



Corporate Governance Rating Report



17 November 2023

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## Rating and Executive Summary

### Pınar Entegre Et ve Un Sanayii A.Ş. (PETUN)



Corporate Governance Rating:

**9.38**



MAIN SECTIONS: **Avg. 93.80**

Shareholders: 89.34



Public Disclosure & Transparency: 95.05



Stakeholders: 98.33



Board of Directors: 94.14



0 10 20 30 40 50 60 70 80 90 100

## EXECUTIVE SUMMARY

The Corporate Governance Rating of 9.38 that has been assigned to Pınar Entegre Et ve Un Sanayii A.Ş. (Pınar Et) on November 18, 2022 is hereby reconfirmed as **9.38**. Our rating methodology (page 5) is based on the Capital Markets Board's (CMB) "Corporate Governance Principles".

The Company's corporate governance rating is revised as above in consideration with the importance given by Pınar Et to corporate governance principles, its willingness to carry out the compliance process continuously and dynamically and studies which had been initiated in this direction since the previous rating.

SAHA publishes (annually) the World Corporate Governance Index (WCGI) which ranks countries in terms of their level of compliance with corporate governance principles as well as their germane institutions, rules, codes, and regulations together with international standards and indices which evaluate countries in a vast array of areas such as transparency, corruption, ease of doing business, etc.. Pınar Et is analyzed as a Turkish company and Turkey takes place at the top classification of the WCGI which is Group 1. Details of the World Corporate Governance Index (WCGI) published by SAHA on July 12, 2023 can be accessed at <http://www.saharating.com>.

Pınar Et is rated with **8.93** under the **Shareholders** heading. Exercise of shareholders' rights complies with the legislation, Articles of Association and other internal rules and regulations, and measures have been taken to ensure the exercise of these rights. Company carries out the investor relations obligations through the Investor Relations Department. All procedures prior to the general shareholders' meeting as well as the conduct of the meeting comply with the legislation, rules and regulations. There is a publicly disclosed dividend policy of the Company. There are no restrictions on transfer of shares. On the other hand, there are areas for improvement like adoption as it is, of the rate of minority rights as prescribed for public joint stock companies (%5), absence of a provision in the Articles of Association allowing the attendance of those including stakeholders and media to the general shareholders' meetings with no voting rights and existence of privileges on nomination of candidates to the Board of Directors.

Pınar Et attained **9.51** under the **Public Disclosure and Transparency** chapter. The Company has a comprehensive web site. Public announcements are carried out via all communications channels and are in accordance with CMB and Borsa İstanbul (BIST) rules and regulations. The Annual Report complies with the legislation, comprehensive and informative. The Corporate Governance Compliance Report (CRF) and the Corporate Governance Information Form (CGIF) have been disclosed to the public through Public Disclosure Platform (PDP) in accordance with the legislation, and access details is included in the Annual Report. The agreement and work conducted with the external auditor also complies with the legislation. Nevertheless, non-disclosure of the Company's shareholding structure; the names, amount and rate of the shares held by the Company's ultimate controlling individual shareholders over 5% as identified after being released from indirect or cross shareholding relationships between co-owners along with the privileges they hold and again non-disclosure of all the benefits provided to Board members and senior management on individual basis are areas in need of further refinement.

On the topic of **Stakeholders**, Pınar Et scored **9.83**. In case of violation of stakeholders' rights drawn up in line with the legislation and mutual agreements, Pınar Et enables an effective and speedy compensation. A written compensation policy for the employees is established and disclosed to the public on the corporate web site. The Company has a written and advanced a human resources policy. Code of ethics is publicly available through the Company's web site. Pınar Süt complies with environmental laws and Corporate Social Responsibility and Sustainability studies are at satisfactory levels.

From the perspective of the principles regarding the **Board of Directors**, Pınar Et's tally is **9.41**. The Board of Directors fulfills all duties regarding Company needs. There are three independent members on the 7-member Board of Directors. A Corporate Governance, an Audit, and an Early Detection of Risk Committees are established within the Board of Directors. Duties of the Nomination and Remuneration Committees are performed by the Corporate Governance Committee. The working principles of the Committees are disclosed to the public. Principles of remuneration of Board members and senior executives are included on the corporate web site. There are 4 female members on the Board of Directors. On the other hand, benefits provided to Board members and senior executives are mentioned collectively, but as far as principles are concerned a list on individual basis is essential.

## Rating Methodology

SAHA's methodology for rating the degree of compliance with the Principles of Corporate Governance is based upon the CMB's "Corporate Governance Principles" released on January 2014.

