

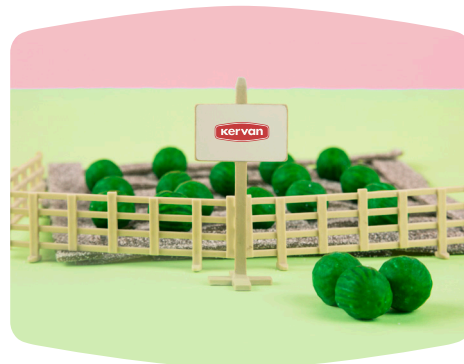
An aerial photograph of a vast green field under a bright, hazy sky. A two-lane road curves through the field. In the background, there are large solar panel arrays and several wind turbines. The text "ON THE PATH TO SUSTAINABLE SUCCESS" is written in large, green, stylized letters across the middle of the field.

ON THE PATH TO
SUSTAINABLE SUCCESS



SUSTAINABILITY REPORT 2022

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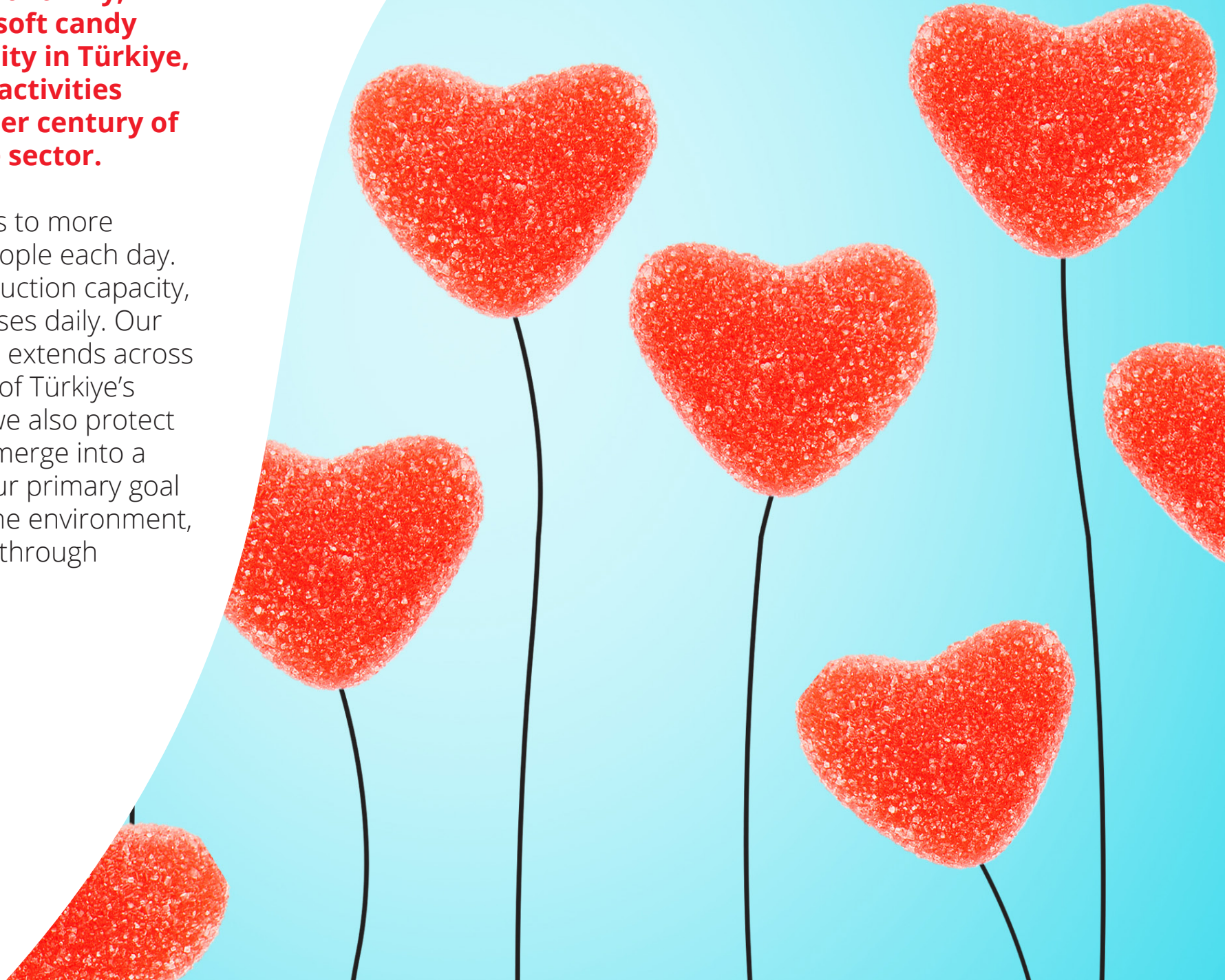
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**As the Kervan Gıda family,
with the highest soft candy
production capacity in Türkiye,
we maintain our activities
with over a quarter century of
experience in the sector.**

We bring happiness to more than two million people each day. Thanks to our production capacity, this number increases daily. Our sphere of influence extends across continents. As one of Türkiye's largest exporters, we also protect our planet as we emerge into a global company. Our primary goal is to add value to the environment, people and nature through sustainable steps.

**Export to
85
countries**





SUNNY PRODUCTION

We are taking clean and important steps for the future of our planet. Our rooftop SPP project provides a significant portion of the energy we use from the sun. By establishing a solar farm, we aim to meet all our electricity needs from renewable sources.

15%
SPP share in
electricity
consumption

SMART PRODUCTION

We consistently raise our goals, ascending to the top by operating seamlessly and effectively on a national and global scale. To achieve our determined vision goals, we initiated the Holistic Transformation Movement, called DOPA.

50%
Realization target
of projects in 2023





ECO-FRIENDLY PRODUCTION

Waste management is a central area of our sustainability activities. We maintain investments into our wastewater treatment plant and we intend to convert the obtained biogas into electrical energy. We strive to keep the amount of waste and wastage per unit product at a minimum.

50%
Waste
reduction target

HAPPY PRODUCTION

Our thousands of employees are at the heart of our worldwide success. In addition to occupational safety, we focus on the happiness of our employees. We continuously take steps towards becoming one of the most desired companies to work for. We proceed with an approach that cares about equality of opportunity and diversity.

3,200+
Number of
employees



ABOUT OUR REPORT

As a leading soft candy manufacturer in the food industry for over 27 years, we are presenting our first sustainability report with our motto “a livable world for future generations.”

As one of Türkiye's largest and one of the global leading soft candy manufacturers, ranked among the 'Global Top 100 Confectionery Companies' in 2022 and having the highest soft candy production capacity in Türkiye, we have been a **manufacturer of fun confectionery in the food industry** for over 27 years under the name **Kervan Gıda Sanayi ve Ticaret A.Ş.** (Kervan Gıda) and the Beбето and Cosby brands. We are happy to present our corporate strategies, governance model, targets regarding our environmental and social performance, and our approach that prioritizes sustainability with our motto “a livable world for future generations”, which we evaluate with a “sustainability” perspective, to our esteemed stakeholders for the first time.

In our sustainability report, which we published for the first time this year, our investments, targets, realizations, practices and performance results are shared for the period **between 01 January 2022 and 31 December 2022**. Although our sustainability report is limited to 2022 activities, 2021 data is also included in some sections in order to make our sustainability performance measurable and comparable with previous periods. This report covers all activities carried out by Kervan Gıda for Beбето and Cosby brands in

Istanbul Beylikdüzü (Yakuplu, Fuar Cd. No: 9 D: 1, 34524 Beylikdüzü OSB- Beylikdüzü-İstanbul) and **Manisa Akhisar** (Kayalıoğlu Mah. Akhisar OSB 3. Cad. No: 8, 45200 Akhisar-Manisa) facilities.

In accordance with the “GRI Standards” revised by the Global Reporting Initiative (GRI), the appendices of our report, which has been prepared to include the GRI Standards Core option and Standard Disclosures from the GRI Sustainability Reporting Guidelines, provide detailed GRI indicators used in the content index. In our report, the Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC) and the Sustainability Guidelines for Companies prepared by Borsa İstanbul as a publicly traded company were taken into consideration, and associations were made with the relevant ones among the 17 SDGs that constitute the United Nations Sustainable Development Goals.

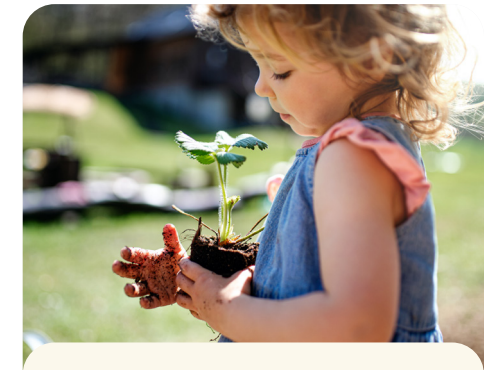
During the preparation of this Report, a Sustainability Committee supported by the Board of Directors and management teams was established, projects with sustainability contribution were identified, regular meetings were held with working groups to evaluate stakeholders for the materiality matrix and

to select important projects and determine their deadlines, our vision, mission, strategies, integrated management philosophy were reviewed, our priorities and action plans were determined, and our roadmap was determined for solutions that will contribute to further embedding sustainability in the corporate culture. The results of the employee and customer satisfaction assessment studies we conducted in 2022 in cooperation with our employees and customers are also included in our report.

The first section of our report which consists of six main sections **“Overview”**, contains general information about Kervan Gıda's corporate structure, highlights and our interaction with our stakeholders. The second section titled **“Our Strategic Sustainability Priorities”** describes our strategy, business model, sustainability approach and sustainability concept and our view of the future, while the third section titled **“Social Management”** summarizes our responsibilities towards people, employees and society, and our priorities to create value for our stakeholders and society. In the fourth section titled **“Environment and Climate Change”**, we address energy, water and waste management issues. In the fifth section titled **“Corporate Governance”**, our corporate governance principles, R&D and digitalization activities, risk management and ethical principles are explained. The last section titled “GRI Index” includes references to GRI standards.

It is among the priorities of Kervan Gıda to inform our internal and external stakeholders, which are an important part of our sustainability approach, to receive their opinions and suggestions, to make our Sustainability Report accessible to all our stakeholders and

to respond to the feedback and questions of our stakeholders with the principles of transparency and accountability. In this direction, you can access our report, which is printed in a limited number with the awareness of our environmental responsibility, via www.kervangida.com, and you can send your comments, suggestions and questions about the report to the Corporate Communications Department at kurumsal.iletisim@kervangida.com.



Sustainability for us is to add color to life with our products that respect the nature and promote happiness, joy, and health to people by developing together with our stakeholders, in line with common goals and objectives.

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

With the vision of a sustainable future, we carry out continuous improvement efforts in areas such as reducing our energy consumption, waste management and water saving.

The success of a company is not limited to the products it produces, the financial results it generates or its market share. At the same time, its contributions to society and the environment, the relationships it establishes with its employees, its corporate values and ethical approaches are also very important. In this context, as Kervan Gıda, we continue our efforts to be successful not only with numerical indicators but also with our social and environmental impact.

In this journey we started in 1994, we owe the fact that we are a globally recognized brand today to the quality of our products and the efficiency of our team, as well as our belief in a sustainable future. The vision of contributing to the welfare of not only individuals but also entire societies is what has enabled our company to grow so much. Our responsibility to society is a principle that guides us at every stage of our activities.

Within this framework, we also take important steps in the field of environmental responsibility. With the vision of a sustainable future, we carry out continuous improvement efforts in areas such as reducing our energy consumption, waste management and water saving. At the same time, we are committed to reducing our environmental footprint and protecting natural resources by investing in renewable energy.

The business world is full of rapidly changing conditions and challenges. While overcoming these challenges, it is essential to adhere to ethical values, to be sensitive for the needs of society and the environment, and to establish a fair, transparent and respectful relationship with all stakeholders.

As Kervan Gıda, we aim for sustainable success in the business world not only in economic but also in social and environmental terms. In line with this goal, we will continue to work to move towards a brighter, greener and more fair future.

Sincerely yours,



Şükrü Başar
Chairman of the Board of Directors of Kervan Gıda

MESSAGE FROM OUR CHIEF EXECUTIVE OFFICER

We continue to produce products and develop projects that support a sustainable future with both environmental and social responsibility.

I am very proud and honored to present to you the distance Kervan Gıda has covered in its sustainability journey, together with the developments until now.

We continue to meet confectionery lovers in 85 different countries with the production we carry out in our three factories in Türkiye. As Kervan Gıda, we have determined sustainability as a strategic priority while moving forward with our goal of continuous growth and development. We continue to develop our products and respond to consumer needs with an innovative approach while closely following market dynamics.

Dear shareholders, Kervan Gıda's financial performance, record growth rates and ever-increasing production capacity once again demonstrate that it is a reliable address for investors. We have always adopted the principle of conducting our investor relations on a transparent, reliable and sustainable basis.

Our company makes a difference in the sector not only with its product quality but also with its commitment to sustainability. In this context, our R&D Centre carries out innovative projects that attract the attention of not only Türkiye but also the world. We continue our mission of being a pioneer in many areas from vegan confectionery to organic and sugar-free

products. We aim to carry our achievements in this journey, which is critical to fulfil our responsibility to nature, society and the economy, even further with the support of our valuable stakeholders. In this context, we continue to produce products and develop projects that support a sustainable future with both environmental and social responsibility.

We shape the future with digital development. Digital transformation is not only an option but a necessity in today's business world. In order to survive in constantly changing and transforming market conditions, it is essential to adopt technological innovations and keep up with this change. As Kervan Gıda, we act with the awareness of this fact.

We consider digitalization not only as a necessity, but also as the key to our growth and innovation.

That is why, in addition to our goal of equipping our facilities with the most advanced technology, we have taken steps for investments that will make our processes lean, flexible and automated. By making the best use of the opportunities offered by digitalization, we reinforce our leadership in our sector and shape the future.



Burhan Başar
Chief Executive Officer of Kervan Gıda

MESSAGE FROM OUR CHIEF EXECUTIVE OFFICER

**We meet
approximately 15%
of our energy needs
from our SPP as of
the end of 2022.**

**85
Countries of export**

As Kervan Gıda, we are determined to build a sustainable future. In line with this vision, as one of Türkiye's leading brands, we adopt environmentally friendly, sustainable energy solutions.

With the steps we take to meet our energy needs from renewable sources with Solar Power Plants (SPP), we both contribute to our country's renewable energy management and reduce our environmental footprint.

As Kervan Gıda, by making our renewable energy investments a part of our company culture, we meet **approximately 15%** of our energy needs from our SPP as of the end of 2022 with the SPP investments we made on our

roofs in Akhisar region, and we aim to increase this ratio to 100% in the near future. Thus, while ensuring our energy sustainability by optimizing our energy consumption, we also fulfil our commitment to nature and contribute to the national economy.

Our plans for the future include meeting all of our energy needs from sustainable energy sources with our new investments in Demirci district of Manisa. We will have SPP installations that have reached the legal limit with this investment.

In our Group, innovation has always been one of our most prioritized values. We constantly endeavor to develop innovative solutions and products in order to rapidly adapt to advancing technology and changing customer needs. This vision of health and well-being makes us more than just a manufacturer; it also makes us a manufacturer that contributes to the healthy living of our society. With our functional and supplementary products, we strive to improve the quality of people's daily lives and to offer them a healthier and more active life.

As Kervan Gıda, we aim to create a positive impact not only in the business world but also in all areas of society. Education and health are fundamental rights for every individual and the key to social development. Accordingly, we place particular emphasis on training programs and health activities for our employees and community. The trainings we organize to raise awareness and facilitate access to information help individuals and communities prepare for a sustainable future.

As Kervan Gıda, we aim to ensure that our supply chain is at the highest level not only in terms of functionality but also in terms of ethics and sustainability. The challenges we faced during the pandemic period have once again demonstrated how critical a strong and ethical supply chain is. In our supplier relationships, not only material and service quality, but also commitment to sustainability principles is of utmost importance to us. We expect all our partners to comply with environmental, social and corporate governance criteria. In addition to ensuring the sustainability of our business processes, these criteria reflect fair working conditions and our deep respect for human rights.

Our commitment to human rights and fair working conditions applies both to our own employees and to all stages of our supply chain. The value we attach to the health and well-being of each of our employees, as well as the automation efforts in our production process, are the cornerstones of an ethical and sustainable business approach. By prioritizing sustainable production and ethical codes in our supply chain and business processes, we aim to ensure that both our company and society have a sustainable future.

We strive to continuously improve and renew our products with the determination and goal to always do better. We act with the principles of sustainability, taking into account not only today's demands but also tomorrow's needs. In this context, environmentally friendly product design is a priority for us. In order to create a sustainable and successful product portfolio, we

follow the trends and develop chewable food supplements with mineral support, containing multivitamins, immune system support (vitamin C), omega and collagen.

In addition to our supplements, we are working on a wide range of products such as functional soft candy products, gluten-free extruded soft candies, collagen and high vitamin-containing candies, probiotic, sugar-reduced jelly product recipes, gelatine-free & vegetarian consumption products and candies containing natural pulp (dried fruit roll-up) products. We will continue to meet more users by developing healthier and sustainable products with our strong R&D team.

Success is the result of working together and a common vision. At this point we have reached as Kervan Gıda, we have grown with the contribution of many parties from our customers to our suppliers, from our employees to our investors. Standing side by side with co-operation, trust and loyalty, we have overcome many challenges and achieved many successes.

The value each of you adds to Kervan Gıda is immeasurably great. While we achieve our goals for the future, we move forward with the strength and motivation of being with you on this journey. I would like to sincerely thank every one of our stakeholders for your support and co-operation.

MESSAGE FROM OUR GENERAL MANAGER

Our vision, shaped by their determination, knowledge and innovative approaches of our employees, our greatest strength, has been the most important element that carries us into the future.

Starting in 1994, Kervan Gıda's growth has not been based solely on financial achievements. Behind this success is a strong business culture shaped by our sustainability values.

We approach the needs of the society with sensitivity and listen their expectations and demands at every step. This sensitivity is at the center of our activities and helps us to adopt a sustainable management approach. We make maximum effort to protect nature and ensure sustainability in every project, every product and every innovation.

As Kervan Gıda, we are constantly in search of innovation to remain dynamic and flexible in the face of changing world and needs. This innovative perspective develops by centering sustainability both in our products and in the way we do business.

However, our greatest strength is undoubtedly our employees. Our vision, shaped by their determination, knowledge and innovative approaches, has been the most important element that carries us into the future. By investing in each of our employees, we attract talents to our company and endeavor to make

them permanent in this big family. As a result, our sustainability values are not only included in a mission or vision statement; they breathe in every corner and every work of Kervan Gıda. These values are the cornerstones of the bridge that brings us together with our valuable stakeholders by making us stand out in the sector.

As Kervan Gıda, we measure the quality of our production processes not only by the taste of our products, but also by the understanding of environmental sustainability. Our production processes are based on minimizing our environmental footprint. Accordingly, we invest in the latest technologies that minimize our water and energy consumption and prevent air and water pollution. We also carry out continuous research and development to use our raw materials and resources more efficiently.

The satisfaction and motivation of our employees is one of the keystones of Kervan Gıda's sustainable success. That is why we put teamwork and awareness at the center of our company.



İdris Can
General Manager of Kervan Gıda

MESSAGE FROM OUR GENERAL MANAGER

As Kervan Gıda, we continuously improve our internal communication strategies by focusing on the expectations and needs of our employees.

1994
Year of
establishment

As Kervan Gıda, we continuously improve our internal communication strategies by focusing on the expectations and needs of our employees. In addition, by involving them in our projects, we endeavor to ensure that they establish a deeper bond with our company. On special occasions, we reinforce our team spirit through personalized applications, in-company events and workshops.

This not only supports the spirit of unity and solidarity within the organization, but also increases our employees' awareness of sustainability. For example, our sustainability-focused projects such as the DOPA project enable our employees to actively contribute to this mission. Our sustainability-themed communication activities throughout the year help us to keep this awareness alive.

As Kervan Gıda, we are determined to build the future with our sustainability mission. Our vision for the future is based not only on growing our brand, but also on contributing to our society and environment and creating a better world.

In this context, we aim to minimize environmental impacts through environmentally friendly production processes, energy efficiency, waste management and product design. At the same time, by focusing on the needs of our society, we place support in education, health and other social areas at the center of our sustainability strategy.

Our roadmap primarily aims to manage our internal business processes in a more efficient, environmentally friendly and ethical manner. By encouraging the participation of our employees, we realize innovative projects and make sustainability values as a part of our business culture.

In the coming period, we aim to increase the number of environmentally friendly products in our product portfolio and further expand our waste management and energy saving projects. We also plan to make a greater contribution to the development of our society by expanding our social responsibility projects.

Behind every success, there is a team that works together, focuses on the same goal, and strives to do its job in the best way possible with passion and dedication. From sustainability to innovation, from social contributions to product development, our teams have contributed to and supported our achievements in every field.

I would like to sincerely thank all our employees, business partners and stakeholders who believe in us, move forward with us and stand by us at every step of our journey.

We want to be together with you in our goals and dreams for the future, and we want to succeed together. I would like to thank you once again for the trust you have given us, the support you have provided and the participation you have shown on this journey, and I wish to achieve many more successes together.

