benefits, complementary health insurance, annual leave entitlement in excess of legal periods, and notice period and compensation. All employees are provided with social benefits such as meal and transportation allowances, incentive incentives for seniority, private health insurance for some employees, and individual pension with corporate contributions for managers and above. Blue-collar and white-collar employees are provided with nursery care.

Training programs are planned to contribute to the realization of the company's strategic goals and the implementation of the basic principles of the Quality, OHS, Environment, Energy and Information Management Systems Policy. Various training methods suitable for adult education are used, and many learning opportunities such as on-the-job, classroom, domestic/overseas trainings and conferences are offered, and e-trainings are also considered within the company-wide scope.

Pursuant to Law No. 6331, employees continue to receive information and awareness-raising trainings on occupational health and safety issues related to their legal rights and responsibilities, the hazards and risks they face, and the measures to be taken.

Occupational Health and Safety

Ensuring the health and safety, well-being and integrity of our employees is a global priority for BRF. In this context, there are Health, Safety and Environmental Policies that include directives for the prevention and reduction of accidents, incidents

and losses, and responsibilities for the management of risks related to the protection of human life and assets. Our employees are provided with legal "Occupational Health and Safety" trainings, "ISO 45001" and safety trainings specific to their jobs.

The way to deliver healthy and reliable flavors to our consumers is primarily through occupational health and safety in our production facilities. With this awareness, one of our primary goals as Banvit is to ensure Occupational Health and Safety (OHS) in our production facilities, to increase the level of awareness on this issue and to support the implementation of the necessary rules at the highest level.

Accordingly, we regularly celebrate Global Occupational Health and Safety Week in our company. This year, we organized various events at our Bandırma, Elazığ and İzmir campuses as part of the OHS Week.

During the week, we organized various activities at our campuses to emphasize the importance of Occupational Health and Safety and to create more awareness.

What did we do during the "STOP AND THINK" themed OHS Week?

- 1- The Occupational Safety Week event was launched with the opening speech made by our regional director.
- 2- Our doctors provided trainings on issues related to smoking habits throughout the week.
- 3- Lockout tagout systems were introduced by providing trainings with suppliers on lockout tagout systems.
- 4- Certificates were given by department managers to the personnel who participated the most in Occupational Health and Safety throughout the year.
- 5- Our doctors gave information about preventive behaviors for health by performing gymnastic movements for production and office employees.
- 6- Doctors and occupational safety experts visited the work areas and made corrections and information about behaviors that are not suitable for ergonomics in working environments.
- 7- Training on the use of PPE was provided by supplier companies by setting up booths on campus.
- 8- Trainings were given by environmental engineers to address the theme of environmental awareness.
- 9- Drivers were interviewed and informed about the importance of seat belt use and safe driving rules.
- 10- Subcontractors were also included in the activities and awareness was raised.

Monitoring and Tracking Sustainability Activities

The Board of Directors is informed at least once a year by the senior executives responsible for the sustainability activities of our Company and the activities are monitored by the Board of Directors.

In addition, at the monthly meetings of the "Sustainability Committee" within our Company, the development of sustainability commitments is monitored together with managers from all relevant departments and responsible unit representatives.

Reports and Announcements on Sustainability Studies

Our Company's annual reports include information on the activities carried out within the scope of sustainability efforts, the targets set and the realization rates. In addition, our Company's renewed corporate website includes detailed information on Sustainability efforts.

In the event of any changes in Sustainability developments in the following periods, the relevant changes will be included in the interim activity reports.

Corporate Governance Principles

Our Company shows utmost care and effort to comply with voluntary principles as well as mandatory principles within the scope of the Capital Markets Board Corporate Governance Communiqué.

Within the scope of Sustainability, our Company continues its efforts to increase interaction with stakeholders and shareholders.

In this context, efforts are carried out to raise awareness through social responsibility projects and various events.