The CMB based these principles on the leading work of The World Bank, The Organization of Economic Cooperation and Development (OECD), and the Global Corporate Governance Forum (GCGF) which has been established in cooperation with the representatives of the preceding two organizations and private sector. Experts and representatives from the CMB, Borsa Istanbul and the Turkish Corporate Governance Forum have participated in the committee that was established by the CMB for this purpose. Additionally; many qualified academicians, private sector representatives as well as various professional organizations and NGOs have stated their views and opinions, which were added to the Principles after taking into account country specific issues. Accordingly, these Principles have been established as a product of contributions from all high-level bodies.

Certain applications of the Principles are based on "comply or explain" approach and others are mandatory. However, the explanation concerning the implementation status of the Principles, if not detailed reasoning thereof, conflicts arising from inadequate implementation of these Principles, and explanation on whether there is a plan for change in the Company's governance practices in future should be mentioned in the Annual Report and disclosed to public.

The Principles consist of four main sections: shareholders, public disclosure and transparency, stakeholders, and the Board of Directors.

Based on these Principles, the SAHA Corporate Governance Rating methodology features around 340 sub-criteria. During the rating process, each criterion is evaluated on the basis of information provided by the Company officials and disclosed publicly. Some of these criteria can be evaluated by a simple YES/NO answer; others require more detailed analysis and examination.

SAHA assigns ratings between 1 (weakest) and 10 (strongest). In order to obtain a rating of 10, a company should be in full and perfect compliance with the Principles (see Rating Definitions, p.24).

To determine the total rating score for each main section parallel to the CMB's Corporate Governance Principles, SAHA allocates the following weights:

Shareholders: **25%**

Public Disclosure and Transparency: **25%**

Stakeholders: **15%**

Board of Directors: **35%**

To determine the final overall rating, SAHA utilizes its proprietary methodology which consists of sub-section weightings and weightings for the criteria there under. A separate rating is assigned to each one of the main sections as well.

## Company Overview

<b>PINAR Entegre Et ve Un Sanayii A.Ş.</b>	
	<p><b>CHAIRPERSON OF THE BOARD</b> Emine Feyhan Yaşar</p> <p><b>GENERAL MANAGER</b> Hüseyin Demir</p>
<p><b>Headquarters:</b> Kemalpaşa Osb Mahallesi 503 Sk. No:224 Kemalpaşa - IZMIR <a href="http://www.pinar.com.tr">www.pinar.com.tr</a></p>	<p><b>Investor Relations Department Manager</b> Tolga Bağcı Tel: (0232) 877 09 00 <a href="mailto:yatirimciiliskileri@pinaret.com.tr">yatirimciiliskileri@pinaret.com.tr</a></p>

Pınar Et was established in 1985 and is one of the leading brands in the food sector. Pınar Entegre Et ve Un Sanayii A.Ş.'s main field of activity is the production of meat and by-products of bovine and ovine animals, poultry and fish, as well as frozen dough products and ready meals. Pınar Et produces in accordance with the Turkish Food Codex and EU standards. The average number of employees in 2022 was 928.

In 2022, Pınar Et realized a sales volume of 30,624 tons and achieved a turnover of TL 2.1 billion. The Company achieved 89.7% growth in turnover compared to the previous year and reached a gross profit of TL 393.8 million. Completing 2022 with a net profit of TL 325.5 million, Pınar Et realized fixed asset expenditures amounting to TL 44.4 million. The Company's capacity utilization rate during the year was 60%.

Public shares of the Company are traded under "PETUN" code at BIST Stars Market and Pınar Et is a constituent of BIST ALL SHARES 100 (XTUMY), BIST PARTICIPATION DIVIDEND (XKTMT), BIST PARTICIPATION ALL SHARES (XKTUM), BIST ALL SHARES (XUTUM), BIST DIVIDEND (XTMTU), BIST INDUSTRIAL (XUSIN), BIST IZMIR (XSIZM), BIST FOOD, BEVERAGE (XGIDA), BIST MAIN (XBANA), and BIST CORPORATE GOVERNANCE (XKURY) indices.

The capital structure of the Company as of the date of our report is as follows:

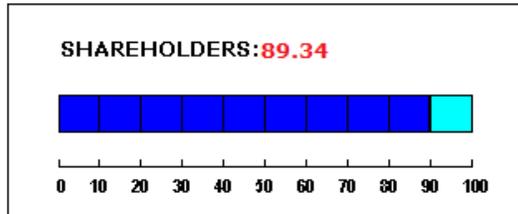
<b>Pınar Entegre Et ve Un Sanayii A.Ş. Capital Structure</b>		
<b>Shareholder</b>	<b>Share Value (TL)</b>	<b>Share %</b>
Yaşar Holding A.Ş.	23,476,895.37	54.18
Pınar Süt Mamulleri Sanayii A.Ş.	5,451,752.25	12.58
Other	14,406,352.38	33.24
<b>Total</b>	<b>43,335,000.00</b>	<b>100.00</b>