KERVAN GIDA AT A GLANCE

Founded in 1994, Kervan Gıda currently exports to 85 countries with its products in 12 different categories and ranks 66th in the world confectionery list.

110,000 m²
total production area

3,200+ employees

7 factories

12
different categories of
production

In 1994, we started our adventure with chewing gum production, and we are proud to continue our journey by exporting our confectionery products in 12 different categories to 85 countries. As of the end of 2022, we are producing in 10 different categories in a total closed production area of 110 thousand square meters in seven production facilities, one in Beylikdüzü Istanbul and two in Akhisar Manisa in Türkiye and four in Poland, and exporting our products to 85 countries and giving happiness to 2 million people a day with our confectionery products with our businesses in the USA, England, Germany, Russia and Poland.

This report covers our Istanbul and Manisa facilities where we carry out our production activities in Türkiye.

In 1994, we entered the food sector with chewing gum production and in 1999 we started Jelly production under the **Bebeto** brand. After completing the first Licorice line investment in 2005 and the first Marshmallow line investment in 2016, we added the **Cosby** brand to our product portfolio with the acquisition of Akaş, a hard candy manufacturer, in 2014 and the acquisition of Uçantay, which sells toy products, in 2016. We continued to expand our product range by adding dragee chocolate and surprise egg products to Uçantay's product portfolio with new investments in the following years.



Exporting to 85 countries, having the highest soft candy production capacity in Türkiye and at the same time being Türkiye's largest soft candy producer, we entered the list of "2022 Global Top 100 Candy Companies", one of the most important lists followed in the world in the field of confectionery, in 82nd place. We continue to grow decisively in the global market with our brands.

Our Company, which employs more than 2200 people in Türkiye, has completed its 5th year with its innovative works in the R&D center, which was entitled to become Türkiye's 872nd R&D center in 2018.

KERVAN GIDA AT A GLANCE

Our subsidiaries and affiliates as Kervan Gıda;

Kervan International AB

Field of Activity: Holding abroad

Nature of the Relationship
Subsidiary

Country
Sweden

100%

Dünya93 Dış Ticaret A.Ş.

Field of Activity: Sales and Marketing to Foreign Markets

Nature of the Relationship
Subsidiary

Country
Türkiye

100%

Kervan USA LLC

Field of Activity: International Sales and Marketing

Nature of the Relationship
Subsidiary

Country
USA

100%

Kervan Gıda UK Limited

Field of Activity: International Sales and Marketing

Nature of the Relationship
Subsidiary

Country
United Kingdom

100%

Erti Food Handels GMBH

Field of Activity: International Sales and Marketing

Nature of the Relationship
Subsidiary

Country
Germany

55%

Kervan RS Limited

Field of Activity: International Sales and Marketing

Nature of the Relationship
Subsidiary

Country
Russia

100%

Uçantay Gıda San. Tic. A.Ş.

Field of Activity: Dragee Chocolate, Surprise Egg Production and Sales, Toy Product Sales

Nature of the Relationship
Subsidiary

Ülke
Türkiye

100%

ZPC Otmuchow S.A.

Field of Activity: Production of Soft Candy, Chocolate Products

Nature of the Relationship
Subsidiary

Country
Polland

67%

PWC Odra S.A.

Field of Activity: Chocolate Product Production

Nature of the Relationship
Subsidiary

Country
Polland

74.8%

MCC For Confectionery Manufacturing

Field of Activity: Soft Candy Production and Sales

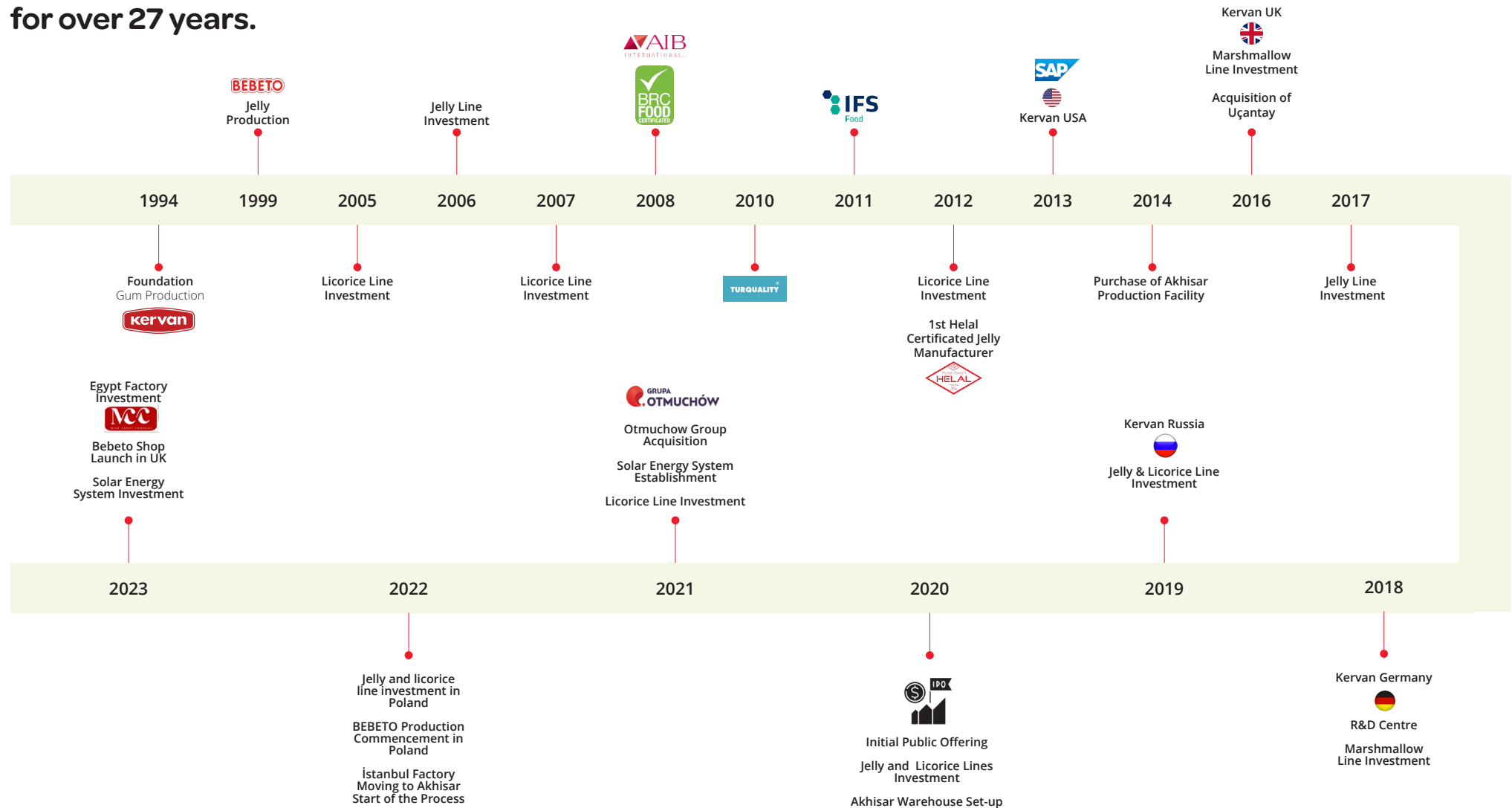
Nature of the Relationship
Subsidiary

Country
Egypt

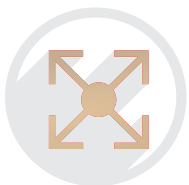
75%

OUR CHRONOLOGICAL JOURNEY

As one of Türkiye's largest and one of the global leading soft candy manufacturers, we have been manufacturing fun confectionery for over 27 years.

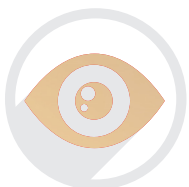


MISSION, VISION AND VALUES



Our mission

Is to strengthen our brands with our knowledge and experience in our sector, to produce by creating value for our stakeholders and to ensure the sustainability of our resources by giving importance to the environment and the development and welfare of our employees.



Our vision

Is to become one of the world's top 5 soft candy producers and grow stronger in the global market.



Our Values

We Care About Being Reliable: We reassure our employees, business partners and customers with our corporate governance approach that adopts transparency as a principle in all our activities. With the trust we have developed, we work with integrity to carry our country and society to a better tomorrow.

We Are Curious: We follow innovations and seek new opportunities to continuously learn and develop. We value creativity, are not afraid to experiment, and encourage our employees to try innovations.

We Seek Perfections: We question the work we do with our perspective focusing on perfection in every field, and we handle all details meticulously. We aim for quality at every stage of our work and take care to achieve excellent results.

Take Ownership of Responsibilities: The success and reputation of our company is important to us. We own our business, take responsibility and take pride in being part of a common purpose.

We Bring Innovation: We develop innovative solutions for our company and our industry and encourage new ideas. We carry our company and our country into the future with our ability to adapt to changing world conditions.



AREAS OF ACTIVITY

With our R&D studies, we aim to offer healthier snacks to our consumers within the scope of “Sugar Reduced Projects.”

We are engaged in the production and sale of confectionery including soft candy (Jelly, Licorice and Marshmallow), chewing gum, hard candy, dragee chocolate, surprise eggs and toy product categories. Soft candy products constitute a large part of our production capacity. In the chewing gum category, we produce and sell sugared, sugar-free, round and dragee chewing gum, and in the hard candy category, we produce and sell lollipops, bonbon candies and flat candies. Dragee chocolate category consists of chocolate coated products.

Our OTC (over-the-counter supplements) market products are defined in 5 categories; products containing multivitamins, products containing vitamin C and supporting the immune system, products containing Omega, products containing collagen, products containing vitamin D and calcium.

While increasing our production capacity and product diversity day by day, we continue to offer healthier snacks to our consumers with “Sugar Reduced Projects” within the scope of reducing the amount of sugar in our products and to create new prescriptions to support physical health with our OTC products through our R&D studies.

We are developing chewable food supplements containing multivitamins, immune system support (vitamin C), omega and collagen, and mineral support. These supplements, which are different from the pharmaceutical concept, enjoyable to consume and have a wide range of products, are safely introduced to our users by passing many audits with R&D studies, accredited external laboratory analyses and production facilities. We are working on a wide range of products such as functional soft candy products, gluten-free soft candies, collagen and high vitamin-containing candies, probiotic, sugar-reduced jelly product recipes, gelatine-free products suitable for vegetarian consumption and candies containing natural pulp (dried fruit roll-up) products.



KERVAN GIDA IN THE INTERNATIONAL MARKET

We continue our global growth with our subsidiaries abroad in addition to our activities in Türkiye, and we are moving forward with determination to become one of the world's largest soft sugar producers.

In 2013, we made a rapid entry into the US market and became one of the most important global suppliers of Walmart, one of the largest supermarket chains in the world. Walmart preferred Kervan Gıda quality in its own private label products as well as our Bebeto brand products on its shelves.

Following our success in the USA, we increased our strength in this region by acquiring the British brand Dexters in 2016. Subsequently, we realized a partnership in Germany and expanded the Bebeto brand in European markets.

In 2019, we entered the Russian market with Kervan RS and successfully went public in our country at the end of 2020. With the move we made immediately after the IPO, we acquired the shares of ZPC Otmuchów, one of the leading soft candy manufacturers in Poland, and its subsidiary PWC Odra.

Today, the world's largest market chains and brands benefit from Kervan Gıda's know-how and strength in private label products. We are not only trying to increase our production volume and sales, but we are also actively pursuing our responsibility for sustainable development. As Kervan Gıda, we employ nearly 3200 people in all our facilities and sales companies.

With our long years of experience and the responsibility we feel towards all our stakeholders, our uninterrupted innovation investments, our production philosophy that respects people and human health, we continue our global growth with our subsidiaries abroad in addition to our activities in Türkiye, and we are moving forward with determination to become one of the world's largest soft sugar producers.



OUR PLACE IN THE SECTOR AND SUSTAINABILITY IN OUR SECTOR

Within the scope of our sustainability efforts, we follow the developments in our main sector, the food industry, and adopt the priorities of the sector in our sustainability journey.

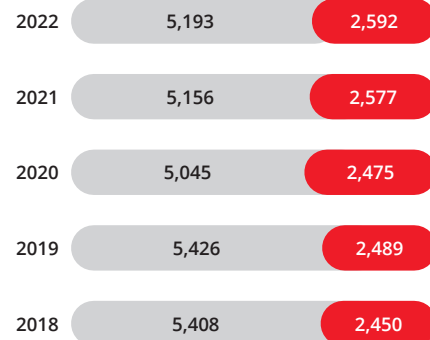


Adopting the principle of offering innovations with products that people can safely consume while benefiting the society, Kervan Gıda, which has the highest soft candy production capacity in Türkiye, entered the Candy Industry "Global Top 100 Candy Companies" 2022 list in 82nd place. We are increasing not only our production capacity but also our brand awareness at the global level.

The largest confectionery supplier importer countries in the world are America (2.85 billion USD), England (790.7 million USD) and Germany (737.1 million USD). The world confectionery market size is 7.8 million tons and 67.2 billion dollars, while the soft sugar market size is 2.6 million tons and 23.5 billion dollars.

World Snack Sugar Commercial Size (.000 tons)

Other Sugar
Soft Sugar



According to Trademap data, approximately 13.4 billion USD of non-cocoa sugar products were exported in the world in 2022. Approximately 12.9% of the exports of non-cocoa sugar products are carried out by Germany, ranked first, while Türkiye, ranked 6th, accounts for approximately 5.5%.

According to data from the Ministry of Trade, the export value of sugar and chocolate confectionery, which was \$3.3 billion in 2022, accounted for 1.18% of Türkiye's total export revenue (\$254.2 billion). As of 2022, Türkiye exported various confectionery products to 189 countries.

In the next 5 years (2023-2027), the confectionery sector volume is projected to increase by 23%, with a total trade volume of 17 million tons. The soft candy category is expected to continue to grow with a 32% share in the sector and its trade volume is expected to reach 8.3 million tons.

The top three countries in the confectionery sector in terms of per capita confectionery consumption are Denmark (6.8 kg/year), Finland (5.8 kg/year) and Estonia (5 kg/year), while the per capita consumption in Türkiye is 1.2 kg/year. This data is quite low when evaluated on a global scale.

Within the scope of our sustainability efforts, we follow the developments in our main sector, the food industry, and adopt the priorities of the sector in our sustainability journey.

Within the framework of the strategic analysis and sector analysis we regularly conduct every year, we see **the prominent trends in our sector** as follows:

1. Consumer Trends:
2. Sectorial Sustainability Trends
 - 2.a. Healthy Product
 - 2.b. Sustainable Production
 - 2.c. Sustainable Value Chain
 - 2.d. Good Governance

We shape our strategies by taking into account sector and consumer trends, and we develop practices to ensure that the products we offer to consumers are produced in compliance with sustainability principles.

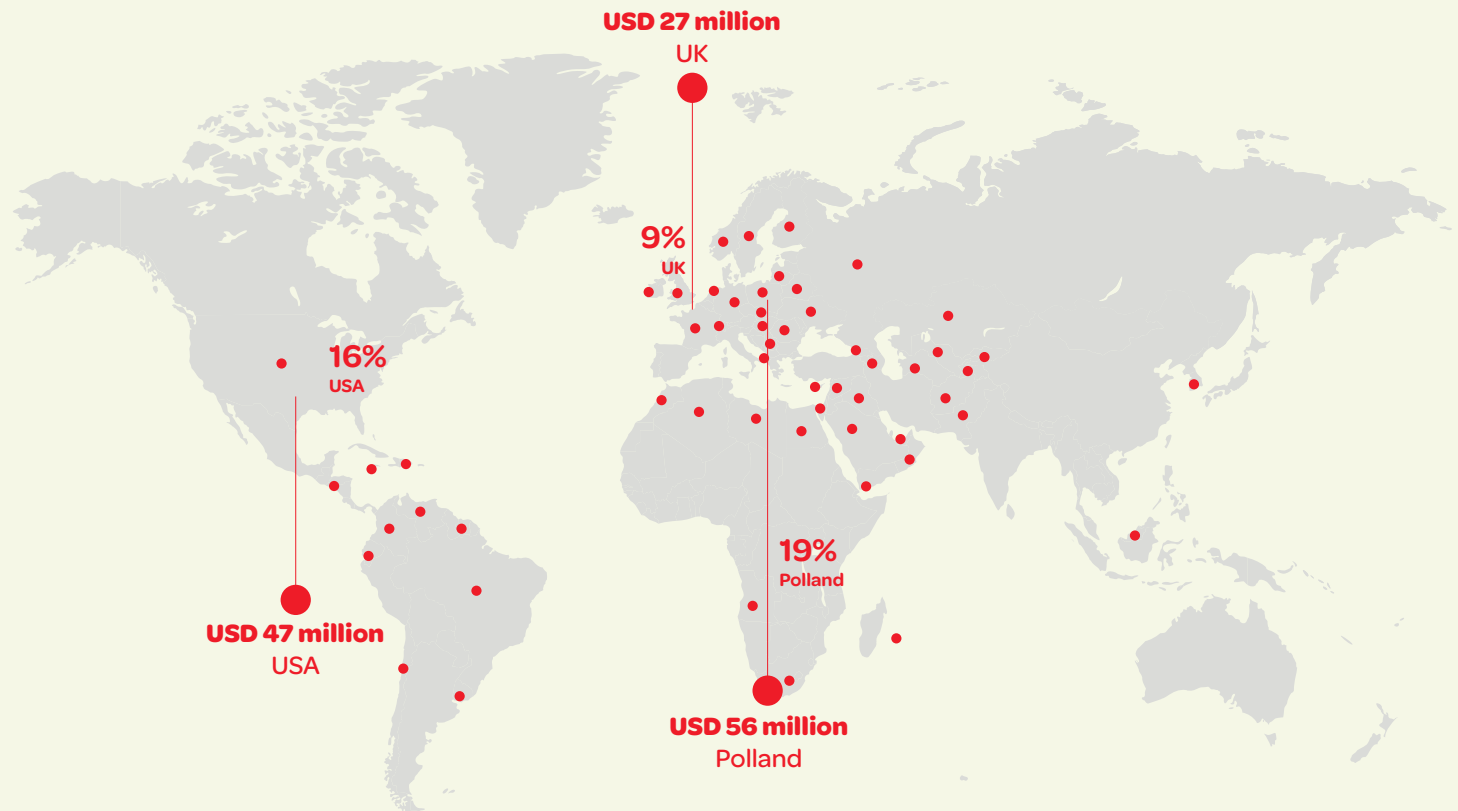
OPERATIONAL INDICATORS

We continue to bring our products to the world with our exports to many countries from Türkiye. We export to 85 countries, especially to the USA, England and Poland, which are the top 3 countries that we export.

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Otmuchów Group, which became our 100% main shareholder and subsidiary in June 2021, is one of the largest confectionery manufacturers in Poland. It has been listed on the Warsaw Stock Exchange since 2010 as one of Europe's leading gum and confectionery producers. OTMUCHÓW Group is one of Kervan Gıda's largest investments abroad with more than 500 employees, exports to more than 40 countries, more than 40 B2B partnerships, over 70 export customers and 4 factories.

292
million USD
2022 total exports



FINANCIAL STRUCTURE - FINANCIAL SUSTAINABILITY AND INVESTOR RELATIONS

Our sales in 2022 increased by 162% compared to the same period in 2021.

As a publicly traded company, we regularly disclose our quarterly financial statements and annual reports and publish them on our website and Public Disclosure Platform. <https://www.kervangida.com/faaliyet-raporlari/>

Our company's sales in 2022 increased by 162% compared to the same period of 2021 and reached TL 4.84 billion. While the share of our international sales in turnover was 68.7% in 2021, this ratio decreased by 1.0% to 67.7% in 2022.

In 2022, our foreign currency revenues reached USD 216.1 million. Domestic sales revenues totaled TL 1.26 billion.

In Türkiye, channel-based revenues increased by 148%, export revenues by 99%, organized trade revenues by 99% and traditional sales by 153% compared to 2021 and reached TL 3.9 billion, bringing our consolidated revenues to TL 4.84 billion in 2022. Compared to 2021, revenue growth in Türkiye was 152%.

The main reason for the 162% increase in our consolidated turnover in 2022 compared to 2021 is the acquisition we made in Poland at the beginning of the 3rd quarter of 2021. The most important reasons for the 152% increase in turnover in Türkiye are the increases in exchange rates and unit prices.

In 2021, we acquired ZPC Otmuchow SA and PWC Odra SA, two well-established companies in Poland. These companies carry out the production and sales activities of jelly, licorice, marshmallows, breakfast cereals, snack bars, chips, chocolate covered candies, halva and hard candy products with four factories in three locations in Poland. As of the end of 2022, the total production capacity of these companies was 27,210 tons/year.

In 2021, our revenue from jelly and licorice categories, which accounted for 67% of our sales, was TL 1.24 billion, while it reached TL 3.43 billion and 71% of sales in 2022 with the effect of newly established production lines.

In category-based sales, jelly products ranked first with TL 2.733 billion in 2022, followed by Licorice with TL 705.1 million, marshmallows with TL 297.4 billion and toy products with TL 194.7 billion. The shares of these products in sales were 56.5%, 14.6%, 6.1% and 4%, respectively. Compared to 2021, sales in these product categories increased by 179% in jelly, 171% in licorice, 149% in marshmallow and 79% in toy products.