<b>Significant subsidiaries of Pinar Et and shares held</b>	
Çamlı Yem Besicilik Sanayi Ve Tic. A.Ş.	23.39%
Desa Enerji Elektrik Üretim A.Ş	21.55%
Yaşar Birleşik Pazarlama Dağıtım Turizm Ve Ticaret A.Ş.	42.78%
PINAR FOODS GmbH	44.94%
Bintur Turizm ve Catering Hizmetleri Ticaret A.Ş.	1.17%
Yaşar Dış Ticaret A.Ş.	0.93%

The Board of Directors of the Company is composed as follows:

<b>Pınar Entegre Et ve Un Sanayii A.Ş. Board of Directors</b>		
<b>Name</b>	<b>Title</b>	<b>Executive / Independent</b>
Emine Feyhan Yaşar	Chairperson	Non-executive
İdil Yiğitbaşı	Vice-chairperson	Non-executive
Sezai Bekgöz	Board Member Corporate Governance Committee Chairperson Audit Committee Member Early Detection of Risk Committee Member	Independent
Nalan Erkarakaş	Board Member Corporate Governance Committee Member Audit Committee Chairperson Early Detection of Risk Committee Chairperson	Independent
Yılmaz Gökoğlu	Board Member Early Detection of Risk Committee Member	Non-executive
Kemal Semerciler	Board Member Corporate Governance Committee Member	Non-executive
Seçkin Şenol	Board Member	Independent

## SECTION 1: SHAREHOLDERS



SYNOPSIS	
+	Equal treatment of shareholders.
+	Active investor relations department.
+	General shareholders' meetings are conducted in compliance with the legislation.
+	Preparation and disclosure prior to general shareholders' meetings are satisfactory.
+	Publicly disclosed dividend policy.
+	No restrictions on transfer of shares.
=	Minority rights are not recognized for shareholders who possess an amount less than one-twentieth of the share capital.
-	Existence of privileges in the Articles of Association on nomination of candidates to the Board of Directors.

### 1.1. Facilitating the Exercise of Shareholders' Statutory Rights:

The Company carries out investor relations obligations through the Investor Relations Department.

Employees of this department are competent, active and willing on exercise of corporate governance principles at the Company.

Along with other units of the Company, the "Investor Relations Department" plays an active role in protecting and facilitating shareholders' rights and in

particular the right to obtain and review information, and its duties are as follows;

- a) To ensure that the records relating to the written correspondence with the investors and other information are kept in a healthy, safe and updated manner.
- b) To respond to the queries of the shareholders requesting written information on the Company.
- c) To ensure the general shareholders meeting is held in compliance with the applicable legislation, Articles of Association and other Company by-laws.
- d) To prepare the documents that might be used by shareholders in the general shareholders' meeting.
- e) To supervise the fulfillment of the obligations arising from capital markets legislation including all corporate governance and public disclosure matters.

Investor Relations Department submits a report to the Board of Directors at least once a month on its conducted activities.

Information and explanations that may affect use of shareholders' rights is available up to date on the corporate web site.

### 1.2. Shareholders' Right to Obtain and Evaluate Information:

There is no evidence of any hindering process or application regarding the appointment of a special auditor at the request of shareholders.

All kinds of information about the Company are provided in a complete, timely, honest, and diligent manner and there is no fine or warning received in this regard.

Pinar Et has established a disclosure policy and disclosed to the public on its corporate web site. It was submitted to the attention of the shareholders at the general shareholders' meeting held in 2012.

### **1.3 Minority Rights:**

Maximum care is given to the exercise of minority rights. However, minority rights are not recognized for shareholders who hold an amount less than one-twentieth of the share capital and the Company has adopted exactly the rate foreseen in the legislation for listed companies.

There is no evidence of any conflict of interest between the majority shareholders and that of the Company.

### **1.4. General Shareholders' Meeting:**

In addition to the methods of invitation in the legislation and in order to ensure attendance of maximum number of shareholders, the invitation to the general shareholders' meeting held on March 29, 2023 is performed through all means of communication available to the Company on March the 3<sup>rd</sup>, 2023 in accordance with the Corporate Governance Principles.

All announcements prior to the general shareholders' meeting included information such as the date and time of the meeting; without any ambiguity exact location of the meeting; agenda items of the meeting; the body inviting to the general shareholders' meeting; and the exact location where Annual Report, financial statements and other meeting documents can be examined.

In addition, a descriptive disclosure document on agenda items has been prepared.

Commencing from the date of announcement of invitation for the general shareholders' meeting, following documents are made available to all shareholders for examination purposes in convenient locations including the headquarters or branches of the Company, and the electronic media;

- The Annual Report,
- Financial Statements and Reports,
- All Other Related Documents Pertaining to the Agenda Items,
- Dividend Distribution Proposal,
- CGIF and CRF templates.

Shareholders are informed of the following issues prior to the general shareholders' meeting via the corporate web site;

Total number of shares and voting rights reflecting the Company's shareholding structure as of the date of disclosure, number of shares and voting rights reflecting the privileged share group within the Company capital, the nature of the privileges, and information on similar issues. In addition, information on grounds for dismissal and replacement of Board members, candidates' backgrounds and tasks carried out in the last decade, the nature and significance level of their relationship with the Company and its related parties, whether they are independent or not has been submitted to the general shareholders' meeting.

Agenda items were put under a separate heading and expressed clearly in a manner not to result in any misinterpretations. Expressions like "other" and "various" were not used. Information submitted to the shareholders prior to the conduct of the general shareholders' meeting was related to the agenda items.

It has been concluded that the chairperson of the meeting has made

the necessary preparations for the execution of the general shareholders' meeting in accordance with the Turkish Commercial Code, the Law, and the legislation.

The 2022 general shareholders' meeting was held in Çeşme, Izmir.

It has been declared by the Company officials that the items on the agenda were conveyed in detail and in a clear and understandable way by the chairperson of the meeting and shareholders were given equal opportunity to voice their opinions and ask questions. The chairperson made sure that each question is answered directly at the meeting provided that they do not constitute a trade secret.

Agenda of the general shareholders' meeting included the proposal for the permission to be granted to shareholders who have control of the management, members of the Board of Directors, managers with administrative responsibility, their spouses and up to second degree blood relatives to execute transactions and compete with the Company and/or its affiliates, to make a commercial business transaction for himself or on behalf of others or to join to another company dealing with the same type of commercial business as a partner with unlimited responsibility.

The members of the Board of Directors related with those issues of a special nature on the agenda, other related persons, authorized persons who are responsible for preparing the financial statements and auditors were present to give necessary information and to answer questions at the general shareholders' meeting.

Attendance of the absolute majority of the Board members to the general shareholders' meeting is deemed positive by us.

The Company has established a policy on donations and grants and submitted it to the approval of shareholders at the

general shareholders' meeting in which the 2015 operating period was discussed.

Furthermore, at the last meeting shareholders were informed, with a separate agenda item, of amount and beneficiaries on all donations and grants effectuated during the reporting period and the distribution cap was set for next year.

General shareholders' meetings are conducted with the attendance of stakeholders and media with no voting rights, but there is no provision in the Articles of Association of the Company in this respect.

General shareholders' meeting was attended by the representative of the external auditor.

### **1.5. Voting Rights:**

At Pinar Et all shareholders, including those who reside abroad, are given the opportunity to exercise their voting rights conveniently and appropriately and the Company avoids applications that make it difficult to exercise voting rights.

There are no upper limits on the number of votes which shareholders can cast at the general shareholders' meetings. However, each Group "A" share shall entitle its owner to 3 votes and each Group "B" share shall entitle its owner to 1 vote. Since the number of "A" group shares is relatively small in total number of shares this privilege has no affect. There are 1,500,000 Group A and 4,332,000,000 Group B shares in the Company's capital structure.

The Company's Articles of Association indicate that there are voting privileges; should the Board of Directors be constituted of 5 members, 3 of them shall be elected from among the nominees indicated by Group "A" shareholders. In case the Board consists of 7 members, 4 of them shall be elected from among the nominees

indicated by Group "A" shareholders and if the Board consists of 9 members, 5 of them shall be elected from among the nominees indicated by Group "A" shareholders, and all other members shall be elected from among the nominees indicated by Group "B" shareholders.

**1.6. Dividend Rights:**

The dividend policy of Pinar Et is clearly defined. It is submitted to the attention of the shareholders at the general shareholders' meeting and disclosed to public on the corporate web site. Company's dividend distribution policy contains minimum information clear enough for investors to predict any future dividend distribution procedures and principles.

As per the dividend policy document, a balanced policy is followed between the interests of the shareholders and those of the Company.

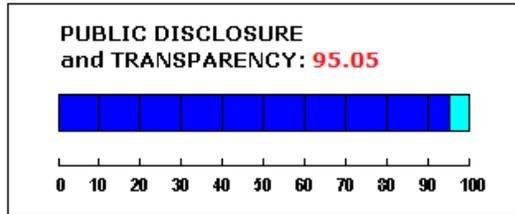
Also, the Articles of Association contain a provision on advance dividend payments.

**1.7. Transfer of Shares:**

There are no provisions that impede free transfer of shares.

There is no provision in the Articles of Association restricting the transfer of shares.

## SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY



### SYNOPSIS

+	Comprehensive web site, actively used for public disclosure.
+	Annual Report complies with the legislation, comprehensive and informative.
+	Agreement and studies conducted with external auditors comply with the legislation.
+	Extensive disclosure policy.
+	Important events and developments disclosed in accordance with the legislation.
-	Benefits provided to Board members and senior executives not listed on individual basis.
-	List of ultimate controlling individual shareholders are not disclosed to the public.

#### 2.1. Corporate Web Site:

Company's corporate web site ([www.pinar.com.tr](http://www.pinar.com.tr)) is actively used for disclosure purposes and the information contained therein is timely updated.

Along with the information required to be disclosed pursuant to the legislation, the Company's web site includes; trade register information, important Board resolutions, information about latest shareholder and management structure, the date and the number of the trade registry gazette on which the changes are published along with the

final version of the Company's Articles of Association, publicly disclosed material information, periodical financial statements, Annual Reports, agendas of the general shareholders' meetings and list of participants and minutes of the meetings, form for proxy voting at the general shareholders' meeting, disclosure policy, dividend distribution policy, investor timetable, ethical rules of the Company, frequently asked questions including requests for information, questions and notices, and responses thereof.

In this context, information on at least the last 5 years can be reached on the web site.

With the exception of material disclosures and footnotes, in accordance with the Capital Markets legislation, the Company also discloses financial statements on PDP and simultaneously in English.

The information contained on the web site exists also in English for the benefit of international investors.

The Company's web site also includes; investor presentations, working principles of the Committees, important Board decisions under the heading of announcements, the vision/ mission of the Company established by the Board, information on dividend payments and capital increases, news, general shareholders' meeting internal guidelines, sustainability reports, information on senior management, financial data, main ratio analysis, timetable on events/developments which considers investments, web site terms of use and privacy statement and the human resources policy.

The Corporate Governance Compliance Report (CRF) and the Corporate

Governance Information Form (CGIF) have been prepared and disclosed through the PDP at least three weeks prior to the general shareholders' meeting.

However, the Company's shareholding structure; the names, amount and rate of the shares held by the Company's ultimate controlling individual shareholders over 5% as identified after being released from indirect or cross shareholding relationships between co-owners along with the privileges they hold is not disclosed to the public.

## **2.2. Annual Report:**

Annual Report is prepared in detail by the Board of Directors to provide public access to complete and accurate information on the Company and it covers information such as;

- a. Period covered by the report, the title of the Company, trade register number, contact information.
- b. The names and surnames of the chairperson, members and executive members involved in the management and supervisory Boards during the covered period, their limits of authority, tenure of office (with start and end dates).
- c. The sector in which the Company operates and information on its position in this sector.
- d. Qualifications of the production units, capacity utilization rates, explanations related to sales volume and price, sales conditions and yearly developments.
- e. Progress on investments.
- f. CGIF and CRF templates access information.

- g. Information on related party transactions.
- h. Other issues not included in the financial statements, but are beneficial for users.
- i. Company's organization, capital and ownership structure, and any changes in the related accounting period.
- j. Benefits provided to staff and workers, information on number of personnel, Collective Bargaining implementations.
- k. Conducted research and development activities.
- l. The dividend distribution policy.
- m. Basic ratios on the financial position, profitability and solvency.
- n. Company's financing resources and risk management policies.
- o. Information on major events occurred between the closing of the accounting period and the date of the general shareholders' meeting where financial statements are evaluated.

In addition to the content specified in the legislation, the following also took place in the Annual Report:

- a. External duties of Board members and executives.
- b. Members of the Committees within the Board and their working principles on conducted activities.
- c. The number of Board meetings held during the year and status of participation of the members.
- d. Major court cases against the Company and possible consequences.

- e. Information on direct contributions to capital ratio with cross shareholding investments in excess of 5%.
- f. Benefits and vocational training of employees, and other Company activities that give rise to social and environmental results.
- g. Signed declaration of independence of the independent Board members.
- h. Assessment of the Board on the efficiency of the Committees.
- i. Rating results.

Nevertheless, all benefits provided to Board members/senior executives are mentioned collectively, but best application of Corporate Governance Principles dictate that this information is given on an individual basis.

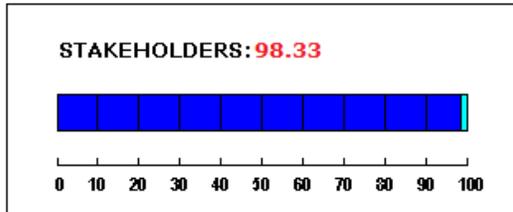
### **2.3. External Audit:**

The external audit of the Company is conducted by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., a member of KPMG group with a worldwide experience.

There has not been a situation where the external auditor avoided to express its opinion and not signed the audit report, nor has reported a qualified opinion. Also it has been declared that there has been no legal conflict between the Company and the external audit firm.