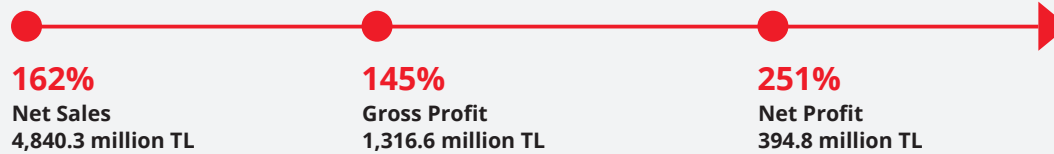
	Share	Share	Increase Rate
Kervan Türkiye	2022	2021	
Export	67.7%	68.7%	148%
Organized Trade	13.4%	17.0%	99%
Traditional	14.4%	14.3%	153%
Other	4.5%		
Total			152%

Consolidated Kervan Gıda	2022	2021	change
Net Sales	4,840.3	1,847.7	162%
Cost	-3,523.8	-,311.0	
Gross Profit	1,316.6	536.7	145%
Gross Profit Margin	27.2%	29.0%	
Operating Expenses	-822.2	-398.8	
Operating Profit	709.4	339.6	109%
EBITDA	626.4	210.8	197%
EBITDA Margin	12.9%	11.4%	
Net Profit	394.8	112.6	251%
Net Profit Margin	8.2%	6.1%	

FINANCIAL STRUCTURE - FINANCIAL SUSTAINABILITY AND INVESTOR RELATIONS

Being among the top 5 companies in its category in the world in 2022, Kervan Gıda continues to take actions that will contribute to its growth journey towards becoming a global brand on the axis of sustainability and profitability.

Growth rates compared to 2021



Being among the top 5 companies in its category in the world in 2022, Kervan Gıda continues to take actions that will contribute to its growth journey towards becoming a global brand on the axis of sustainability and profitability.

In order to ensure financial sustainability, our Board of Directors makes reasonable and necessary efforts to ensure that internal audit activities are carried out in the most effective manner within the scope of CMB legislation. For this purpose, the "Audit Committee" within the Board of Directors continues its activities. The Audit Committee submits its findings and recommendations to the Board of Directors and the Internal Audit Department reports directly to the Board of Directors through the Audit Committee.

In capital management, we act with the principle of creating a sustainable financial structure by using the balance between debt and equity in the most efficient way while trying to ensure the continuity of operations. Since we are exposed to currency risk, credit risk and liquidity risk arising from our activities, the Early Detection of Risk Committee focuses on minimizing the potential negative effects of uncertainty in financial markets on our financial performance.

Our financial service is responsible for ensuring regular access to domestic and international financial markets and for analyzing and managing the risks associated with our activities. Depending on market conditions, as with all for-profit businesses, there is always sales risk. We minimize the potential negative effects that may occur in our sales by using multiple sales channels within the sector in which we operate and preventing the risk from being concentrated in a single region/country.

As of the end of 2022, our investments totaled TL 323.97 billion. Our investments consist of the on-going construction works in Akhisar region, additional line investments and the on-going jelly line investment and construction works in Poland. We continue our domestic investments in Manisa - Akhisar, which is an incentive zone, and we plan to realize the investments in this region in the future.



2022 HIGHLIGHTS

We plan to reduce our carbon footprint by meeting our energy needs from renewable sources.

SPP Project

With the principle of clean energy that respects the environment, we equipped our production facilities and warehouses with SPP in order to reduce energy costs while contributing to the fight against climate change. We installed SPP plants with a power of 1.8 MW on the roof of Akhisar-1 factory and Akhisar central warehouse, and 0.7 MW on the roof of Uçantay factory for 3 million dollars. Thanks to these investments, we obtained 2,350,000 kWh of energy and contributed to nature in a way equivalent to 1525 trees. In this context, we both contribute to the national economy and energy management by providing some of our own energy from the sun, and we follow a policy that respects nature by reducing our carbon footprint.

With our SPP investments, we contribute to environmental sustainability by reducing the use of fossil fuels and realize our goal of leaving a cleaner world to future generations. We encourage sustainable consumption and production, use environmental resources efficiently and minimize our impact on the environment by reducing the amount of waste. We contribute to the local economy and create a sustainable business environment by offering the potential to create employment in the green energy sector.



Our Akhisar Logistics Warehouse

As Kervan Gıda, we continued to improve ourselves by achieving many successes in 2022. Within the scope of moving our production to Akhisar, we completed most of our factory buildings under construction and moved our production lines in Istanbul to Manisa facilities at the end of 2022, except for jelly. We plan to have all production activities moved to Akhisar by the end of 2023.

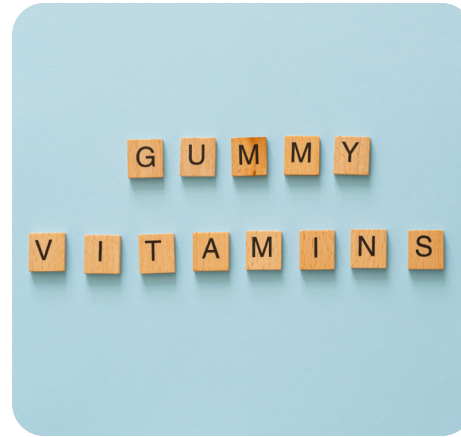
2022 HIGHLIGHTS

In order to meet consumer expectations, we continue our R&D studies in the functional food category.



OTC Main Prescription Improvements Project

We offer healthier products through formulation improvements and production process improvements that will improve the stability and quality of the products and the addition of special-patented natural ingredients to the formulation, while we provide improvements in production time and raw material efficiency by updating some parameters that increase efficiency in the production process.



Vegan Food Supplement Project Containing Minerals

In our project, which is the first vegan product of the Kervan Gıda OTC group, we aimed to reduce the mineral loss of especially those who do sports with our special recipe and to provide energy with the B vitamins in its content. We received our first sports food certification for this project.



Omega Containing Food Supplement Project

Since Omega is a fatty acid that needs to be used with precision and requires special attention due to its molecular structure, its formulation is important. For this reason, by working with special patented natural ingredients, we have also improved production time and raw material efficiency by updating some parameters that increase efficiency in the production process.



Collagen Containing Food Supplement Project

Collagen, when used for a certain period of time, helps to eliminate wrinkles and is also beneficial for muscle and joint health. With this product, we have proved that confectionery products can be useful in the beauty concept. This product meets the needs in the beauty concept in the supplementary food category by providing chewable soft candy in the form of soft candy.

2022 HIGHLIGHTS



DOPA Project

With DOPA (Digitalization, Operational Excellence, Profitability, Automation), we launched the internal transformation movement in 2022, which we developed with the understanding of optimum capacity utilization, efficiency and profitability, which will provide convenience and simplicity in all processes.

2021 Most Admired Brand Award | Eurasian Consumer Protection Association

Eurasian Consumer Protection Association honors the brands that make sales and marketing by following the rules of honest trade with the Eurasia Quality Award within the scope of the World Consumers Protection Week celebrations on 15-21 March every year. As Kervan Gıda, we were selected as the recommended brand of 2021, and we were entitled to receive the “Most Admired Brand” Award.

2022 Most Admired Soft Candy Brand Award | Yıldız Technical University

At the Stars of Food Award Ceremony held by Yıldız Technical University Food and Healthy Nutrition Club on 15 December 2022, Bebeto was selected as the Most Admired Soft Candy Brand.



Türkiye's Most Valuable Brands Survey

In the “TÜRKİYE 100 - Türkiye's Most Valuable Brands” survey published for the 17th time by Brand Finance, we rose from 65th to 58th place in 2022 compared to the previous year. .

Capital 500 List

We entered the Capital 500 List from the 460th place in 2021 and rose to the 326th place in 2022.

Fortune 500 Türkiye - Turkish Companies with the Highest Increase in Exports

According to the results of the Fortune 500 Türkiye - 2022 Survey, in which Türkiye's 500 largest companies are determined, we increased our ranking from 316 in 2021 to 262 in 2022 with net sales of 4.84 billion TL. At the same time, we entered the “Fortune 500 Türkiye - Turkish companies with the highest increase in exports” 2022 list from 32nd place.



INDEPENDENT ASSURANCE OF SYSTEM AND PRODUCT QUALITY

We carry out our work without compromising our quality and compliance with legal regulations and we certify our systems as proof of this.



OUR QUALITY and FOOD SAFETY POLICY

As Kervan Gıda, our priority in the confectionery products we produce and throughout our entire supply chain is food safety and the satisfaction of our consumers. In all our activities, it is our foremost responsibility to protect the health and safety of our employees and business partners working with us in our fields of activity. Our basic rules in this context;

- To fully meet customer satisfaction and expectations, to always be the first preferred brand, to produce quality, healthy and hygienic products from safe raw materials
- To follow and fulfil all legal obligations related to quality and food safety activities
- To make quality and food safety culture a primary priority lifestyle with all our employees, suppliers and business partners and to provide the necessary support for its continuous improvement; to ensure the continuity of our quality and product safety with customer satisfaction-oriented production awareness in all our employees
- To review and continuously improve our processes that we carry out within the scope of integrated management systems
- To ensure the continuity of the system with measures and controls in order to ensure compliance with the original declared in our raw materials and end products

In order to be the implementer of our rules written above; we undertake to communicate and/or request information about quality and food safety to the public, consumers and suppliers when necessary.

The 'On-site Quality Committee', which is one of the committees we established with the DOPA Project, focuses on increasing quality and preventing losses by creating a systematic in product quality control and in this context, internal quality losses, scrap and re-process management, non-waste quality losses, returns, customer complaints, warranty and compensation.

The 'Kaizen Committee', on the other hand, adopts total quality management while achieving its goals of improving quality, OEE improvements, waste analyses, cost analyses, increasing the value created in processes, increasing productivity, increasing managerial competencies and productivity of employees through continuous improvement without compromising quality.

We carry out our work without compromising our quality and compliance with legal regulations and we certify our systems as proof of this. Our 2023-2024 plans include the completion of our management systems certificates and other necessary certifications for all our facilities.

OUR CIVIL SOCIETY PARTICIPATION AND COLLABORATIONS

We are growing and developing with our Civil Society participation and collaborations.



Sustainable Food Platform
(SGP- Sürdürülebilir Gıda Platformu)



Independent Industrialists' and
Businessmen's Association
(MÜSİAD- Müstakıl Sanayici ve
İş Adamları Derneği)



Turkish Investor Relations Society
(TÜYİD- Türkiye Yatırımcı İlişkileri Derneği)



Turkish Exporters Assembly
(TİM- Türkiye İhracatçılar Meclisi)



Private Label Products Manufacturers
and Suppliers Association
(PLAT- Özel Markalı Ürünler Sanayicileri
ve Tedarikçileri Derneği)



Tohum Autism Foundation - Tohum
Türkiye Early Autism Diagnosis and
Education Foundation
(Tohum Otizm Vakfı- Tohum Türkiye
Otizm Erken Tanı ve Eğitim Vakfı)



Turkish Marine Environment
Protection Association
(TURMEPA- Deniz Temiz Derneği)



OUR FEATURED PROJECTS IN 2022

In 2022, we launched the DOPA project, one of our biggest strategic decisions, as an internal transformation movement that we developed with the understanding of optimum capacity utilization, efficiency and profitability, which will provide convenience and simplicity in all processes.

Since 2020, we continue our journey to become a pioneering and exemplary company in the sector with sustainability practices beyond profitability with new projects by investing in many issues on the sustainability axis. Our important projects are detailed under the relevant headings in this report.

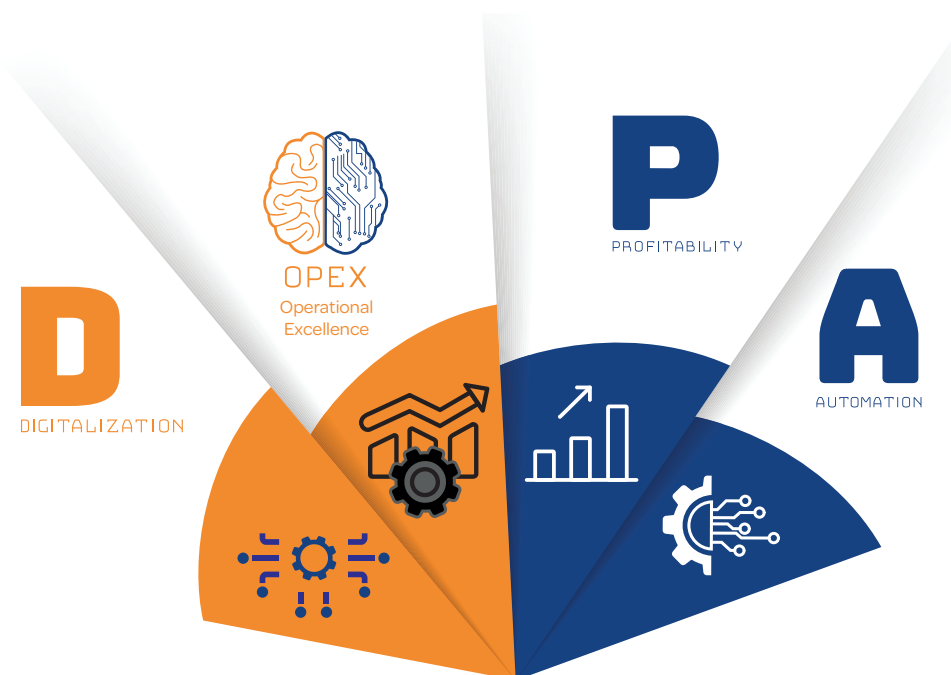
DOPA (Digitalization, Operational Excellence, Profitability, Automation) Project

In 2022, we launched the DOPA project, one of our biggest strategic decisions, as an internal transformation movement that we developed with the understanding of optimum capacity utilization, efficiency and profitability, which will provide convenience and simplicity in all processes.

The name DOPA is a combination of 4 different words that draw the general framework of this project. D: Digitalization, O: OPEX, Operational Excellence, P: Profitability, Profitability and Increasing Profitability, A: Automation, Automation in Processes.

Objectives of the DOPA Project:

- To ensure the digital transformation of our company and to carry our data to the secure future with access to error-free and fast transaction ease
- To transform into a lean and sustainable structure through standardization in production and management
- To increase the profitability level of the company in terms of both pricing and expenses
- To be strong in competition by increasing speed and agility in production and thus to increase our product and service quality
- Providing a “supply - production - quality - marketing - sales” cycle with a system independent of individuals
- Creating maximum value by using the capacity in the most efficient way
- To ensure permanent improvements in costs through standardization and partnership projects



OUR FEATURED PROJECTS IN 2022

In 2022, we focused on improving our processes, increasing our efficiency and protecting the environment through various projects.

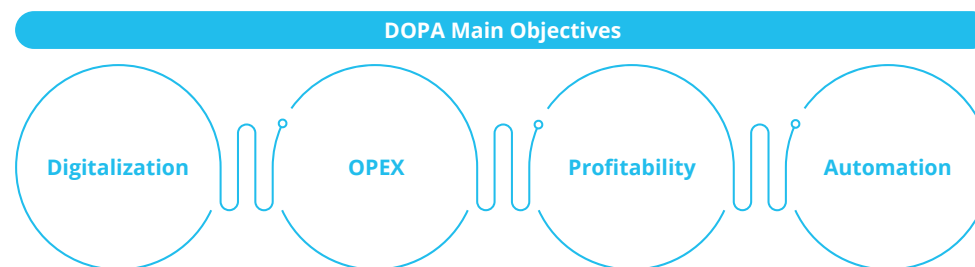
In order to achieve all these goals and objectives, we have formed our committees in the pillars of our project, which we have determined as Digitalization, OPEX, Profitability and Automation.

By establishing 6 different committees under the OPEX Committee, we aim to use the workforce, processes and technology effectively to achieve success in operational excellence and to make this a culture. These committees and their objectives;

- **Kaizen Committee:** OEE (overall equipment effectiveness) measurements, analysis of losses and organizing teams to eliminate losses
- **Training Committee:** Operator needs analysis, creation of skill matrices, creation of standard workforce, creation of internal training system, creation of Beбето Academy
- **Visual Factory / 5S Committee:** Determining standards for all factory interior and exterior areas and starting implementation in pilot areas

- **On-site Quality Committee:** Analyzing non-conformities and customer complaints, root cause analysis, raising production quality awareness
- **EHS (Environmental Health and Safety) Committee:** Investigating occupational accidents within the company and taking necessary precautions, coordinating the necessary awareness raising and training processes by organized teams, ensuring that environmental activities and projects are followed up in a systematic manner
- **Maintenance Committee:** Initiating planned maintenance and autonomous maintenance processes, analyzing downtime, determining intervention times and implementing mitigating

We have determined the duties and responsibilities, members, meeting frequency and performance indicators for all committees. We attach importance to the involvement of all our employees in the processes. We enable our employees to share their ideas and



suggestions about the processes carried out, current projects and improvements with the DOPA team through the 'I Have an Idea' boxes placed with the DOPA logo in the cafeteria, meeting rooms and foyer area. Suggestions are collected by the OPEX committee, evaluated technically and selected suggestions are put into practice. The points of the suggestions that are successfully implemented are entered into the system by the OPEX Executive Committee and the points earned by the personnel who made the suggestion are transferred to the Human Resources reward system. Similarly,

the suggestions of our employees are listened to, evaluated and rewarded thanks to the "Loss Hunters Wanted - Suggestion Reward System", where a rewarding system is created by evaluating suggestions on loss and leakage detection and process improvements.

In 2022, we focused on improving our processes, increasing our efficiency and protecting the environment through various projects. Our important projects are detailed under the relevant headings in this report.

OUR FEATURED PROJECTS IN 2022

Bebeto brand continues to contribute to the world branding adventure of our brand with the motto of the image of Turkish goods.

TURQUALITY

TURQUALITY® is the world's first and only state-sponsored branding program. The program aims to enable companies with product groups that have branding potential to become global players in international markets with their own brands by enabling them to become institutionalized in a way to cover all processes, and to create and establish a positive image of Turkish goods through these brands with incentive items ranging from opening overseas units to promotion, from consultancy to IT.

The Turquality Program, which we joined in 2010 with our company's locomotive brand "Bebeto" and have been a part of for 12 years, has contributed to the creation of corporate infrastructure, corporate alignment, development and improvement, digitalization

and raising brand awareness. In addition, it has supported communication and promotion activities to increase brand awareness and promotion in strategic target markets.

In this period, which we are in the third 5-year period, stronger steps are taken in the target markets and the Bebeto brand continues to contribute to the world branding adventure of our brand with the motto of the image of Turkish goods. The process will continue with our newly determined target markets and TURQUALITY® will continue to support our motivation to offer products to the world markets and our vision of becoming a world brand.



OUR SUSTAINABILITY STRATEGY

We assess the compliance of all our suppliers with responsible trade principles to ensure that they observe working conditions, human and labor rights and ethical values.

Environmental Responsibility

Aware of our responsibility towards the world and future generations, we develop efficiency projects to reduce our energy and water consumption, increase energy efficiency in all our processes and thus reduce our contribution to climate change.

We develop projects that increase the use of renewable energy sources by making reasonable efforts to address climate change and support the transition to alternative renewable energy sources such as solar and wind energy.

We develop measures to reduce the amount of waste by optimizing waste management and recycling processes, and we work to minimize our waste amount. Accordingly, we continuously improve our recycling and waste sorting activities. We redesign packaging materials and develop projects to use environmentally friendly and recyclable materials.



Supply Chain

We collaborate with our suppliers to support sustainable agricultural practices and to observe environmental, social and governance responsibilities in the supply chain and to develop together with our supply chain.

We assess the compliance of all our suppliers with responsible trade principles to ensure that they observe working conditions, human and labor rights and ethical values.

Human Health

In order to offer our customers confectionery with healthier and more natural ingredients, we constantly update our R&D studies in line with technological developments in the sector and continuously improve our products.

In order to reduce the amount of sugar in our products and to expand the use of natural sweeteners to more product types, we work with our R&D team to offer healthier options to our customers.



OUR SUSTAINABILITY STRATEGY

We recognize the value of our employees' participation in sustainability goals and organize programs that encourage them and raise their awareness.

Social Benefit

We collaborate with local communities and develop social projects according to the needs of the society. We conduct training and information programs to raise the awareness of our stakeholders, especially our employees, suppliers and customers, on sustainability.

Transparency and Reporting

We consider regular monitoring and reporting of our sustainability performance and regularly informing our stakeholders about our progress as a part of corporate sustainability.

We adopt the principles of transparency and accountability within and outside the company. We ensure transparency in the field of sustainability by utilizing relevant certifications and reporting mechanisms.



Employee Engagement

We constantly endeavor to improve the working conditions and welfare of our employees. We encourage the participation and development of our employees by providing training and development opportunities.

We recognize the value of our employees' participation in sustainability goals and organize programs that encourage them and raise their awareness.

We use communication channels to inform our employees about sustainability and encourage them to share their ideas.

Innovation and Development

We invest in research and development activities to continuously improve our sustainability performance by prioritizing human health, the environment and our stakeholders. Recognizing that the leadership and commitment of senior management is one of the most important success factors of sustainability management, we care about protecting and developing our sustainability principles, share best practices and aim to be a pioneer in sustainability by assuming a leadership role in the sector.