External audit firm and their audit staff did not provide consulting services for a price or free of charge during the audit period. No consulting company in which the external audit firm is in a dominant position either directly or indirectly in management or capital provided any consulting services during the same period.

## SECTION 3: STAKEHOLDERS



### SYNOPSIS

+	Compensation is provided in case of violation of the stakeholder rights safeguarded by relevant legislation and mutual agreements.
+	Efficient Human Resources policy.
+	Existence of an active trade union.
+	Code of ethics disclosed to the public.
+	A written employee compensation policy established and disclosed to the public on the web site.
+	Corporate Social Responsibility and Sustainability studies are at superior levels.

### 3.1. Company Policy Regarding Stakeholders:

Pinar Et is owned by one of the leading groups of Turkey; the Yaşar Group of Companies. Hence the Company has a corporate identity and policies related to both the public and the private sector is highly developed.

We have not come across a significant or repetitive situation in which the rights of stakeholders established by any law or agreement are not recognized. The Company's corporate governance practices are in top level and Pinar Et recognizes the rights of stakeholders established by law or through any other mutual agreement.

A compensation policy for the employees is established and disclosed to the public on the corporate web site.

The web site of the Company is actively used to provide adequate information on policies and procedures towards the protection of stakeholders' rights.

Also, Company officials indicated that all customer requests and complaints are filed, monitored and assessed. To this end, consumer satisfaction surveys are conducted and product improvements are realized according to the obtained results.

The corporate governance structure of the Company ensures that its stakeholders, including its employees and representatives, report their concerns to the management concerning any illegal or unethical transactions.

In addition, Company officials declared that the procurement policy is implemented through tender procedures.

### 3.2. Stakeholders' Participation in the Company Management:

Although no such provisions are incorporated in the Articles of Association of the Company, models supporting the participation of stakeholders, and especially of employees, in management have been developed without impeding the operations of the Company. Stakeholders are encouraged to participate in management through various channels such as proposals or surveys, which do not delay Company operations. Pinar Et consults with and obtains the consent of the labor union with regard to changes in working conditions, the working environment and the rights of workers. Dealers are encouraged to participate in the

Company's management through dealer meetings.

### **3.3. Company Policy on Human Resources:**

With respect to specific country standards, the Company has established a human resources policy which ensures equal opportunity, social rights, and sound career planning. On the job training and personnel promotion schemes, as well as relations with the trade union are at high standards.

Tekgıda-İş Union is active in the Company. Company officials declared that a collective bargaining agreement covering the period January 1<sup>st</sup>, 2022 and December 31, 2023 has been signed between the parties.

Pınar Et employs a detailed human resources policy of which the fundamentals are:

- a) Pınar Et's staff is determined according to business economics criteria, and all workers acknowledge that working with dignity is only possible with efficient work.
- b) To achieve staff improvement, in-house and external training programs are applied within all levels of the framework.
- c) Equal opportunity criterion is applied for appointments within the Company and, as principal, in-house staff is preferred.
- d) Development plans are implemented to personnel with potency, through a career planning system for advancement and career opportunities.
- e) Evaluation of performance of the staff is based on reaching targets and the competence level.
- f) From the first echelon until the last, job descriptions and

performance standards are documented to be used on performance evaluation.

- g) Periodic annual implementation of Employee Opinion Survey allows seeing employees' views on working conditions, management, social activities, remuneration, training, performance evaluation, career planning, participatory management, and corporate satisfaction. Improvements are applied in accordance with the feedback.
- h) Safe working environment and conditions is of upmost importance for Pınar Et. In the frame of Employee Health and Safety Regulations, all legal measures are taken on prevention of professional risks, protection of health and safety, and elimination of risk and accident factors. Regular meetings are held to achieve continuous improvements.
- i) The Company's adopted management approach is; "...a management style which adheres to the laws and ethical codes, believe in total quality, and embrace participative management."
- j) It is a basic rule of Pınar Et that employees receive equal treatment without any distinction, regardless of their language, race, color, gender, political and philosophical thoughts, religion, sect, etc.

In addition, there are 4 workplace representatives at Pınar Et. It has been declared that the duties of these representatives are to;

- a) Hear workers' wishes and resolve their complaints exclusively with respect to matters at the workplace.

- b) Ensure continued labor peace through worker-employer cooperation and labor fairness.
- c) Be mindful of workers' rights and interests; assist in the implementation of the working conditions which are provided for in labor laws and in collective bargaining agreements.

Pinar Et has a detailed and comprehensive recruitment policy that defines appropriate criteria. In the recruitment and selection process, equal opportunities are provided for all candidates who have the appropriate training, knowledge, skills, competencies and experience required by the job. All candidates are assessed using defined recruitment procedures.