OUR SUSTAINABILITY STRATEGY

We set our priorities for the environmental, social and governance areas of sustainability with a livable world, a happy society and strong collaborations.

As Kervan Gida, we evaluate the concept of “sustainability” with a holistic approach with our perspective that always prioritizes the protection of the environment and natural resources, the welfare and happiness of the society. In our sustainability studies initiated in 2022, we carry out an online “**stakeholder priorities study**” to determine the materiality assessment of all our stakeholders according to their needs and expectations by classifying a large number of material issues that we have identified while ensuring the sustainability links and alignment of our strategies.

We set our priorities and targets for the environmental, social and governance areas of sustainability **with a livable world, a happy society and strong collaborations**. As Kervan Gida, we realize our sustainability goals step by step with our on-going efforts within the framework of the Global Goals for Sustainable Development.

Sustainability Committee

Our Sustainability Committee is responsible for determining sustainability-related strategies and targets on Environmental, Social and Corporate Governance issues, preparing policies and road maps, communicating with stakeholders and receiving feedback on sustainability,

executing, monitoring, reviewing, improving and developing sustainability targets and practices, making recommendations to the General Manager and reporting to the Board of Directors. Structure of the Sustainability Committee:

- The Committee consists of 13 members including Strategy Director, Supply Chain Director, Marketing Director, Operations Director, Information Technologies Director, Finance Director, Human Resources Director, Internal Audit Manager, Technical Manager, Training and Development Manager, Organizational Development Manager, Environment, Occupational Health and Safety Officer, Corporate Communications Officer.
- The Committee is chaired by the Strategy Director.
- The coordination of the Committee is carried out by the Strategic Planning Manager / Officer.

Duties and responsibilities of the Sustainability Committee:

- Carrying out studies to integrate sustainability into Kervan Gida's way of doing business and developing projects in this direction.
- To follow national and international developments on sustainability
- Establishing the company sustainability

- strategy, policy, targets and roadmap
- To follow the sustainability roadmap and the developments in its practices in order to realize its sustainability goals; to determine performance criteria within the scope of short, medium and long term sustainability goals and to audit performance
- Identify sustainability risks, define risk indicators, determine preventive/mitigating actions and ensure that necessary actions are taken. To ensure that risk indicators are monitored and audited, and that key sustainability risks are reported to and

monitored by the Early Detection of Risk Committee

- To support the development and realization of projects to reduce the carbon footprint in business processes within the scope of combating the climate crisis
- To create and promote sustainability awareness and culture throughout the company
- To ensure that all employees are informed in line with the sustainability strategy and targets and to work towards the internalization of employees

Sustainability Organization

General Manager

Sustainability Committee

Committee Chair Strategy Director

Committee Coordinator Strategic Planning Manager/ Officer

Supply Chain
Director

Director of
Information
Technologies

Operations
Director

Finance
Director

Marketing
Director

Human
Resources
Director

Internal Audit
Manager

Technical
Manager

Training and
Development
Manager

Organizational
Development
Manager

Environmental
Occupational
Health and Safety
Officer

Corporate
Communications
Officer

OUR SUSTAINABILITY GOALS AND TARGETS

With the steps we take within the scope of global goals for Sustainable Development, as Kervan Gıda, we are creating our infrastructure for our sustainability goals and we are happy to realize them step by step.

While determining our sustainability priorities and targets, we have worked with an approach that takes into account the United Nations (UN) Sustainable Development Goals (SDGs) in the fields of environmental protection, economic growth and social development, which are the three main components of sustainability that complement each other, as well as the relevant national and international legislation and the Sustainability Principles Compliance Framework published by the Capital Markets Association (CMB) as a publicly traded company. We have determined our priority sustainability targets in order to ensure sustainability by managing these three basic components in a balanced manner.

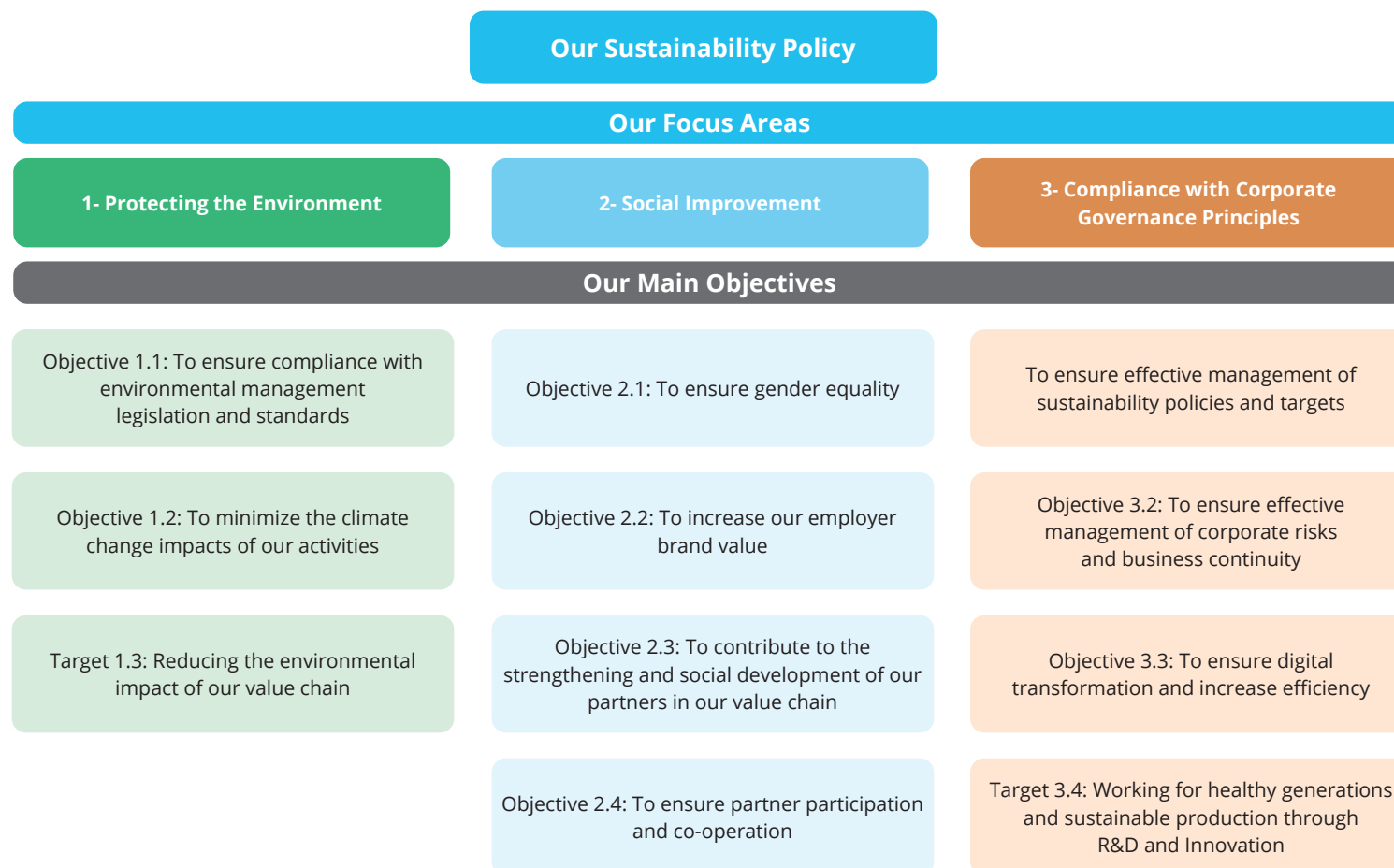
UN SDGs that Kervan Gıda directly affects:



UN SDGs indirectly affected by Kervan Gıda:




















We have designed our sustainability priorities and roadmap in line with three main components, we will review and update them every year and ensure their follow-up in our annual reports.



OUR SUSTAINABILITY GOALS AND TARGETS

Our sub-targets that will serve the realization of our sustainability goals and objectives, our key performance indicators that we have identified to monitor the achievement of these goals and the relationship between our goals and the United Nations Sustainable Development Goals are evaluated in this section.

Objective 1: Protecting the Environment

Sub Targets	Performance Indicator	2023 Target	2024 -2030 Target	Related SKA
Target 1.1: To ensure compliance with environmental management legislation and standards				
To ensure that ISO 14001 and ISO 50001 standards are certified in our facilities with missing certificates	Ratio of facilities certified with ISO 14001 and ISO 50001 standards %	75%	100%	
Successfully passing legal audits	Number of legal penalties in all facilities	0 quantity	0 quantity	
Target 1.2: To minimize the climate change impacts of our activities				
Carbon footprint reporting and setting reduction targets	Completion rate for all facilities %	50%	100%	
CDP Climate Change statement	Completion rate in all facilities %	-	100%	
SPP Project to meet the entire energy used	Completion % Renewable energy utilization %	50% 15%	100% 100%	 
Water footprint calculation and CDP Water Security Program declaration	Completion rate for all facilities %	-	100%	
Waste Minimization	Total waste amount reduction rate per production tonnage %	50%	60%	  
Reduction in the use of packaging materials	Packaging quantity reduction rate per total sales tonnage %	20%	35%	  
Packaging waste reduction	Packaging waste reduction rate per total sales tonnage %	20%	35%	  
Target 1.3: Reducing the environmental impact of our value chain				
Reducing suppliers' climate change risks	Proportion of suppliers for which an environmental baseline study was conducted %	10%	50 %	







Objective 2: Ensuring Social Development

Sub Targets	Performance Indicator	2023 Target	2024 -2030 Target	Related SKA
Target 2.1: To ensure gender equality				
Increasing women's employment	Proportion of female employees %	50%	55%	
To ensure that the ratio of women on the board of directors complies with corporate governance principles	Proportion of female members on the board of directors %	-	25%	
Increasing the number of women in management positions	Proportion of women in managerial positions (manager and above) %	25%	35%	
Target 2.2: To increase our employer brand value				
Improvement of the accident rate in operations	Rate of decrease in the number of accidents %	15%	80%	
Increasing employee satisfaction and loyalty	Employee satisfaction rate % Rate of decrease in employee complaints %	70% -	80% 30%	
Increasing trainings for the development of employees	Increase in the rate of training hours per person %	15%	30%	
Target 2.3: To contribute to the strengthening and social development of our value chain				
To increase customer satisfaction	Decrease in customer complaint rate %	40%	60%	
Increasing the amount of OTC production	Utilization rate of existing OTC production capacity %	50%	100%	
Increasing efforts towards local suppliers in supplier management	Share of local suppliers in turnover %	80%	85%	
Target 2.4: To ensure stakeholder participation and co-operation				
Increasing membership and cooperation with non-governmental organizations	Number of projects realized with NGOs	-	15 projects	

OUR SUSTAINABILITY GOALS AND TARGETS

Our sub-targets that will serve the realization of our sustainability goals and objectives, our key performance indicators that we have identified to monitor the achievement of these goals and the relationship between our goals and the United Nations Sustainable Development Goals are evaluated in this section.

Objective 3: Ensuring Compliance with Corporate Governance Principles

Sub Targets	Performance Indicator	2023 Target	2024 -2030 Target	Related SKA
Target 3.1: To ensure effective management of sustainability policies and targets				
To ensure periodic external evaluation of sustainability performance	Increase in ESG Score % Increase in BIST Index Score %	- 35%	25% 50%	
Target 3.2: To ensure effective management of corporate risks and business continuity				
Enabling business continuity and emergency action planning process	Proportion of facilities that obtained ISO 22301 Business Continuity Management Certificate %	-	100%	
	Successful pass rate of external audits %	-	100%	
Target 3.3: To ensure digital transformation and increase efficiency				
Successful implementation of the DOPA project, ensuring implementation efficiency and continuous development	Rate of inclusion of DOPA project targets in unit targets %	50%	100%	 
Inclusion of sustainability performance and risk indicators in the performance system	Completion %	20%	100%	
Target 3.4: To work for healthy generations and sustainable production through R&D and Innovation				
Ensuring the continuity of AGM projects within the scope of R&D and innovation	Increase rate of the number of projects worked on compared to the previous year %	30%	60%	
	Ratio of the number of commercialized projects %	10%	40%	
	Share of commercialized innovative product sales in total turnover %	3%	8%	



RISKS AND OPPORTUNITIES

We are aware that effective risk management throughout the value chain is the basis of making the right decisions and sustainable business conduct.

Considering the likelihood and impact of the global risks that we continue to experience the effects of climate change, especially extreme weather events, environmental problems, epidemic disease risks that we are closely experiencing with the Covid-19 outbreak, as well as the geographical area in which we operate, the 'cost of living crisis' risk, which is said to be characterized by environmental and social crises driven by underlying geopolitical and economic trends in the next decade, appears as the most serious global risk in the next two years, given the probability of realization and impact stated in the 2023 World Economic Forum (WEF) Global Risks Report. Other priority risks in the short term (2 years) are natural disasters and extreme natural events, geo-economics conflicts, failure to mitigate climate change, deterioration in social cohesion and social polarization, large-scale environmental damage events, and failure to adapt to climate change. The first item of long-term (10-year) global risks is failure to mitigate the impacts of climate change, followed by failure to adapt to climate change, large-scale environmental damaging events, loss of biodiversity and ecosystem collapse. According to the report, the other biggest long-term risks are large-scale forced migration and natural resource crises.

In addition to these risks, the effects of which we have started to feel in our country, economic difficulties and livelihood difficulties, ensuring the flexibility and robustness of the supply chain are among the risks to be monitored. While societies' need for digital processes is increasing with the adoption of Internet-based and digital working models, e-commerce, online education and remote working models, it is inevitable that this habit will continue with the integration of digital technologies into social life. This transformation also carries the risk of the emergence of digital inequalities with the concentration of digital power in certain countries.

As Kervan Gıda, we are aware that effective risk management throughout the value chain is the basis of making the right decisions and sustainable business conduct. Identifying risks with a sustainability perspective, ensuring their interconnection with each other and analyzing the impact of long-term trends on risk formation are important for effective risk management.

In 2022, the most fundamental financial risks analyzed by the Early Detection of Risk Committee are the risks such as the fact that the international growth plan of our Company, which exports to 85 countries, may be affected by factors beyond its control, foreign exchange risk due to revenues generated in different currencies, raw material price fluctuation risks, and collection risk of trade receivables.

The sustainability of a company's operations depends not only on the soundness of its financial structure, but also on its relationships with its customers, the protection of its reputation and the development of its brand image. Therefore, changes in the availability of raw materials, the robustness and flexibility of the supply chain, risks in logistics and sales, and business continuity risks of key personnel may adversely affect our operations.

As for sector risks; global economic conditions and their effects on consumer spending habits, operating in a highly competitive field, changing consumer preferences, increasing trends towards reducing sugary products in the diet with increasing public awareness, major changes in food standards and codes of the countries where our products are sold may also bring some risks.

Our company is obliged to comply with legal and other regulatory provisions within the scope of environmental law, professional regulations, occupational health and safety and consumer protection and fulfils this obligation meticulously. Failure to regularly monitor and continuously improve the co-operation developed with legal authorities for changes that may occur in the aforementioned laws and regulations or their interpretation may lead to the formation of legal risks.

The assessments of all specified risks are handled within our risk assessment system, regularly monitored through risk and action plans, and preventive actions are implemented and reported to the Early Detection of Risk Committee and senior management.

As Kervan Gıda, when we evaluated both global risks and the conditions in our geography and our sector and process risks, we divided our risk areas into 10 categories as financial risks, operational risks, strategic risks, legal risks, environmental risks, social risks, digitalization, occupational health and safety, natural disasters, quality and food safety. We identified our main risks in these categories and created our measures.

RISKS AND OPPORTUNITIES

Risk Area	Baseline Risk/Lock Risk/Risk	Precautions
FINANCIAL RISKS	<ul style="list-style-type: none"> •High inflationary country conditions and economic crisis •Decrease in purchasing power •Liquidity risk •Foreign exchange risk 	<ul style="list-style-type: none"> •Monthly monitoring of profitability on product basis and regular action follow-up •Ensuring effective active passive management •Emphasizing research on new target countries/ foreign customers in order to increase export revenues •Ensuring the continuity of a strong supply network for local procurement at the highest level in all procurement items
OPERATIONAL RISKS	<ul style="list-style-type: none"> •Shortage of animal gelatine •Unforeseen increases in transport / freight prices •Disruptions in the supply chain (raw materials, packaging, etc.) •Decrease in consumption of sugary food / need for rapid change in product recipes due to increasing interest in sugar-free and vegan products 	<ul style="list-style-type: none"> •Increasing the number of contracted local suppliers •Trial purchases by finding alternative suppliers •Use of vegetable gelatine as a substitute for natural gelatine, increasing vegan products •Supporting suppliers (audits/trainings/ monitoring to contribute to supplier development) •Focusing R&D activities on vegan products and OTC products, prescription revisions
STRATEGIC RISKS	<ul style="list-style-type: none"> •Rapid growth in the OTC market •Difficulty in accessing natural gelatine due to the contraction in the livestock sector •Decreased stability in business continuity in volatile market conditions •Competitor / Competition risks 	<ul style="list-style-type: none"> •Accelerating the DOPA project planned to increase business continuity / efficiency and taking into account the developments in technological conditions in investment decisions due to their critical role in the transition plans to a low carbon economy and the establishment of climate targets •Improving stakeholder relations (training and audits, collaborations) •Reducing the areas of differentiation despite the presence of competitors with different competencies in the sector, protecting the brand value, ensuring leadership in the issues that constitute the essence of the brand
LEGAL RISKS	<ul style="list-style-type: none"> •Export quotas / prohibitions •Legal dispute •Increasing international activities as a result of globalization 	<ul style="list-style-type: none"> •Orientation towards different countries against regional quotas, increasing country diversity •Operational risk assessment and fulfilment of obligations by providing sufficient data •Since the activities, products and services of the organization are subject to more than one legal regulation, as an internationally operating company, following the legal regulations in foreign markets as well as national regulations

Risk Area	Baseline Risk/Lock Risk/Risk	Precautions
ENVIRONMENTAL RISKS	<ul style="list-style-type: none"> •Climate change risks •Increase in energy costs •Increase in the amount of waste packaging •Access to clean and quality water, water scarcity •Wastewater treatment costs •Food loss and wastage 	<ul style="list-style-type: none"> •Carbon Footprint studies and reporting of annual greenhouse gas emissions •Energy efficiency projects in processes •Renewable energy projects (use of solar energy) •ISO 50001 Energy Management System •Sustainable waste management •Recycling of product packaging, use of recyclable packaging •Monitoring of water footprint on product basis •Water recovery projects •Monitoring resource efficiency •Complete treatment of wastewater and returning it to nature •High capacity and technological wastewater treatment plant and periodic wastewater analyses •ISO 14001 Environmental Management System •Stakeholder environmental audits •Using the right production techniques in a single stage to minimize food waste and utilizing waste to prevent wastage
SOCIAL RISKS	<ul style="list-style-type: none"> •Changes in stakeholder expectations •Changes in consumer habits 	<ul style="list-style-type: none"> •Evaluating the expectations of all stakeholders through regular stakeholder analyses, creating action plans for material issues, strengthening brand trust •Following trends through consumer research, carrying out innovation studies in products and packaging according to the demands of customers, meeting consumer and customer expectations in line with national and international regulations on issues such as sustainable raw material and packaging supply
DIGITALIZATION	<ul style="list-style-type: none"> •Inability to adapt to technological developments •Failure to complete digitalization studies on time •Cyber Security vulnerabilities 	<ul style="list-style-type: none"> •Digital monitoring of parameters such as efficiency, scrap, interruption within the scope of Operational Excellence studies •Accelerating digitalization within the scope of the DOPA project, carrying out all necessary control, monitoring, testing and improvement works for the robust and stable operation of the IT system infrastructure against cyber threats •Periodic internal and external audits for cyber security, information security trainings given to employees, risk management and risk insurances

RISKS AND OPPORTUNITIES

Risk Area	Baseline Risk/Lock Risk/Risk	Precautions
OCCUPATIONAL HEALTH AND SAFETY	<ul style="list-style-type: none"> • Work accidents • OHS risks of subcontractors • Epidemic diseases 	<ul style="list-style-type: none"> • Carrying out activities to create an occupational safety culture, carrying out machine risk assessments, preparing accident investigation reports and root-cause analyses, providing all employees with the necessary OHS trainings on the use of machinery and equipment • Carrying out risk analysis studies for subcontractors, notifying OHS obligations in procurement contracts, auditing subcontractor works • Organizing work areas after the Covid-19 outbreak, organizing working conditions by conducting risk analysis for employees (women, disabled, chronically ill, etc.), carrying out workplace hygiene practices, obtaining TSE Covid-19 Safe Production certificate for our facilities
NATURAL DISASTER	<ul style="list-style-type: none"> • Earthquake • Fire • Other natural disasters (unusual weather conditions such as floods) 	<ul style="list-style-type: none"> • Carrying out earthquake surveys in factories and offices, organizing earthquake and emergency drills, ensuring that all equipment is ready for emergencies • Conducting fire risk analyses, conducting drills, providing technological solutions (fire sensors, etc.) • Coverage and assessment of all natural disaster risks in Emergency Plans

Risk Area	Baseline Risk/Lock Risk/Risk	Precautions
QUALITY and FOOD SAFETY	<ul style="list-style-type: none"> • Failure to ensure food safety and product quality continuity • Non-compliance with supplier standards • Customer Complaints 	<ul style="list-style-type: none"> • Establishment of ISO and Halal standard systems in all facilities, field audits; hygiene analyses for raw materials, products, ambient air, personnel hygiene, food contact and non-food contact surfaces, checking the control points determined in the process at frequencies determined as a result of risk assessment • Monitoring suppliers' quality and food safety standards as well as their environmental and social performance • Measuring consumer/customer satisfaction, reporting on the feedback received and taking quick action

We continue our work with our determination to reach future generations with healthy structures by ensuring our sustainability with the solutions and projects we produce within the framework of the measures we have developed against our risks.