The Company treats all employees fairly in terms of training and career planning and strives to install training policies to improve their knowledge, skills and competencies.

It has been declared that in cases which management reshuffle could cause disruptions, succession planning for determination of new manager appointments is included in in-house "Management Trainee" regulations.

### **3.4. Relations with Customers and Suppliers:**

Pinar Et has taken necessary precautions to attain customer satisfaction in the sales and marketing of its products and services.

Within the framework of protection of trade secrets, care is taken on the confidentiality of information about customers and suppliers.

We have witnessed no evidence on non-market pricing of goods and services of the Company.

The Pinar Communication Center hotline, 444 7 627, offers 7/24 call center service. In addition, the 'Barrier-Free Communication Line' established

for Visually Impaired Individuals became functional in 2020.

### **3.5. Ethical Rules & Social Responsibility:**

The ethical rules of Pinar Et is established and publicly disclosed through the corporate web site.

The Company was not held liable by any public authority for any sanctions within the last year.

The Company keeps good relations with non-governmental organizations and public social institutions.

Pinar Et regards its ongoing support for and contributions to art, education, sport, and culture as vital and indispensable in the fulfillment of its principle of giving back to society.

Within the scope of the Company's social responsibility projects carried out for children, Pinar Kids Theatre has reached more than 3 million children all over Turkey free of charge since its establishment in 1987. The play "Game Machine", which could not be performed during the 2021-2022 academic year due to the pandemic, was performed in Denizli-Çivril, Kütahya-Aslanapa, Eskişehir-Alpu and Eskişehir Center with the summer tour organized in 2022. In addition, Pinar Children's Theater meets theater lovers digitally through the YouTube channel "Everything is for Our Children".

The 41<sup>st</sup> annual International Pinar Children's Painting Contest, hosted by Pinar Et, aimed to spark a passion for painting in primary school children and to nurture the talents of future artists. The contest's theme, "The World Through My Eyes," focused on sustainability goals, while the slogan, "Take action for the future; paint the world of your dreams," embodied these objectives.

Thought Pinar brand, the Yaşar Community contributes to education, sports and protection of cultural properties as part of its sports

communication activities with the concept of "social citizenship". With this corporate culture approach, Pınar Karşıyaka Sports Club has been supported under the leadership of Selçuk Yaşar, Founder and Honorary President. Since 1998, Pınar supports Pınar Karşıyaka Basketball Team and thousands of young athletes as the main sponsor. Besides its support to Pınar Karşıyaka Basketball Team, Pınar Karşıyaka Basketball Branch provided about 25,000 children with the opportunity of sports in young teams and sports schools.

Pınar Et participates and supports many congresses in the food sector in areas such as R&D, sustainability and marketing. It also sponsors the activities for development of culinary, gastronomy and cuisine culture in Turkey. Accordingly, the Company continued to sponsor many congresses, summits, forums and workshops in 2022.

### **3.6. Sustainability:**

The Company has a policy, internal regulations, goals, initiatives and campaigns on environment, nature, energy conservation, recycling and education issues.

Pınar Et has disclosed to the public through the corporate web site its sustainability reports covering sustainability activities for the 2021 reporting period. In this context, the Company has national/international quality/health standard certificates. It is a member of various domestic/overseas organizations carrying out studies in this area.

In 2022, Pınar Et R&D Center optimized packaging materials, reducing plastic usage by around 880 kg and paper usage by 19,400 kg. These efforts led to a reduction in carbon emissions by 49.2 tons. Additionally, the paper reduction efforts prevented about 249 trees from being cut down. Pınar Et's carbon footprint increased by 12.49%

in 2022 compared to the previous year, while its water footprint decreased by 5.07% over the same period. The Company aims to reduce its carbon footprint by 30% and water footprint by 15% by 2030.

Continuing its activities without compromising its responsible producer identity since its establishment as Turkey's first private enterprise integrated meat plant, Pınar Et continues its investments to reduce greenhouse gas emission intensity and to become a carbon neutral organization by the end of 2050. Thanks to the solar energy panels with an installed capacity of 1.77 MWp installed on the roof of the production facilities, 10% of the electricity used is obtained from renewable energy sources.