VALUE CREATION PRIORITIES AND STAKEHOLDER ANALYSIS

For us, sustainable development means developing with our stakeholders and adding color to life through our products, which respect nature and bring happiness, joy and health to people, in line with common goals and objectives.

We have defined our priorities in terms of value creation and stakeholder analysis by identifying the main activities that make up our value chain in the context of the dynamics of the sector, namely the supply of raw and auxiliary materials, production, packaging, storage, transport, sales and delivery to the ultimate consumer.

For us, sustainable development means developing with our stakeholders and adding color to life through our products, which respect nature and bring happiness, joy and health to people, in line with common goals and objectives. We bring our products to our customers from a perspective that prioritizes the principle of the health and happiness of society.

In order to establish regular communication with all our internal and external stakeholders and to take into account the feedback we receive on business processes and sustainability objectives, we have identified our stakeholders and conducted an online **stakeholder materiality analysis** study to assess their sustainability priorities. We began the study by drawing up a list of our stakeholders and our communication methods.

Stakeholder	Communication Method
Our Employees	Internal communication channels, meetings, social events, volunteering activities, employee loyalty survey, suggestion system, orientation program, career development program, performance interviews
Our Suppliers	Audits, contracts, one-to-one contact and visits, joint cooperation projects
Education Institutions	Career days, seminars, internship and talent development programs
Relevant Public Authorities and Government Agencies	Visits to relevant department officials, head office visits, memberships, meeting-seminar attendance
Associations and Civil Society Organizations	Project partnerships, memberships, meeting attendance
Media and Press Organizations	Press releases, interviews, special news studies, corporate reputation and perception research
Customers	Meetings, written notifications, complaint and suggestion evaluations, business partnerships
Trade Unions and Workers' Representatives	Negotiations and meetings on working conditions and employee rights
Community	Social contribution activities, corporate social responsibility projects, corporate reputation and perception research, corporate website, social media communication channels

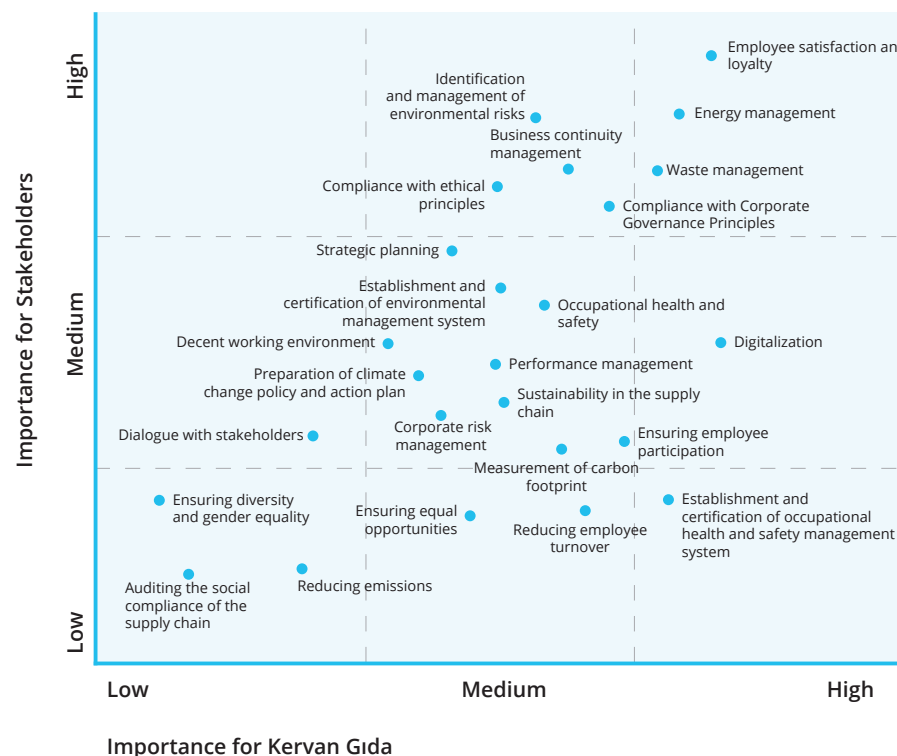
Our main objective is to create healthy collaborations by adopting ethical values such as trust, transparency, loyalty and fairness in our relationships with our stakeholders and to produce projects that put social benefit and well-being first.

We determined our value creation priorities using the approach we created to determine the priorities of our stakeholders, which are the components of our value chain and Kervan Gida's sustainability priorities. We asked our stakeholders such as our suppliers, subsidiaries, educational institutions, universities, public institutions, trade unions and business partners what sustainability issues are important to them within these priorities, through an online assessment. We created our stakeholder analysis and materiality matrix based on the responses we received.

VALUE CREATION PRIORITIES AND STAKEHOLDER ANALYSIS

We conducted a stakeholder analysis study to evaluate sustainability priorities with the contributions of all our internal and external stakeholders.

Environmental	Social	Governance
E1- Establishment and certification of environmental management system	S1- Employee satisfaction and loyalty	G1- Compliance with Corporate Governance Principles
E2- Identification and management of environmental risks	S2- Reducing employee turnover	G2- Strategic planning
E3- Preparation of climate change policy and action plan	S3- Ensuring employee participation	G3- Compliance with ethical principles
E4- Waste management	S4- Decent working environment	G4- Corporate risk management
E5- Reducing emissions	S5- Ensuring equal opportunities	G5- Business continuity management
E6- Measurement of carbon footprint	S6- Ensuring diversity and gender equality	G6- Performance management
E7- Energy management	S7- Occupational health and safety	G7- Digitalization
	S8- Establishment and certification of occupational health and safety management system	
	S9- Dialogue with stakeholders	
	S10- Sustainability in the supply chain	
	S11- Auditing the social compliance of the supply chain	



SUSTAINABILITY IN THE SUPPLY CHAIN

We manage our supply chain by prioritizing our commitment to the health and happiness of our customers and the sustainability of our supply chain.

In 2022, we worked with 227 suppliers and 40 resellers, maintaining our relationships with national and international business partners in our supply chain based on core values such as honesty, transparency, reliability and quality.

With 38 employees, our Supply Chain Directorate manages our supply chain, prioritizing the robustness, flexibility and sustainability of our supply chain, as well as our commitment to the health and happiness of our customers.

With the **Supplier Portal Project**, we aim to save time by accessing supplier information more quickly, while ensuring retrospective traceability of suppliers. Faster, more efficient reporting and the operation of a data integration platform that ensures the information flow between facilities and suppliers are also important functions of the project. The portal, which will also support functions such as developing cooperation with suppliers, buying and selling via e-commerce and contract management, is designed as a system that will minimize material delays as orders are processed and tracked using electronic records.

Supporting local suppliers and producers is a priority for Kervan Gıda. In addition to the cost and time benefits, such as storage and transportation, reducing carbon emissions from transport is also an important criterion for us. At the same time, we ensure that our suppliers, who strive to meet our requirements, develop their local capabilities and R&D activities, which gives them a commercial advantage.

We work with 74 raw material suppliers, about 79% of which are local suppliers, including producers and intermediate sellers, and 110 packaging (such as boxes, parcels, outer packaging, labels, pallets) suppliers, all of which are local.

In the selection and evaluation of our suppliers, we prefer to work with companies with which long-term and sustainable collaborations can be developed, we pay attention to compliance with employee rights, occupational health and safety legal regulations and ethical rules, and we start supplier selection by conducting a risk analysis. We prioritize working with BRC, IFS, FSSC 22000 (GFSI- Global Food Safety Initiative approved) certified companies. We evaluate our raw material suppliers, who play the biggest role in delivering our healthy products to our customers, especially in terms of raw materials,



SUSTAINABILITY IN THE SUPPLY CHAIN

Through the trainings we provide to our suppliers and dealers, we aim to increase their sustainability awareness and support their corporate and personal development, and to improve the quality of the service we receive.

food safety and product quality. In terms of raw material quality and hygiene, which are our essential criteria; since raw materials and packaging materials, allergen contamination, foreign matter contamination, microbial contamination, chemical contamination, adulteration and fraud risks, raw materials and primary packaging in contact with food are in the most risky group, we primarily take this risk group into consideration in supplier risk assessments.

In addition to the performance values of the suppliers for fulfilment of orders during the year, compliance with the supply period, delay / deviation in the delivery date, price change, we check whether the documents required from the supplier are complete, whether there is an audit score, whether there is a GFSI (Global Food Safety Initiative) approved quality certificate, and we carry out our supplier evaluations with the “supplier scorecard” method we have created at least once a year, at 3-month intervals for our critical suppliers.

In our supplier contracts, within the scope of social responsibility principles, we adopt suppliers who agree to act in accordance with local legal legislations regulating working conditions, human rights, employee rights, occupational health and safety issues, as well as compliance with ethical principles, anti-bribery and anti-corruption principles.

Within the scope of environmental sustainability, we prioritize working with suppliers who comply with the requirements of Environmental Legislation at every stage of production and service in line with the principles of efficient use of natural resources, raw materials and supplies and environmental protection, and who adopt good practices in issues such as environmental protection, reducing the effects of climate change and waste management.

As of the end of 2022, we provided distribution to 40 dealers in 34 cities with a total of 222 vehicles, both hot and cold. Among the issues taken into consideration in dealer selection and evaluation are the dealers' sector experience, financial status, the number of local chain markets in the dealer region that were inside the working chain, the number of vehicles owned by the dealers and the operational suitability of these vehicles, the distance of their warehouses to the location and the distribution of competing products.

Through the trainings we provide to our suppliers and dealers, we increase their sustainability awareness and support their corporate and personal development, improve the quality of the service we receive and work to create a secure supplier and dealer network.

2022 Dealer Trainings:

- **On-the-job trainings:** Occupational Health and Safety, Quality Trainings
- **Human Resources Trainings:** Code of Ethics, PDPL (Personal Data Protection Law) Awareness Training, Company Rules Training
- **Orientation Trainings on Site**

2023 Planned Dealer Trainings:

In addition to the 2022 training topics, we plan to provide the following trainings:

- Basic Sales Techniques and Agile Sales in the New Normal
- Dealer Management and Advanced Sales Techniques
- Negotiation Techniques Training
- Problem Solving and Sales Orientation
- Team Management



CUSTOMER SATISFACTION AND SUSTAINABILITY

We regularly carry out customer satisfaction surveys to ensure excellence in customer service quality.



Our Customer Satisfaction Policy;

As Kervan Gıda, adding color to life with our products that offer happiness, joy and health to people is our reason for existence. Our ultimate goal is to ensure that the products we offer to our customers are of the highest quality, food safe and meet the demands of our customers. In this direction, we work to ensure customer satisfaction by constantly improving ourselves, and we aim the following for our customers;

- Consume quality, healthy and fun products,
- Working in the light of ethical and humanitarian values in all situations, respecting their opinions,
- Always improving ourselves so that they can consume better products,
- Ensure that they feel that they are consuming the products of a company that is trusted, transparent, respectful to people and the environment and accountable,
- Working with our customers to design new products and improve existing designs, taking into account their expectations, requirements and feedback.

The basis of our Quality and Food Safety Policy is to fully meet customer satisfaction and expectations, to always be the first preferred brand, to produce quality, healthy and hygienic products with the use of safe raw materials, to work for continuous improvement by making quality and food safety culture a priority lifestyle with all our employees, suppliers and business partners, to ensure the continuity of our quality and product safety with customer satisfaction-oriented production awareness in all our employees.

We focus on customer orientation, which is one of our priority areas, and accordingly, our customer satisfaction evaluation practices that have been going on for years, the importance we attach to customer relationship management and our capacity to adapt quickly to changing market conditions, while we strive to respond to the demands and needs of our customers in a quality and fast manner, and we focus on providing all the requirements for them to consume our products safely.

We continue to work with all our strength to make our goal of becoming a global brand sustainable with the DOPA project, which provides support in ensuring customer satisfaction, responding to the needs of the market in the fastest way and keeping product quality at the highest level. We regularly share our statements and reports on our sustainability practices with all our stakeholders.

In our Company, which shows great sensitivity to customer satisfaction, the process of evaluating customer suggestions and complaints is triggered when the unit/person receiving the feedback and complaints communicates them to the Quality Assurance Officer via the EBA program and the investigation process is initiated for each complaint received. Suggestion/complaint notifications are classified according to their subjects and forwarded to the relevant department manager to organize the necessary actions. The complaint process is completed when the actions are completed, and the response letter is uploaded to the system. Customer complaints are responded to within 5 days. In case of complaints related to food safety, the General Manager takes the decision to inform other customers and, if necessary, to stop new shipments or to withdraw/recall products with the opinion of the Food Safety Team Leader. In case of frequently recurring problems in the recalled products, they are examined in detail in Quality Assurance, Production and/or R&D departments. If necessary, suggestions can be made to the R&D and marketing departments to improve product features, production process or raw materials/packaging. Some cases can be handled as a new project and product development, or new product design can be initiated by the relevant departments.

With a holistic perspective, we regularly carry out customer satisfaction surveys to identify our strong areas and areas open to improvement and to ensure excellence in customer service quality, identify our development areas and create action plans.

CUSTOMER SATISFACTION AND SUSTAINABILITY

In 2022, according to the results of the corporate customer satisfaction survey, the overall customer satisfaction rate was 75%.

Our primary goals are to meet the expectations of consumers for quality and reliable products by producing within the scope of legal regulations, Management Systems Standards, international standards and product specifications, and therefore to ensure and increase satisfaction. Kervan Gıda and Group Companies attach a high level of importance to consumer and customer satisfaction, organize regular surveys to measure the expectation of the customers and consumers, evaluate the complaints, expectations and feedback received, and work on continuous improvement of products and services. As every year, we continue to make the necessary improvements by evaluating stakeholder feedback received through consumer and customer surveys, complaints and comments mechanisms. Kervan Gıda Communication Department regularly plans and carries out customer satisfaction surveys for Kervan Gıda and Group Companies and reports the results to senior management and relevant departments.

75%
customer
satisfaction rate

We meticulously examine the requests and suggestions received by Kervan Gıda within the complaint mechanism and provide the necessary guidance. All kinds of feedback received are forwarded to the Quality Assurance Department via Kervan Gıda Customer Notification software, evaluated within the scope of PDPL (Personal Data Protection Law) and solutions are produced, and we follow the entire complaint management process from beginning to end by directing the complaints that are not resolved to the relevant units.

All feedbacks are important for Kervan Gıda and the improvements and investments that can be made in line with the feedbacks are supported by Kervan Gıda Senior Management. In addition to the contact line on our website, we also evaluate complaints quickly and effectively through our membership on the “Şikayet Var- (I have a Complaint)” platform. Our 2022 company score was quite high (4.3 out of 5) compared to the sector average.

In 2022, according to the results of the corporate customer satisfaction survey we conducted for our customers who provide sales of our products, the overall customer satisfaction rate was 75%. According to the results of this evaluation and by analyzing the feedback received through other channels, we make analyses, identify our development areas, create our action plans and improve ourselves day by day.

Customer Satisfaction Criteria - 2022



In 2022, we are taking radical steps towards operational improvement with the projects we have developed within the scope of the DOPA transformation project we launched, taking the necessary actions by identifying improvement areas, and working with all our strength to continuously increase customer satisfaction with our targets for 2023 and beyond.

HUMAN RIGHTS

We value the diversity in our workforce and the fact that we have employees with different backgrounds and experiences.

OUR HUMAN RIGHTS POLICY

Respect for human rights is one of Kervan Gida's core values.

We strive to operate in accordance with the United Nations Universal Declaration of Human Rights in our relations with our employees, suppliers, business partners and the society in which we are involved and to encourage them to be sensitive in this regard. Our policy includes compliance with international human rights principles, including the International Labor Organization (ILO)- Basic Principles, the United Nations Global Compact and the Universal Declaration of Human Rights.

We expect and encourage our suppliers and business partners to comply with this policy, which applies to Kervan Gida, the businesses it owns and the facilities we manage.

We are against discrimination, and we stand for diversity.

We oppose discrimination based on race, gender, age, national and ethnic origin, religion, political opinion, etc.

Regardless of personal characteristics, position or status, unfair treatment or harassment that goes beyond the framework of ethics and respect is unacceptable.

We value diversity and we believe in equal opportunities. We value the diversity in our workforce and the fact that we have employees with different backgrounds and experiences.

It is our duty to ensure that human rights violations are remedied in a fair and reasonable manner and to co-operate. We show due diligence to prevent human rights risks.

We are against child labor and forced labor.

It is forbidden to employ persons under the age of 18 in heavy and dangerous work, even temporarily. No one can be forced to work under any circumstances. We expect our stakeholders to show sensitivity in this regard.

We are committed to providing a workplace free from violence, harassment and threats.

We do not tolerate any situation that harms the honor, confidentiality and reputation of our employees. We embrace respect for the community, listening to and taking into account the human rights concerns of vulnerable and disadvantaged groups.

We believe in freedom of association.

We accept freedom of association within legal limits and respect the right of our employees to join or not to join a trade union. We support our employees having freely chosen representatives represented by a legally recognized trade union.

Safety of the working environment and employee health is our first priority.

We are committed to providing a safe and healthy working environment for our employees and to comply with applicable occupational health and safety legislation.

Our employees and stakeholders can report violations or suspicious situations regarding human rights and within the scope of this policy via **etik@kervangida.com or 0212 875 00 48**. All notifications will be investigated and evaluated within the framework of confidentiality rules and necessary actions will be taken.

The implementation of this policy is under the commitment of our senior management. We continue our efforts to observe human rights principles starting with our employees and to disseminate them to all our stakeholders. As of 2023, we plan to add human rights to our training programs and contribute to our employees and suppliers to develop a perspective by raising awareness on this issue.



CORPORATE SOCIAL RESPONSIBILITY

Our business purpose is to fulfil our responsibilities towards our stakeholders, environment and society with our sustainable growth target.

OUR SOCIAL RESPONSIBILITY POLICY

As part of the value it attaches to people, Kervan Gida considers acting with social responsibility awareness in all its activities as one of the basic and unchangeable elements of its management approach. Our business purpose is to fulfil our responsibilities towards our stakeholders, environment and society with our sustainable growth target. Our responsibilities within this framework are becoming an important and integral part of our business ethics with increasing effectiveness every day. We take care to fulfil our social and environmental responsibilities towards the society in a harmonious cooperation with our employees, public, non-governmental organizations and other stakeholders.

Our Responsibilities towards Employees:

Compliance with Legal Legislation:

Kervan Gida Senior Management fulfils the requirements of legal legislation in all its decisions and practices. It also encourages and supervises its employees to comply with these requirements

Forced Labor: Kervan Gida does not use forced labor by making its employees indebted or under pressure. All employees of Kervan Gida work voluntarily.

Child Labor: Kervan Gida does not employ workers under the age of 18. Even if there is an application, we aim to explain the legal requirements and restrictions regarding children of working age to children and to ensure that they are employed when they reach working age if they wish.

Harassment and Maltreatment: The work environment provided by Kervan Gida to its employees is free from all kinds of harassment and maltreatment. When notifications are received regarding this and similar behavior, a detailed investigation and disciplinary process is initiated immediately.

Anti-Bribery and Anti-Corruption: Kervan Gida is against all kinds of bribery and corruption. It is absolutely unacceptable to take or give bribes regardless of the purpose. It is essential not to continue business relations with third parties who want to do business with Kervan Gida through bribery or corruption. The same applies to our employees.

Reporting Violations: Employees are expected to report suspected violations of the law or Social Responsibility Policies to their supervisors, managers or senior management. Our employees have been notified of our hotline for reporting violations within the scope of the policy.

Payments and Social Rights: Kervan Gida protects the rights of its employees by accepting the minimum wages and social rights required by the laws of the Republic of Türkiye as the base. It is based on legal requirements in the implementation of overtime and similar rights.

Working Hours: The working and overtime periods of Kervan Gida employees do not exceed the principles defined by legal legislation. Paid and unpaid leave rights are determined and applied in line with legal requirements. There is no regular overtime work and employees are allowed one day off per week.

Equal Opportunities: Kervan Gida treats its employees equally regardless of race, language, religious and political beliefs, age and sexual discrimination. In addition, Kervan Gida provides employment, payment and promotion opportunities according to the person's skills and ability to do the job. It does not employ its employees under pressure in any matter.

Freedom of Association and Freedom of

Organization: Kervan Gida employees have the freedom of association and freedom of association. Kervan Gida respects all rights of its employees arising from these freedoms without imposing any sanctions.

Health and Work Safety: Kervan Gida creates and maintains a working environment that provides all kinds of health and occupational safety needs of its employees with the Occupational Health and Safety Management System established in accordance with the minimum legal requirements. It takes the necessary measures to prevent all health and safety risks of the personnel and ensures occupational health and safety by supporting their development with training opportunities.

Confidentiality: Kervan Gida employees cannot use confidential information in any way to benefit themselves or third parties; they cannot disclose it to unauthorized persons, institutions and organizations. Such information includes technical data, financial data, business data, customer information, personal information of employees or shareholders and other information related to Kervan Gida's commercial activities, studies and plans.

Suggestion and Complaint: Kervan Gida senior management listens to the requests and complaints of all employees. Employees report their requests, suggestions and complaints to the management and the solutions of these issues are analyzed and finalized by the management and feedback is provided.

Security: Kervan Gida takes, maintains and improves all kinds of security measures to prevent the shipment of illegal goods, materials and substances in all national and international activities. In this context, it co-operates with all relevant legal authorities.

Drugs and Alcohol: Kervan Gida takes the necessary measures to provide a working environment free from drugs and alcohol. Employees are prohibited from using, selling, distributing or possessing alcohol, illegal drugs or other illegal substances within the borders of Kervan Gida or in activities related to Kervan Gida. In the event that any employee is found to possess or use an illegal or controlled substance, the relevant person is not allowed to start or remain on duty.

CORPORATE SOCIAL RESPONSIBILITY

We accept acting with social responsibility awareness in all our activities as one of the basic and unchangeable elements of our management approach.

Our Responsibilities towards Nature and Environment:

We work to protect the living environment not only for ourselves but also for other living creatures around us and to improve the quality of life, and we continue this endeavor by increasing our efforts.

We take part in social projects on a voluntary basis. We are volunteer people who spend time, energy and financial resources for social projects. Kervan Gıda fulfils its social responsibility against environmental pollution and protection of nature and raises awareness of its employees on this issue. While Kervan Gıda acts in accordance with all environmental rules and regulations and with the awareness of protecting the environment in all its activities with the Environmental Management System established in accordance with legal requirements, it expects the same sensitivity from its employees and takes it into consideration in its cooperation with its suppliers and other stakeholders.

Our Responsibilities towards Our Customers:

We have a customer satisfaction-oriented approach that responds to the needs and demands of our customers in the shortest time and in the most accurate way. We offer our services on time and under the promised conditions; we approach our customers with respect, equality and courtesy, and we fulfil our responsibilities as a reliable company committed to social responsibility principles.

Our Responsibility to the Law:

We are sensitive to the traditions and cultures of Türkiye and the countries in which we operate and act in accordance with all legal regulations.

Our Responsibility to Society:

Believing that corporate social responsibility principles are an important part of sustainable development, we see providing value to the society we live in as one of our fundamental responsibilities. By adopting the principles of human rights, equality, diversity and inclusiveness, we carry out our economic, social and environmental responsibilities towards all stakeholders and the society we interact with in our activities within the framework of the elements specified in this policy. We are a family that believes that education is very important in solving the problems faced by humanity, works voluntarily to increase the level of education of our country's population and allocates resources to raise public awareness.

For all violations within the scope of this policy, our stakeholders can be notified by using the contact form on our website or via etik@kervangida.com.

In accordance with our Social Responsibility Policy, Kervan Gıda, as part of the value it attaches to human beings, accepts acting with social responsibility awareness in all its activities as one of the basic and unchangeable elements of its management approach. Our business purpose is to fulfil our responsibilities towards our stakeholders, environment and society along with sustainable growth. Within this framework, the effectiveness of our responsibilities increases every day and becomes an important and integral part of our business ethics. We take care to fulfil our social and environmental responsibilities towards society in harmonious cooperation with our employees, the public, non-governmental organizations and other stakeholders.

As a publicly traded company, in accordance with our donation and aid policy, subject to the provisions of the capital markets legislation and the limitations specified in the policy, we provide aids and donations to individuals, non-governmental organizations, associations or foundations, universities, public institutions and organizations operating in the fields of

education, culture, arts, environment and sports with the understanding of corporate social responsibility, including but not limited to those listed. Pursuant to Article 20 of the Company's Articles of Association, the upper limit of donations to be made by the Company is determined by the General Assembly. The total annual amount of donations to be made in this way cannot exceed 2% of the consolidated operating profit of the relevant year and the donations made are added to the distributable profit base. The Capital Markets Board is authorized to set an upper limit on the amount of donations to be made. Donations do not constitute a violation of the Capital Markets Board's regulations on disguised profit transfer, necessary material event disclosures are made and information on donations made during the year is presented to the shareholders at the general assembly.



CORPORATE SOCIAL RESPONSIBILITY

Our prominent steps in corporate social responsibility



We provide scholarship support to 250 students every year.



In cooperation with Akhisar Women's Cooperative, we tried to support the hands and labor of cooperative member women with various activities.



We tried to raise awareness by participating in the Istanbul Marathon in Pursuit of Goodness for Children with Cerebral Palsy with our employees and senior management.



We organized Clothes and Book Days with Beбето and Toy Days with Cosby in 2021 with the participation of our employees and brought them together with those in need.



We provide public assistance with Maveria Foundation as part of the Public Assistance Fund.



We supported the Silivri Food Forest Project of Yıldız Technical University as the Main Sponsor.



With the BEBETO Audio Book Project, we explain to children not to waste, sharing, the importance of food and frugality with texts and visuals created by a children's book author.



We organize 23 April Children's Events every year. In our traditional events for children, we ensure that they have a pleasant time with toy and coloring workshops, workshops, trainings and activities full of culture and art.

HUMAN RESOURCES

We adopt to be a company that is fair, impartial, sensitive to our employees, protects their rights and values their opinions and suggestions.

With our corporate governance approach, one of our main goals is to be a preferred employer with a competent organizational structure consisting of highly loyal and motivated employees. In this direction, we aim to work with innovative, success-oriented, success-oriented, responsible talents who are sensitive to human rights and prioritize customer and quality, and to develop our employees in line with these competencies. For this purpose, we adopt to be a company that is fair, impartial, sensitive to our employees, protects their rights and values their opinions and suggestions. Our Human Resources Policy is a part of our Social Responsibility Policy.

Our Senior Management fulfils the requirements of legal legislation in all decisions and practices. It also encourages and supervises its employees to comply with these requirements.

Kervan Gıda principles on issues such as forced labor, child labor, harassment and ill-treatment, anti-bribery and anti-corruption, ethical values, social rights, equal opportunities, employee rights, freedom of association, OHS, safety are clear and addressed in our Social Responsibility Policy.

We invest in more than 3,200 employees with high level of professional knowledge and experience, which is our greatest value, and we carry out our activities by adopting the corporate culture and ethical values in our facilities, which we have designed with a “living space” approach by adopting the principles of integrity, honesty, justice and transparency with the priority of valuing people and employees. With the ‘Open Social Recreation Areas’ that our employees can use during lunch breaks and breaks, we ensure that they both rest and improve their communication with other units by organizing competitions such as table tennis, tabu, chess, etc. during the year and festivals held in summer periods.

As Kervan Gıda, we prioritize employee welfare and loyalty, physical and mental health, and the organizational structure that will realize the right strategy.

Our Human Resources Directorate carries out all processes from interview, recruitment, orientation, personal development and vocational trainings, working conditions, to performance management and protection of employee rights with our employee management system with great care. Within the



HUMAN RESOURCES

We are as human as we know a person's life story; we are as much a leader as we touch their life. Our focus: Education, development and emotional engagement.

scope of the DOPA project, we try to make life easier with our practices such as digitalization of HR processes and facilitating remote working. With the Meyer - Angel Project, we are not only gaining speed but also preventing errors by moving manual work in monthly payroll reporting to the digital environment.

When HR practices are included in the transformation in companies and designed together, a long-term success is achieved. Surveys are our most important basis for taking the pulse of the employees in the company. We conduct a 'happiness survey' on World Happiness Day. In 2022, leadership training program, performance system design, career architecture design started to be carried out. A system is created by including the results of the surveys we organize. When we talk about the problem together, we find the solution together.

We adopt this participatory system as a company policy and aim to raise leaders who touch the emotions of the employees, give goals and nourish their souls. We have a psychologist on staff along with an occupational physician. In addition, we try to support our employees with psychological support applications that can be used on mobile phones, and we support their personal and career development by

developing training programs. The objectives of the Training Committee we established within the scope of the DOPA project:

- Ensuring the right skills and competence through the training and development process
- Documentation and dissemination of acquired operational knowledge and skills
- Increased service quality: zero accidents, zero faults, zero failures, zero losses, zero stocks
- Development of technical and behavioral competencies
- Increased motivation
- Training-induced improvement / suggestion increase
- Making trainings sustainable

We apply the 'Buddy' system for the orientation process and support the easy and fast realization of the adaptation process. For our employees who are included in the Buddy system, we receive their feedback through the Buddy Evaluation System and make arrangements by collecting information for process improvements.

We continue to work with an international leadership development company within the scope of the Leadership Training Program. We designed a Leadership Program for our

blue-collar employees and started their training. We contribute to the development of leaders who will carry the organization into the future by attaching importance to the right process definition.

We provide training for the development of blue-collar operators in vocational training. We support our employees with a career architecture starting from general production staff to master operator. In Kervan Gıda's journey, we signed a collective agreement with a trade union to ensure that the blue collar is both managerially and productively representative and visible at the table.

We protect the rights of our employees in the event of resignations and transfers to other companies and provide coaching to those who leave due to compulsory reasons.

We have developed a social scoring system for our employees and newly recruited colleagues. In scoring, we make evaluations using parameters such as married, single, with children, individuals in need of help in the family, and we determine social benefits according to the needs of our employees.

We have developed the Blue-Collar Performance System, which works online within our HR system to create position-based basic and leadership competencies of employees, and to determine the technical skills and knowledge levels of blue-collar employees. We are also working to implement the White-Collar Competency-Based 360 Degree Evaluation Project in 2023.

By 2023, we are completing the work of updating job description cards by sending job analysis interview forms and job analysis questionnaires to employees and conducting department-based interviews.

Equal Opportunity, Diversity and Inclusion

In human resources processes, we are committed to providing a fair, egalitarian and respectful working environment that respects human rights by offering equal opportunities without discriminating on the basis of race, language, religion, age or gender.

As a company that attaches great importance to the employment and support of women, we adopt an approach that aims to ensure that women can take part in every position in economic life in our Human Resources processes.

In 2022, we sponsored the Women in Business "Remarkable Leaders Program" #BecauseWeAreEqual Campaign, which strives to support equality between women and men in all areas, to emphasize equality in business life.

With the Pembe Kahvaltılar (Pink Breakfasts) - Breast Cancer Information Seminar, we included a seminar given by an expert doctor in our program in 2023 in order to raise awareness and raise awareness of our female employees.

We support local employment in our employment policy, and in promotion processes, we prioritize local employment by supporting the candidate from the local community among employees with equal potential in terms of management potential.

HUMAN RESOURCES

We believe that knowledge increases as it is shared and we support our employees with our training programs.

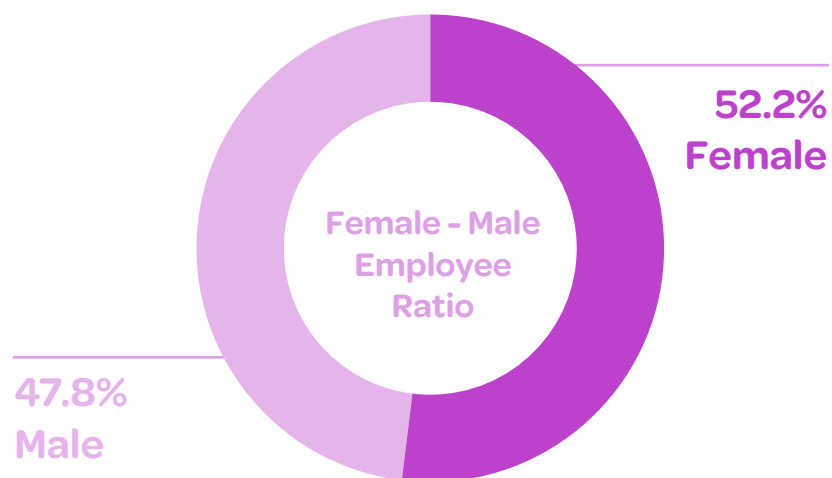
Career and Talent Management

The Career Management System enables career development between positions in accordance with our white-collar career architecture system.

We believe that knowledge increases as it is shared and we support our employees with our training programs. As Kervan Gıda, we believe in investing in leadership. With this belief, we emphasize career management and personal development trainings and train the leaders of the future with our Leadership School.

Our personal development trainings cover many areas of competence that support Kervan Gıda activities, such as Kaizen Workshops, Strategic Leadership and Development Program, Corporate Communication Expertise Certificate Program. In addition to these, we ensure that our employees receive vocational trainings and improve themselves according to their job descriptions.

Facility	Female	Male
İstanbul	407	412
Akhisar	754	650
Total	1,161	1,062
Ratio	52.2%	47.8%



Year	Education Program	Description
Realized		
2022	Blue-Collar Technical Skills Competencies Project	It is a program developed to help blue-collar employees improve their technical skills, perform their jobs more efficiently and increase their performance. The technical knowledge and skills of blue-collar employees are also important in terms of occupational safety.
2022	Executive Development Program (Blue-Collar)	It is a program created to improve the leadership skills and feedback communication skills of department managers of Blue-Collar teams.
Planned		
2023	B-Young Talent Program	It is a project that will be implemented in order to contribute to the development of newly graduated young people talented in their field and to ensure company employment. For the selected candidates, the B-Young talent program starts with the B-Young Kick-Off meeting and continues for 4 months.
2023	Leadership School Program	It is a structure based on the development of leadership skills of our second generation and C-Level (some managers and executives, directors and above) employees, coaching and mentoring. A training program lasting approximately 6 months is targeted.
2023	Internal Trainer Project	The internal trainer project will serve to increase knowledge sharing within the company and enable employees to learn more quickly and effectively. At the same time, internal trainers can focus on specific knowledge and skills related to employees' jobs. This will improve the efficiency and effectiveness of the company by increasing employees' work performance.

HUMAN RESOURCES

We ensure that our employees receive vocational trainings and improve themselves according to their job descriptions.

Year	Education Program	Description
2023	Mentor - Mentee Program	Mentors will share the knowledge and experience they have gained in their careers with mentees to accelerate their learning process and support their development. Mentors' experience and guidance in career planning, training, personal development and orientation enable mentees to progress more effectively and adapt quickly.
2023	Competency Based Training Book	As a result of the 360-degree competency assessment, we aim to provide guidance on how to increase competencies with the Competency-Based Training Book, which assigns training from the competency-based training catalogue for our employees who need to improve their competencies.
2023	Production Machinery Handbook	It is a training program designed to strengthen corporate memory, to teach production machines to new employees and to improve the machine knowledge of existing personnel.
2023	Buddy Programme-2	It will strengthen communication between employees by ensuring the rapid and healthy adaptation of new employees and their participation in the company's social networks. Buddies will be matched with new employees on a voluntary basis and will help new employees learn their duties and operational processes faster.
2023	e-Orientation Project	Newly recruited employees will be able to easily access information about their duties and responsibilities in the digital environment during the orientation process and through an application that includes a question-and-answer section.



HUMAN RESOURCES

We recognize the importance of providing a better working environment for our employees, listening to them and making them see themselves as a part of Kervan Gıda.

In addition, we create our annual training plans for our personnel within the scope of their duties and responsibilities on issues such as personal development, quality, orientation, legal, technical, environmental, OHS, emergency situations, and we continue our planned trainings regularly every year. We also organize unplanned trainings during the year within the scope of our needs analysis.

Education Year	White Collar (Person / Hour)	Blue Collar (Person / Hour)	Total (Person / Hour)
2021	11.7	0.9	12.6
2022	29.0	13.5	42.5

It also aims to attract new graduates and young talents and to train young people with high potential in order to bring them into our company as long-term employees;

- Participation in Career Days
- University collaborations
- We carry out Internship Programs.

B-Academy (LMS System), we have also started preparations for a channel where our employees will easily access a lot of information, including training content, launches, events, weekly - monthly articles, v-logs, internal job adverts, academy studies, orientations, machine manuals (video demonstration) mobile and web application.

Employee Engagement

The satisfaction and loyalty of our employees is one of the vital functions of our company. With the awareness that our employees are our most important asset that ensures our productivity, efficiency and our ability to carry us to future generations, we know that we need to listen to our employees in order to create a safe, healthy and self-developing working environment for them. In this direction, we organize employee satisfaction and loyalty surveys every year, listen and observe them through our open-door application and complaint and suggestion channels and take actions to improve ourselves. Complaints received in the whistleblowing/ complaint boxes are reported to the management and the results are evaluated on a monthly basis.

We recognize the importance of providing a better working environment for our employees, listening to them and making them see themselves as a part of Kervan Gıda. In this context, we have some activities planned for 2023; Our Human Resources team will organize **"Coffee Talks"** once a year, where CPCO (Head of People and Culture) will share their knowledge and experience with other employees and answer questions. The requests received here will be evaluated by the human resources department and reported to the senior management. With the **"My Story - One of Us"** interviews, we want our employees who have been working at Kervan Gıda for many years and have different experiences to share their experiences in our chat areas. In addition, within the scope of the **"Development Dialogues - Breakfast Conversations"** events organized in 2022 with the participation of teams from different units and our General Manager, while improving the dialogue between teams and senior management over breakfast, faster actions were taken to solve the problems communicated. We believe that all these conversations are important for strengthening internal communication and promoting belongingness.

With our dietitian and psychologist service, we enable our employees to receive free health support. With the IBB (Istanbul Metropolitan Municipality) Sports Clubs Agreement, we encourage them to use the volleyball, football and basketball fields on certain days and times of the week.

Our Beбето Library, which provides open access to various types of books, is a resource center that enables employees to easily access information. Many materials on literature, art and general culture are available to employees.

We aim to ensure that our employees get to know each other better and establish a stronger bond with each other and with their company through social activity projects such as **the Social Activities Community and Stage Your "There is a Talent Here"**.

HUMAN RESOURCES

We continue our improvement efforts with our projects and programs prepared to increase the satisfaction and loyalty of our employees.

In the 2022 general survey, our employee satisfaction rate was measured as 70%. According to the results of our survey, we have prepared our action plans for the areas we need to improve and set our targets. We continue our improvement efforts with our projects and programs prepared to increase the satisfaction and loyalty of our employees.

In 2022, the employee turnover rate is 17% for white-collar personnel and 16% for blue-collar personnel. Compared to previous years, it was determined that there was an increase in white-collar personnel (6%) and a slight decrease in blue-collar personnel (6%). Evaluating the increase in the turnover rate due to changes in factory locations and wage fluctuations in the market in 2022, we **established a grading system and career architecture** system with our Human Resources team. With Mercer market research reports, we evaluated the wage scales in the market on a position basis and we have gradually started some improvements in the wages of our employees. We continue our improvement efforts in wages and other issues with the projects we have implemented and planned.

70%
employee
satisfaction
survey result



Employee Satisfaction Criteria - 2022



General
Evaluation



Satisfaction with
Management



Teamwork



The organisational
unit to which it
reports



Internal
communication



Work
Organisation



Physical and
Social Conditions



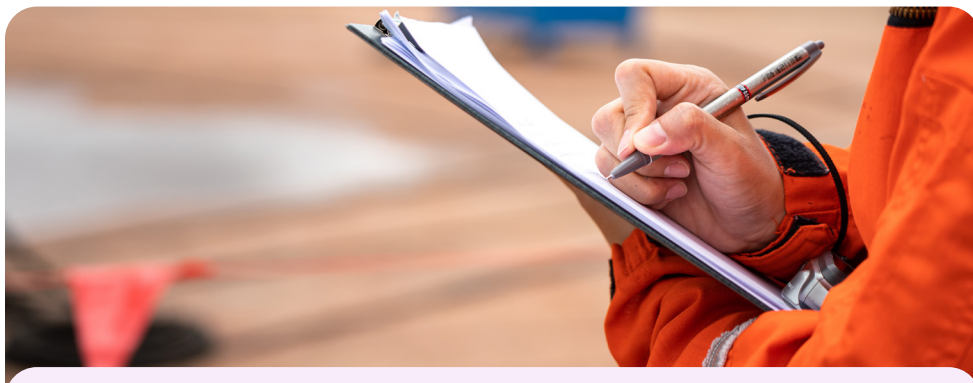
Professional
Development and
Progress



Appreciation and
Recognition

HUMAN RESOURCES

We take the necessary measures with our OHS experts by prioritizing the perspective of zero occupational accidents and zero occupational diseases.



OCCUPATIONAL HEALTH and SAFETY POLICY

As Kervan Gida;

- Organizing training activities for the creation and development of Occupational Health and Safety awareness, supporting employees to participate in occupational health and safety activities,
- In order to ensure the health and safety of employees, subcontractors, visitors and our company personnel working outside the workplace, to take all kinds of measures, to have tools, equipment and personal protective equipment in accordance with the OHS legislation in force and other requirements related to OHS, and to ensure that they are used when necessary,
- To identify and eliminate unsafe situations and movements that may cause occupational accidents and occupational diseases in the workplace and its annexes, and possible accident risks in advance by conducting an effective risk assessment,
- To support the necessary work as our employees and senior management to realize all our goals by prioritizing the perspective of zero occupational accidents and zero occupational diseases,
- Continuous improvement and development for the work carried out in the field of Occupational Health and Safety,

committed to work with all our strength for being an exemplary organization.

Within the scope of our Occupational Health and Safety (OHS) policy, we support the organization of training activities for the creation and development of OHS awareness and the participation of employees in occupational health and safety activities.

In order to ensure the health and safety of employees, subcontractors, visitors and company personnel working outside the workplace, we determine the requirements to take all kinds of measures in accordance with the OHS legislation in force and other OHS-related requirements, create action plans, and raise awareness of our employees on the use of machinery, tools and personal protective equipment, OHS risks and measures through trainings.

We manage unsafe situations and movements that may cause occupational accidents and occupational diseases in the work areas, and potential accident risks by conducting effective OHS risk assessments for each unit. We carry out field inspections with our OHS experts, identify nonconformities, update our risk assessments and take the necessary measures to realize all our targets by prioritizing the perspective of zero occupational accidents and zero occupational diseases.

In 2022, within the scope of OHS; we provided 6.26 hours of training per person on topics such as emergencies, duties of emergency teams, first aid, OHS rules and practices, chemical use, use of Personal Protective Equipment (PPE), working at height.

It is planned for 2023 to **prepare animated videos for OHS** by determining scenarios according to our processes via **online TVs** and to broadcast these videos on TVs in the cafeteria and recreation areas in time periods that all employees can see.

We carry **out emergency and fire drills** annually. In the coming years, we plan to carry out drills in 6-month periods.

We established the HSE (Health-Safety-Environment) Committee within the scope of the DOPA project. Some of the objectives of the committee are:

- To carry out studies to prevent occupational accidents and occupational diseases
- To identify hazards and risks in the work environment and take precautions
- To ensure continuous improvement of the occupational health and safety system

We have renewed the OHS warning signs in indoor and outdoor areas in our facilities by checking them according to risk and hazard analyses and making necessary changes and additions. We share the importance of preventing accidents in detail with our employees by repeating our near-miss and PPE use trainings.

With the project to integrate the deceleration system for forklifts used in warehouses, we aim to ensure that it automatically slows down when people and other equipment approach at a certain distance.

With the extension of the 'HSE card' system to all work sites, we aim to prevent accidents by receiving feedback on hazards in working environments and situations that may pose a danger. In this context, we are implementing a monthly rewarding system with the **Safest Department Project**.

CONSUMER HEALTH AND PRODUCT SAFETY

As Kervan Gıda, our basic principle is to produce healthy, reliable and accessible products for our consumers.

Kervan Gıda, which adopts the principle of producing healthy, reliable and accessible products for its consumers, effectively manages the **“Quality and Food Safety Management System”** it has established, develops methods to facilitate the communication of customers and consumers and receives their feedback.

We carry out shelf-life studies in the R&D department to determine the usage periods of the products, and we evaluate the products by performing sensory, microbiological, chemical and molecular analyses and comparing them with legal regulations and scientific data. The products are monitored by our R&D and Quality teams throughout their life cycle and improvement studies are carried out according to the monitoring results. In the traceability system, which is a requirement of safe food production, we are implementing digitalization studies, sequential measurements for monitoring process quality controls, camera and artificial intelligence supported monitoring systems for monitoring process controls step by step.

The use of vegan thickeners instead of bovine gelatine has been increasingly preferred by consumers in recent years for reasons such as ethical considerations, health concerns, vegan and vegetarian lifestyle, market demand,

diversity and environmental concerns. Many consumers do not want to consume products that harm animals or negatively affect their quality of life, while some consumers do not prefer it for health reasons. Since animal gelatine is obtained from cattle, it is possible to develop allergic reactions to such animal products. Vegan gelatine is a safer option for those with such allergies. In addition, concerns about the environmental impact of animal husbandry and processing in conventional animal gelatine production suggest that vegan confectionery is a more sustainable option.

At the same time, in today's conditions where our natural resources are rapidly depleting, environmental impacts due to animal husbandry and processing processes in traditional animal gelatine production are increasing, and remedies are sought to reduce global warming and its effects, there is a significant increase in the number of consumers worldwide who are turning to vegan and vegetarian lifestyles. As Kervan Gıda, we increase the variety of vegan products day by day and continue our R&D studies on vegan products, both to meet consumer demands and to reduce the above-mentioned effects.



We procure bovine gelatine from gelatine companies that have halal certificates and we always take care to keep our product quality and product safety at the highest point by carrying out intensive inspections of these companies. Since our vegan products are in the high value-added and premium product category, they carry the consumer portfolio to the upper segment.

With our projects developed with the aim of catching up with the rapidly rising trend of healthy snacks in the Food Sector and offering healthier products to consumers, we continue to work on products in both OTC and standard categories prepared with reduced sugar concept, thus we aim to offer a product portfolio with less calories both in the health category and as fun snacks. We plan to realize our sugar-reduced projects by the end of 2023.

ENVIRONMENT AND CLIMATE CHANGE

We aim to leave a carefully preserved environment for the future of our customers, suppliers, stakeholders, employees and our children with the awareness that the resources in the world are not infinite while producing our products.



OUR ENVIRONMENTAL POLICY

We undertake to work to ensure;

- To comply with all national and international legal regulations and requirements related to the environment,
- To leave a carefully preserved environment for the future of our customers, suppliers, stakeholders, employees and our children with the awareness that the resources in the world are not infinite while producing our products,
- To develop projects to reduce the effects of climate change by investing in the sustainability and efficiency of energy resources and converting the weight of energy resources to renewable energy resources in areas where it is possible to implement,
- To use raw materials and water efficiently and increase recycling, to adopt minimization in waste management, to be efficient and sustainable in our production and supply processes with the aim of being a continuously developing and environmentally sensitive company,
- To reduce and eliminate the hazards and risks that may arise as a result of our activities, to ensure the continuous improvement and development of Occupational Health and Safety, Environmental Management systems,
- Incorporate environmental sustainability goals when building, installing and renovating our facilities,
- To support our employees and management in the necessary work to realize all our goals by keeping the sustainability perspective at the forefront,
- To increase the environmental awareness of our employees, stakeholders and society.

The ISO 14001 Environmental Management System, which we have certified through external audit in order to measure, reduce and manage our environmental impacts, guides us while managing our environmental impacts. We manage our environmental impacts through the high-tech equipment we use, our investments in renewable energy and our environmental risk analyses.

Circular economy and circular business models, which are accepted as a stabilizer of the current ecological and economic crises, create cost advantages through resource efficiency, create awareness in the business world, increase cooperation and interaction, and facilitate the increase of effectiveness and efficiency in production processes. In this context, our priorities are to evaluate our impact on climate change, to work on energy, water and resource efficiency, to adopt zero waste principle and recycling technologies in waste management, to develop studies and collaborations on reducing food waste.

One of the duties of our HSE Committee is to develop projects that will ensure recycling of wastes and waste reduction for environmental protection and a sustainable environment, to investigate technological transformation and waste minimization studies and to formulate implementation proposals.

Due to the limited natural resources, we adopt resource efficiency, which comes to the agenda with outputs such as increasing production efficiency in the industry using natural resources, standing out in competitiveness and reducing environmental impacts, and we continue resource efficiency practices in order

to ensure sustainability not only in the industrial production phase but also in all our activities where resource consumption is high.

In order to improve environmental quality within the scope of sustainability, it is very important to know the environmental indicators and, accordingly, the results of the environmental impacts of our activities. The most important issues during the production phase in our sector are energy use, greenhouse gas emissions, resource and waste management, water and wastewater management and packaging. We follow up the evaluation of environmental risks specific to our sector, including size and impact analyses, legal legislative requirements and control and mitigation measures, and we continue to develop and commission many efficiency projects while taking our risks under control by adapting technological developments.

Thanks to the Packaging Reduction Project, we saved approximately 8 million TL in 2022 by reducing the use of plastic and reducing costs and contributed to the protection of natural resources and resource efficiency by preventing the use of approximately 110 tons of plastic.

Thanks to the **Packaging Usage Reduction Project**, we made improvements by optimizing the thickness of the packaging (box, bag, parcel) within the limits that will protect the product through packaging thinning studies in existing products in 2022, in consultation with packaging supplier companies. While reducing our packaging usage amounts (film, paper, plastic), we achieved an advantage of approximately 1.5 million TL.

CLIMATE CHANGE AND ENERGY EFFICIENCY

We manage our environmental impacts through the high-tech equipment we use, our investments in renewable energy and our environmental risk analyses.



OUR ENERGY POLICY

As Kervan Gıda, it is our priority to do the same value work with less energy and to use energy in the most efficient way by fully meeting customer satisfaction and expectations without compromising our quality, occupational safety and environmental policies. In order to achieve our goal, we constantly monitor our energy intensity and specific energy consumption.

We aim to organize and implement our Energy Management System in accordance with ISO 50001 Energy Management System standard. In this direction, we are committed;

- To use energy and natural resources efficiently in all our production and processes and to continuously improve our energy performance through energy efficiency studies and improvement projects
- To continuously support energy efficiency projects and continuously encourage our employees to produce energy efficiency projects
- To optimize the use of resources by effectively implementing energy efficiency and waste prevention measures
- To protect the environment by minimizing the carbon footprint in energy management and making a minimum contribution to global warming
- To provide the necessary information and resource support to achieve our goals and objectives
- To consider energy efficiency in purchased products and services, new investments and designs, production and all our processes
- To comply unreservedly with all national legislation, standards, laws and other requirements for which we are responsible
- To continuously review the energy management system by integrating it into corporate governance practices and to develop it by making continuous improvements.

It is known that increasing air temperatures seriously affect the duration of agricultural production seasons in many parts of the world. In today's conditions, where it is predicted that climate change will lead to a decrease in food production and access to food will decrease day by day, we determine our climate change risks with our risk assessment approach against the effects of climate change that threaten human life, and develop our measures by creating our action plans.

We continue to develop projects ranging from the Solar Power Plant (SPP) system we have established and aim to develop in the Akhisar facility, to the use of sensors and LEDs in lighting, to the operation of computer monitors at 70 per cent brightness and in energy saving mode (Various studies have shown that reducing the brightness of computer monitors from 100 per cent to 70 per cent saves nearly 20 per cent of the energy used by the monitor).

We equip our production facilities and warehouses with SPP with the principle of clean energy that respects the environment.

CLIMATE CHANGE AND ENERGY EFFICIENCY

With the principle of clean energy that respects the environment, we equipped our production facilities and warehouses with SPP.



As of 2022, we meet approximately 15% of our energy consumption with our Solar Power Plant investments. We continue our investments in 2023 and as of 2024, we will be completing SPP investments for our own consumption.

Project	Description	Deadline
SPP Projects	We have a total installed power of 2.5 MW with our SPP projects. Thanks to the use of renewable energy, we contributed to nature by preventing 1117 tons of carbon dioxide emissions, equivalent to approximately 1525 trees.	Completed in 2022.
Land SPP Project	We continue our SPP investments. On the other hand, in addition to the rooftop SPP investments, we aim to reach the maximum SPP installation investment, which is the legal limit, within 3 years by meeting all of our energy needs as Kervan Gıda with the "Land SPP Project" with an investment of approximately 20 million dollars on our 370 thousand square meter land in Manisa.	2023-2026
Freight Improvements Project	With a freight advantage of 47.6%, we not only saved on container and fuel costs, but also reduced our natural resource consumption and carbon emissions.	Completed in 2022.

We carry out annual emission measurements in all our facilities, keep our emissions under control within the framework of the relevant legislation, identify our improvement areas and take our actions.



WATER MANAGEMENT

We develop projects on more efficient water usage and treatment techniques by following good practices in the world.

Cocoa and Chocolate, Confectionery Manufacturing sub-sector is a sector where water consumption is intensive and a large amount of water is used for hygiene and sanitation purposes. Due to the high-volume water usage, wastewater is generated in very variable concentrations and quantities (due to the use of different substances such as sugar, oil, gelatine). These waters are generally non-toxic but are treated due to the high organic load. While developing projects on wastewater treatment and wastewater reuse, we continue our efficiency efforts to reduce our water consumption.

Since cleanliness and hygiene are indispensable for us, we meticulously follow all processes from the hygiene kits used by the personnel in the production areas to the continuous sterility and hygiene of the production environment. Therefore, our water consumption is high. We develop projects on more efficient water usage and treatment techniques by following R&D studies for our sector, technological innovations and good practices in the world.



We aim to commission our wastewater recovery project in 2024, which aims to reuse approximately 40% of wastewater, and we continue to develop projects to reduce water consumption.

Project	Description	Deadline
Anaerobic Treatment Plant Project	We started the installation of a new anaerobic treatment plant for our factories in Akhisar with an investment of EUR 1.2 million.	2024
RO Wastewater Recovery Project	Within the scope of the project, we aim to treat 30-40% of wastewater by Reverse Osmosis method and use it in garden irrigation and toilet reservoirs. In this context, we have supplied the tanks and the mechanical installation project design process is ongoing.	2024
Dry Steam Cleaning and Sterilization Project	Thanks to the Dry Steam Cleaning System, which can be applied in all production areas, we plan to significantly reduce water consumption and therefore the amount of water to be treated. The system also ensures increased hygiene with high pressure and high temperature. We are planning to implement it rapidly after successfully passing the trial phases.	2024

2022 water consumption (m³)

Facility	Total
Akhisar1	203,272
İstanbul	78,843
TOTAL	282,115 m³



RAW MATERIAL RESOURCE EFFICIENCY AND WASTE MANAGEMENT

We work to bring our wastes back to the economy with our recycling and recovery projects.



Circular economy in the food sector focuses on the production of agricultural and animal products with minimum input, closing all cycles in the system as much as possible, including food processing and distribution processes, and reducing harmful discharges to the environment. Aware of the importance of adopting circular economy principles in our sector, reducing wastes and thus protecting the value of resources such as raw materials, water and energy, and preventing food loss and waste, we carry out saving projects such as energy, water, raw materials and packaging consumption.

Waste management is one of the biggest components of resource efficiency and circular economy. As Kervan Gıda, we classify our wastes, store them under appropriate conditions, work to bring them back to the economy with our recycling and recovery projects, and continue our waste minimization efforts in line with our zero-waste target.

Project	Description	Deadline
Semi-Product Optimization	It is a project we developed with the aim of maximizing efficiency in the production area before product packaging, eliminating downtime, and therefore reducing the number of line washes that occur in semi-product variety changes.	2023 year-end
Parcel Commonization Project	We aim to achieve savings by reviewing the parcels designed separately for product types, ensuring minimum paper and parcel usage, and reducing labels and coloring. We have reduced 187 different parcel prints to 43 different parcel prints by commonization and achieved 62% improvement. We plan to complete our target of reducing the amount of parcels to 20 types in 2024.	2024
Commonization Project in Injection Moulded Packaging	In our project, which aims to reduce raw material consumption by ensuring commonization in containers and packaging and by using containers and packaging materials with optimum thickness, it is aimed to reduce the use of plastic in 5% unit packaging.	2024
100% Recyclable Packaging Project	With the project, which is in the feasibility stage, our R&D studies for recyclable packaging continue.	2025
Scrap Recycling Project	It is aimed to produce glucose again in Jelly, Hard Candy, Marshmallow products, especially Licorice, our product with the highest tonnage, from discarded products. R&D studies are ongoing.	2025
Zero Waste Project	With the Zero Waste Project, we aim to increase awareness of environmental protection, prevent waste, increase sensitive behavioral awareness and ensure environmental sustainability. In this context, first of all, we are working to obtain the zero-waste certificate for all enterprises and to disseminate zero waste bins in all areas, to cancel individual / common garbage bins and to internalize the habit of waste separation behaviorally by providing training to all personnel.	2024

Currently, our wastes are collected twice a month by the OIZ directorate with waste bins in the technical atelier and administrative area.

We also support the TURMEPA Turkish Marine Environment Protection Association's Coastal Cleaning Project with the voluntary participation of our employees.

MINIMIZING FOOD WASTE

We ensure that food products that are not suitable for human consumption are utilized by “Fazla Gıda” in the production of industrial animal feed.

Considering current food consumption trends, unless there is a significant reduction in food waste, humanity's food need is projected to increase by 60% by 2050. Therefore, in today's conditions where the effects of climate change continue to increase and access to food is gradually decreasing, it is vital to reduce food waste by preventing waste.

As Kervan Gıda, with this awareness, we support the food recovery hierarchy in reducing food waste with the projects we realize in the order of reducing food waste at source, food aid to those in need, feeding animals or industrial use.

In order to both reduce waste and contribute to the feeding of animals, we ensure that food products that are expired or not suitable for human consumption are utilized by “Fazla Gıda” in the production of industrial animal feed.



BOARD OF DIRECTORS

We form the basis of our corporate governance by adopting the concepts of “equality”, “transparency”, “accountability” and “responsibility.”

CORPORATE GOVERNANCE

As a publicly traded company, Kervan Gıda is aware of its responsibilities towards its stakeholders and adopts the concepts of “equality”, “transparency”, “accountability” and “responsibility”, which form the basis of corporate governance in its activities. We believe in the importance of full compliance with the Corporate Governance Principles within the framework of the provisions of the articles of association and we show maximum care and effort to comply with the regulations and decisions of the Capital Markets Board.

Our Board of Directors consists of 6 members, including 2 independent members. While the members of the Board of Directors are elected by the General Assembly, the nomination and election of independent members of the Board of Directors is based on the Board’s regulations on independent board members.

Without prejudice to the provisions of the Corporate Governance Communiqué, it is essential that the Board of Directors convenes with the majority of the total number of members and takes its decisions with the majority of the members present at the meeting. Two members of the Board of Directors also have executive duties. Although there are no female members on our Board of Directors yet, it is among our targets. We are aware of the importance of complying with the diversity and inclusion principles of sustainability and the presence of women in working life.

Name	Mission
MEHMET ŞÜKRÜ BAŞAR	Chairman of the Board of Directors
MAHMUT KOÇUM	Deputy Chairman of the Board of Directors
FİKRET BAŞAR	Board Member (Executive)
BURHAN BAŞAR	Board Member (Executive)
MEHMET KOCA	Board Member (Independent)
ÖMER YÜKSEL	Board Member (Independent)

Corporate Governance Committee, Audit Committee and Early Detection of Risk Committee

operate within the Board of Directors. The working principles of all three committees are determined by internal regulations and these working principles are published on the corporate website and Public Disclosure Platform (PDP). The members of Board of Directors can take part in more than one committee due to the limited number of members. All committees convene as often as deemed necessary for the effectiveness of their work, provided that they meet at least four times a year, as set out in their working principles. The working periods of all committees are in parallel with the working period of the Board of Directors.

The Corporate Governance Committee also fulfils the duties of the **Nomination Committee and the Remuneration Committee**. All duties and responsibilities of the Corporate Governance Committee are detailed in the working principles, and it notifies the Board of Directors in writing of the findings and suggestions it reaches in relation to its own duties and responsibilities.

The independent external audit, internal audit, accounting system and financial reporting and other responsibilities of the Audit Committee other than these issues are detailed in the working principles. In accordance with the Corporate Governance Communiqué, one of our independent members has at least five

years of experience in auditing, accounting and/or finance. The Audit Committee receives continuous information about its duties as stipulated in the relevant legislation, holds meetings with the Company’s Auditor from time to time, and meets quarterly to inform the Board of Directors in writing of its opinions and determinations, assessments and recommendations regarding the financial statements showing the Company’s quarterly performance and to be disclosed to the public.

The other duties and responsibilities of the Early Detection of Risk Committee, which reviews the effectiveness of risk management and internal control systems at least once a year, are detailed in the working principles.



CORPORATE RISK MANAGEMENT PROCESSES

We continue our work with early detection of risks, detection of possibilities and taking measures.

The Early Detection of Risk Committee was established to advise and make recommendations to the Board of Directors on the early detection, evaluation, determination of the probabilities and effects of all kinds of risks such as strategic management, operational, financial, legal, etc. that may jeopardize our existence, development and continuity, management, taking measures, reporting, realization of actions, follow-up and supervision.

The Early Detection of Risk Committee, which reviews the effectiveness of risk management and internal control systems at least once a year, notifies the Board of Directors in writing of its findings and recommendations in relation to its duties and responsibilities. In this context, the Early Detection of Risk Committee notifies the Board of Directors with a total of six reports submitted every two months and sent to the auditor during the year. The minutes of the Committee are kept by the Legal Counselling Department and the decisions of the Committee are prepared by the Investor Relations Department.

In any situation where a risk is seen to arise, evaluations are made by the committee at interim meetings and reported to the Board of Directors. All committee decisions are shared with the Board of Directors.

The Early Detection of Risk Committee consists of 2 persons who do not directly undertake executive functions, one of whom is an independent member of the Board of Directors and has sufficient knowledge and experience in financial matters.



LEADERSHIP AND AGILITY IN MANAGEMENT

The ability to make quick decisions by using the most accurate information with a dynamic structure plays an important role in our rapid and healthy growth.

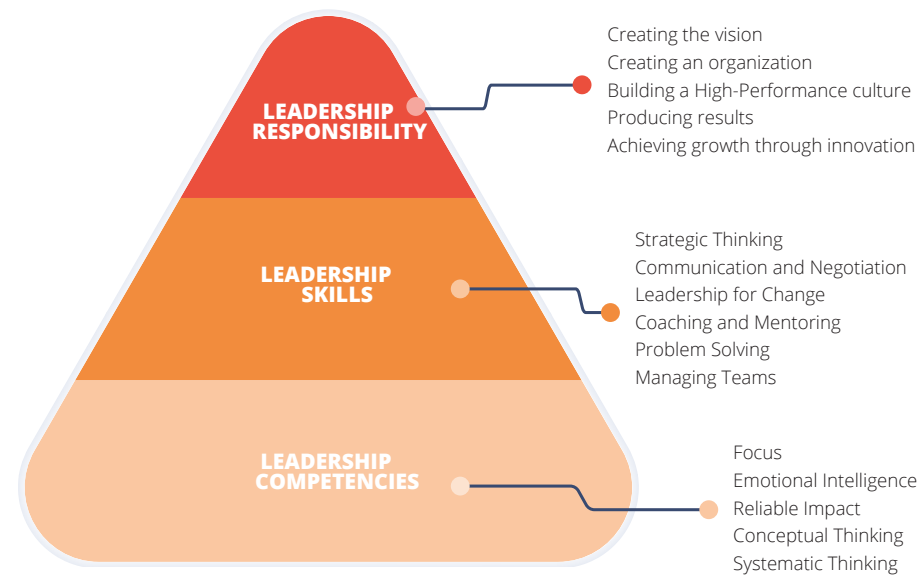
One of the characteristics of our agile leadership is to find the objectives that will provide the highest added value by aiming to ensure that the teams take an active role in achieving the objectives by including them in the decision-making processes, to ensure that these objectives are integrated into daily processes while drawing their framework clearly. The ability to make quick decisions by following the developments in the sector with a dynamic structure and using the most accurate information plays an important role in the rapid and healthy growth of Kervan Gida.

In 2022, our main goals are to improve our processes and minimize errors with the DOPA holistic transformation movement, which aims to provide convenience and simplicity in all processes, to create a sustainable and profitable growing structure while adapting to the growing business volume, and at the same time to minimize losses and gain time and speed by using technology in all

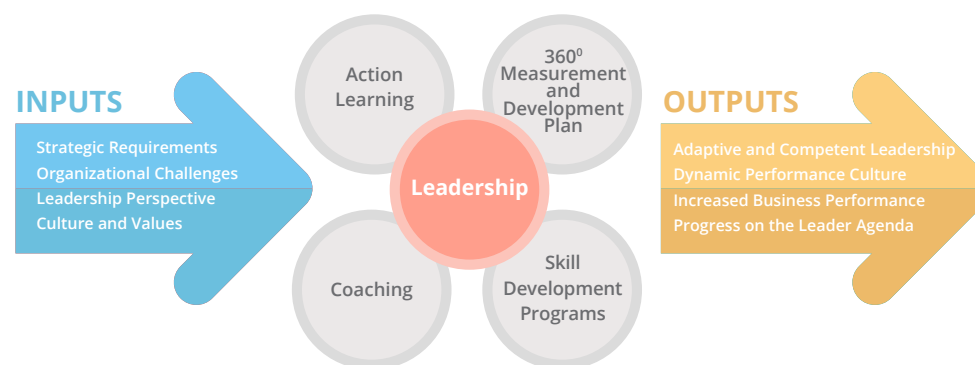
processes. As a result, we aim to create value at the highest level by using our capacity in the most efficient way, to provide permanent improvements in costs through standardization and commonization projects, and to contribute to the circular economy through resource efficiency.

As Kervan Gida, we support the leadership qualities of our employees and contribute to the development of leadership responsibilities, leadership skills and leadership competencies by offering solutions on various issues with the approach method we have adopted with 'Linkage', which was established to develop research and methodologies related to leadership development;

- Leadership Academies
- Women's Advancement and Inclusive Leadership
- Effectiveness of Senior Management Teams
- Leadership for Change
- Global Learning Programs



We bring a four-dimensional understanding of leadership development through the input and output models in our integrated approach.



NEW AND INNOVATIVE PRODUCTS AND TECHNOLOGY MANAGEMENT

Our R&D expenditures increased by 131% in 2022 compared to the same period in 2021.

In 2018, our R&D center became the 872nd R&D center in Türkiye.

Established in 2018, our R&D center ranks among the companies with the highest R&D expenditure in Türkiye. We continue our R&D activities without slowing down with the development of chewable food supplements containing multivitamins, immune system support (vitamin C), omega and collagen, and mineral support.

These supplements (OTC), which are different from the pharmaceutical concept, enjoyable to consume and have a wide variety of products, are safely introduced to our users by passing many audits with R&D studies, accredited external laboratory analyses and production facilities. In our R&D center, we are working on a wide range of products such as functional soft candy products, gluten-free soft candies, candies with collagen and high vitamin content, probiotic, sugar-reduced jelly product recipes, products suitable for vegetarian consumption without gelatine and candies containing natural pulp (dried fruit roll-up) products.

In 2018, our R&D center became the 872nd R&D center in Türkiye. In 2021, our Company's R&D expenditures were TL 5,908,574, while this amount increased by 131% to TL 13,662,702 in the same period of 2022. We are increasing the share of functional products in our company's product categories and accelerating our product development efforts.

Planned R&D New Product Development Projects

Our ability to anticipate consumer expectations and respond quickly to demands, taking into account changing consumption trends and increasing health awareness, and our ability to effectively market our products to customers in various segments and geographical regions to increase brand and product awareness, We continue to grow steadily thanks to our product diversity that will appeal to various age groups and different tastes and our flexibility to develop it, our ability to closely follow geopolitical developments in foreign markets and to make the necessary plans on time, and our dynamic, agile, fast and accurate decision-making management structure with the ability to turn risks into opportunities.



DIGITALIZATION

Within the scope of the DOPA Project, which we initiated as an internal transformation movement, we started our work on digitalization.

Within the scope of the DOPA Project, which we initiated as an internal transformation movement, we started our work on digitalization in 2022. Apart from our R&D project on automating quality controls such as products, packages and boxes, which are performed manually in our production and packaging departments, with appropriate devices, storing them in the database and creating a warning system to take quick action, we continue our digitalization projects within the scope of the DOPA Project in both production and operational business processes.

Since 2021, we have accelerated our work and planned many digitalization projects. We put the information system that monitors and reports the production process of our products into service as of 2022. The general purpose of our MES Project is to ensure effective monitoring and execution of production operations to improve production output, prevent errors and save time with digital reporting of production data. At the same time, we ensure that the reports sent from the reporting platform are consolidated and sent in a traceable manner on a single platform. We increase our process efficiency with our digitalization efforts in finance and accounting reporting.



COMPLIANCE MANAGEMENT

With our zero-tolerance policy against ethical violations, we provide our employees with the necessary channels to report any violations.

Code of Ethics

As Kervan Gıda, being honest, fair, respectful and reliable in all our activities and stakeholder relations, acting in accordance with local legislation and the legal requirements of the countries we are in contact with and general international regulations, providing appropriate conditions for ethical violation notifications and following up on notifications are among our ethical values.

Our code of ethics and business ethics approach are also included in our Social Responsibility Policy, which includes our economic, social and environmental responsibilities towards all our stakeholders and the society we interact with in our activities by adopting the principles of human rights, equality, diversity and inclusiveness, and in the Social Management section of this report and published on our website.

We provide our employees with the necessary training on ethical issues and expect them to act in accordance with our sensitivity and principles. With our zero-tolerance policy against ethical violations, we provide our employees with the necessary channels to report any violations. Similarly, our other stakeholders can also report ethical violations via etik@kervangida.com or **0212 875 00 488**. All reports are promptly investigated, analyzed and necessary actions are taken. Kervan Gıda, which has a high reputation thanks to our deep-rooted corporate culture, did not report any ethical violations in 2022.

Following our code of ethics is of utmost importance in terms of corporate social responsibility and sustainability. Ethics monitoring processes are coordinated by our Human Resources and Internal Audit departments. The basic steps of our ethical management are as follows:

- **Determining Ethical Principles:** We determine our principles to reflect our values, mission and vision. By establishing an ethical framework, we guide employees and encourage ethical behavior.
- **Establishing Ethical Policies and Rules:** We prevent conflicts of interest and unethical behavior of our employees by establishing ethical policies and rules.
- **Training and Awareness:** We try to raise awareness about our ethical rules, corporate culture and expectations and encourage ethical behavior by providing ethics trainings to all our employees on a regular basis.
- **Audit and Monitoring:** Since it is very important to monitor and enforce the implementation of ethical rules, we carry out regular internal audits through ethical compliance control mechanisms.
- **Investigation of Violations:** We sensitively follow up and seriously evaluate cases where ethical rules are violated, conduct investigations, and initiate corrective/preventive measures if necessary.
- **Transparency and Reporting:** Aware of the importance of transparency in ethical issues, we report to our relevant stakeholders.
- **Employee Feedback:** We work to ensure that the company's ethical culture is internalized by listening to the opinions and concerns of our employees regarding ethical issues.
- **Measures and Corrective Actions:** In cases where ethical rules are violated, we endeavor to prevent the recurrence of similar violations by quickly taking the necessary measures and corrective/preventive actions.



COMPLIANCE MANAGEMENT

We aim to ensure that all interested parties have easy access to information about Kervan Gıda by regularly publishing our Sustainability Report, which we published for the first time this year.

Transparency and Information Security

As a publicly traded company, monitoring, supervision and development of our public disclosure and information policy is under the authority and responsibility of our Board of Directors. We make disclosures through information tools such as material event disclosures, financial statements and reports, annual reports, website, presentations, investor meetings and teleconferences, information letters, press releases, Trade Registry Gazette. Material event disclosures regarding our Company's information are prepared by the Investor Relations Department reporting to the Board of Directors, electronically signed and submitted to PDP and disclosed to the public.

At the same time, we aim to ensure that all interested parties have easy access to information about Kervan Gıda by regularly publishing our Sustainability Report, which we published for the first time this year and which you are reading now.

On the other hand, we act with the awareness of the sensitivity of ensuring the confidentiality and security of the information belonging to Kervan Gıda and our stakeholders, and we take and implement the necessary measures in this regard.



OUR INFORMATION SECURITY POLICY

As Kervan Gıda, we are aware that information security is the responsibility of all our employees and that both our organization and our stakeholders may suffer significant damages in case of voluntary or involuntary loss or improper use of information. With this awareness, we take and implement the necessary measures to protect the confidentiality, integrity and accessibility of the information belonging to our organization and our stakeholders with a sustainable understanding. In line with this understanding, we are committed to;

- Determine the authorities, roles and responsibilities for the establishment and operation of the Information Security Management System and to periodically review these authorities, roles and responsibilities
- Provide secure access to the information assets of itself and its stakeholders
- Protect the availability, integrity and confidentiality of information
- Identify and categorize information assets, identify the risks that threaten them, and develop and implement the necessary methods to manage these risks
- Ensure the information security requirements arising from national, international or sectoral regulations to which it is subject, to fulfil the requirements of the relevant legislation and standards, to meet its obligations arising from agreements, and corporate responsibilities towards internal and external stakeholders
- Organize trainings, seminars and various awareness activities that will increase the awareness of our employees and, when necessary, other stakeholders on information security, and to follow up the results of these activities with the fact that the most important factor in ensuring information security is human
- Reduce the impact of information security threats on business / service continuity and to ensure business continuity and sustainability, to measure, audit and review its effectiveness regularly in line with the philosophy of continuous improvement
- Prepare policies, procedures and instructions to help our Information Security Management System to operate in accordance with the standards, to determine control points
- Protect the reliability and brand image of our company

As the senior management of Kervan Gıda, we are committed to ensure the effective functioning of the Information Security Management System by allocating all necessary resources for the Information Security Management System in line with the relevant standards and legislation.

We also publish information about our policy on data processing and data security within the scope of PDPL (Personal Data Protection Law) and the communication of requests on our website.

COMPLIANCE MANAGEMENT

As a food producer, it is our duty to provide a high level of food safety to our customers with our sensitive approach to human health and food safety.

The use, sharing and transmission of information together with its storage in electronic media is of critical importance in terms of information security. The communication of information between companies and the fact that it is also open to the internet increases the risk of information security more. Our policy for information security is directed towards the following main objectives;

- To ensure the security of administrative, financial and other critical data shared in Information Systems
- To ensure business continuity and minimize legal risks that may arise from security breaches
- To protect investments
- To protect the reputation of the company

Policies related to the Information Security Management System are checked and reviewed annually by our Information Network and Information Security Manager and updated if necessary. We organize trainings to ensure information security management awareness throughout the company.

Compliance with Legislation and Standards

Our primary responsibility is to ensure compliance with all legal regulations related to our current activities, particularly the Capital Markets Law. In addition to local legislation, we work meticulously to ensure compliance with the relevant legislation of the countries with which we have export relations and the requirements with universal validity.

Thanks to the corporate culture we have created, we prioritize acting in line with national and international laws in decision-making processes and practices. The Internal Audit Department and the Audit Committee, which operate independently and impartially, audit the effectiveness, efficiency, compliance with legal regulations, policies and procedures of all our activities and report to the Board of Directors at regular intervals.

As a food producer, it is our duty to follow all legal developments on human health and food safety, and to provide a high level of food safety to our customers by producing in accordance with international norms.



MONITORING AND REPORTING PROCESSES

All our transactions and activities are handled within the scope of internal audit and are audited in accordance with audit standards based on risk level.

Our Board of Directors endeavors to ensure that the internal audit activities of Kervan Gida, which is subject to CMB legislation, are carried out in the most effective manner. In addition, while the Audit Committee continues its activities within the Board of Directors for this purpose, it submits the findings and suggestions it reaches as a result of the audits to the Board of Directors. The Internal Audit Department reports directly to the Board of Directors through the Audit Committee and reviews the processes every year to determine the issues to be audited and the annual audit plan.

The improvement needs and deficiencies revealed in the audit reports are evaluated by the relevant managers, necessary actions are taken and followed up, and the results are reported to the Audit Committee.

The Internal Audit Department focuses on adding value to risk management, control and governance processes within the framework of a risk-focused audit approach.

Internal Audit is an independent and objective assurance and consultancy service that aims to improve and add value to our operations. It helps the company achieve its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

All our transactions and activities are handled within the scope of internal audit. These audits are carried out in accordance with audit standards with a systematic and disciplined approach based on the risk level. Internal audit activity within the company is carried out by the Internal Audit unit. Our Internal Audit unit evaluates our system and practices designed to protect company assets related to all our activities, to ensure compliance with laws, internal regulations and contracts, to establish the accuracy and reliability of financial and operational information, and to carry out our activities effectively and efficiently. It assures the senior management of their adequacy and effectiveness. It identifies significant risks that our Company may be exposed to and develops recommendations on measures to minimize them.

The Internal Audit Unit audits issues such as the existence and effectiveness of the internal control system and the appropriate design of processes. All transactions and activities of our company are within the scope of internal audit. These audits are carried out with a systematic and disciplined approach based on risk level and in compliance with auditing standards.

The systems and practices designed and implemented to protect the Company's assets, ensure compliance with internal regulations and contracts, ensure the accuracy and reliability of financial and operational information, and carry out activities effectively and efficiently are evaluated.

GRI INDEX

Statement of use	Kervan Gıda Sanayi ve Ticaret A.Ş. has reported the information cited in this GRI content index for the period January 1, 2022 - December 31, 2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	About Our Report- 7 Kervan Gıda at a Glance- 13
	2-2 Entities included in the organization's sustainability reporting	About Our Report- 7
	2-3 Reporting period, frequency and contact point	About Our Report- 7
	2-4 Restatements of information	2022 Sustainability Report is the first report of Kervan Gıda.
	2-5 External assurance	The report was not subject to external audit.
	2-6 Activities, value chain and other business relationships	Kervan Gıda at a Glance-13-14 Areas of Activity- 17 Kervan Gıda in the International Market- 18 Value Creation Priorities and Stakeholder Analysis- 41
	2-7 Employees	Human Resources- 57
	2-9 Governance structure and composition	Sustainability Organizational Structure- 34 Board of Directors- 65
	2-10 Nomination and selection of the highest governance body	Board of Directors- 65
	2-11 Chair of the highest governance body	Board of Directors- 65
	2-12 Role of the highest governance body in overseeing the management of impacts	Board of Directors- 65
	2-13 Delegation of responsibility for managing impacts	Our Sustainability Strategy- 34 Board of Directors- 65
	2-14 Role of the highest governance body in sustainability reporting	Our Sustainability Strategy- 34
	2-15 Conflicts of interest	Compliance Management- 70
	2-16 Communication of critical concerns	Compliance Management- 72
	2-17 Collective knowledge of the highest governance body	Message from the Chairman of the Board of Directors- 8 Our Sustainability Strategy- 34 Board of Directors- 65
	2-18 Evaluation of the performance of the highest governance body	Our Sustainability Strategy- 33-34
	2-19 Remuneration policies	Human Resources- 56 Corporate Social Responsibility- 48 Board of Directors- 65
	2-20 Process to determine remuneration	Human Resources- 56

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GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-21 Annual total compensation ratio	Not disclosed for confidentiality reasons
	2-22 Statement on sustainable development strategy	Top Management Messages- 9-12 Our Sustainability Strategy- 32-34
	2-23 Policy commitments	Our Sustainability Strategy- 32-34
	2-24 Embedding policy commitments	Our Sustainability Goals and Targets- 35
	2-25 Processes to remediate negative impacts	Risks and Opportunities- 38-40 Corporate Risk Management Processes- 66
	2-26 Mechanisms for seeking advice and raising concerns	Compliance Management- 70 Human Resources- 51-55 Customer Satisfaction- 45-46
	2-27 Compliance with laws and regulations	Independent Assurance of System and Product Quality- 26 Our Sustainability Goals and Targets- 35 Compliance Management- 72
	2-28 Membership associations	Our Civil Society Participation and Collaborations- 28
	2-29 Approach to stakeholder engagement	Value Creation Priorities and Stakeholder Analysis- 41
	2-30 Collective bargaining agreements	Human Resources- 52
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Value Creation Priorities and Stakeholder Analysis- 41
	3-2 List of material topics	Value Creation Priorities and Stakeholder Analysis- 41-42 Our Sustainability Goals and Targets- 35-37
	3-3 Management of material topics	Our Sustainability Goals and Targets- 35-37
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Financial Structure- 21-22
	201-2 Financial implications and other risks and opportunities due to climate change	Financial Structure- 23 Risks and Opportunities- 38-40
	201-4 Financial assistance received from government	Our Featured Projects in 2022- 31
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Corporate Social Responsibility- 48 Human Resources- 53
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Financial Structure- 22 2022 Highlights- 23
	203-2 Significant indirect economic impacts	Digitalization- 69
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Our Sustainability Goals and Targets- 36

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GRI STANDARD	DISCLOSURE	LOCATION
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Sustainability in the Supply Chain- 44 Corporate Social Responsibility- 48
	205-2 Communication and training about anti-corruption policies and procedures	Sustainability in the Supply Chain- 44 Compliance Management- 70
	205-3 Confirmed incidents of corruption and actions taken	Compliance Management- 70
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Compliance Management- 72
GRI 207: Tax 2019	207-1 Approach to tax	Compliance Management- 72
	207-2 Tax governance, control, and risk management	Compliance Management- 71-72
	207-3 Stakeholder engagement and management of concerns related to tax	Compliance Management- 71-72
GRI 301: Materials 2016	301-2 Recycled input materials used	Raw Material Resource Efficiency and Waste Management- 63
	301-3 Reclaimed products and their packaging materials	Raw Material Resource Efficiency and Waste Management- 63
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Climate Change and Energy Efficiency- 61
	302-3 Energy intensity	Climate Change and Energy Efficiency- 61
	302-4 Reduction of energy consumption	Climate Change and Energy Efficiency- 60
	302-5 Reductions in energy requirements of products and services	Raw Material Resource Efficiency and Waste Management- 63
	303-1 Interactions with water as a shared resource	Water Management- 62
GRI 303: Water and Effluents 2018	303-2 Management of water discharge-related impacts	Water Management- 62
	303-3 Water withdrawal	Water Management- 62
	303-4 Water discharge	Water Management- 62
	303-5 Water consumption	Water Management- 62
	305-1 Direct (Scope 1) GHG emissions	Our Sustainability Goals and Targets- 36
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	Our Sustainability Goals and Targets- 36
	305-3 Other indirect (Scope 3) GHG emissions	Our Sustainability Goals and Targets- 36
	305-4 GHG emissions intensity	Our Sustainability Goals and Targets- 36
	305-5 Reduction of GHG emissions	Our Sustainability Goals and Targets- 36 Environment and Climate Change- 59-61
	305-6 Emissions of ozone-depleting substances (ODS)	Environment and Climate Change- 59-61
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Environment and Climate Change- 59-61

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GRI STANDARD	DISCLOSURE	LOCATION
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Raw Material Resource Efficiency and Waste Management- 63 Minimizing Food Waste- 64
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	404-3 Percentage of employees receiving regular performance and career development reviews	Human Resources- 52
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GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Compliance Management- 70
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