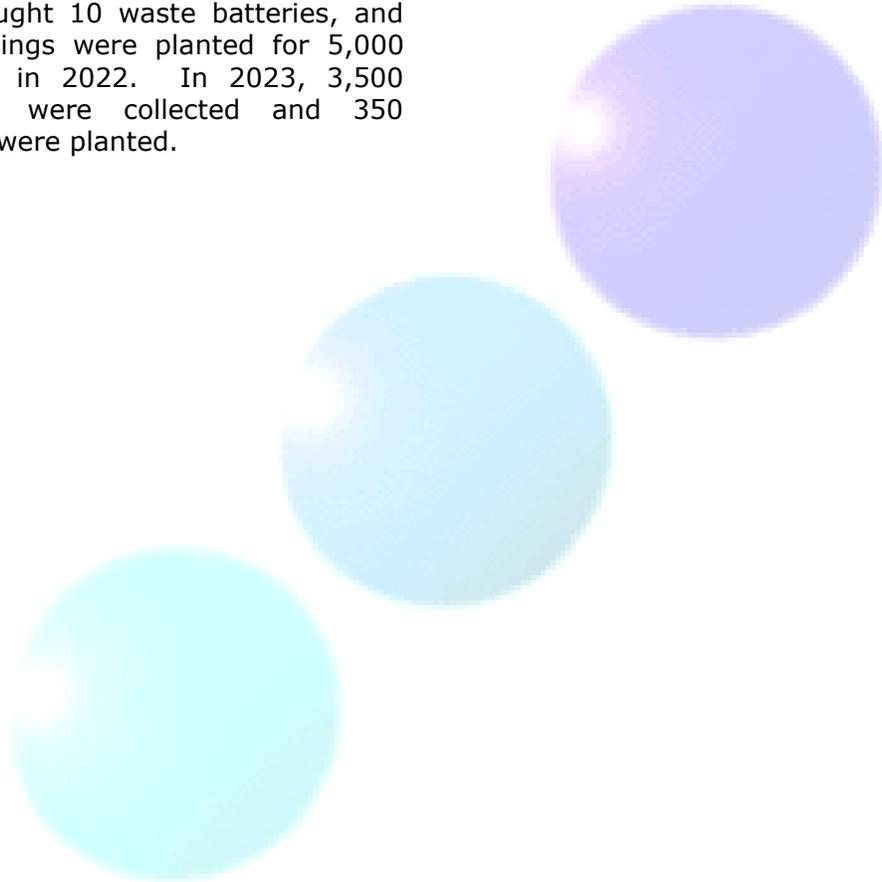
Pınar Et has reported to the Carbon Disclosure Project (CDP) on climate change and water security since 2017. CDP, a non-profit organization based in London, facilitates reporting by publicly traded firms on their use of natural resources and capital, the environmental impact of their activities, and their risk management in this area, for the benefit of investors. In this context, the application filed in 2022, using data from 2021, resulted in a score of B for climate change and C for water security.

Reporting its ESG activities in the field of sustainability within the scope of the BIST Sustainability Index, Pınar Et continues its efforts to be included in the index.

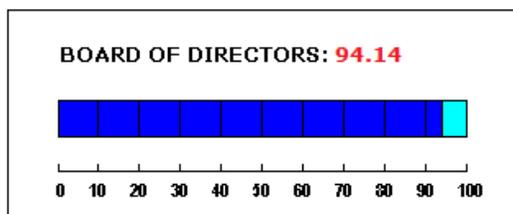
The Administrative Building on the Pınar Et campus is LEED Platinum Certified. LEED certificates, recognized as an international benchmark of environmentally friendly and sustainable building design, are awarded to organizations that successfully meet a number of criteria such as energy efficiency, water conservation, environmental impact

reduction, indoor air quality and the use of sustainable materials.

Within the scope of projects carried out to raise awareness of environmental responsibility, Pınar Et continued the sapling planting project initiated in 2014. In line with the project, which aims to spread environmental protection awareness within the Company, certified saplings were planted through the Aegean Forest Foundation on behalf of all employees who brought 10 waste batteries, and 500 saplings were planted for 5,000 batteries in 2022. In 2023, 3,500 batteries were collected and 350 saplings were planted.



## SECTION 4: BOARD OF DIRECTORS



SYNOPSIS	
+	The Board works efficiently and staffed with qualified members.
+	Board of Directors meeting and decision quorum is defined in the Articles of Association.
+	4 female members on the Board.
+	3 independent members on the Board.
+	Audit, Corporate Governance, and Early Detection of Risk Committees are established.
+	Principles of remuneration of Board members and senior executives are established and disclosed to the public.
+	Defects and damages caused by Board members during the execution of their duties are insured with a coverage exceeding 25% of the capital of the Company.
-	Remuneration and benefits provided to Board members and to managers with administrative responsibility is disclosed collectively in the Annual Report. A list on individual basis is essential.

The Board of Directors has defined the vision and mission of the Company and oversees if Company activities are managed in compliance with the legislation, Articles of Association, internal procedures and established policies. Distribution of tasks between

the members of the Board of Directors is explained in the Annual Report.

The Company's Board of Directors is composed of 7 members and none of them are executive. There are 3 independent members on the Board. CMB criteria are complied with in determining independent candidates. Independent candidates for the Board of Directors have signed a declaration of independence within the framework of the legislation, Articles of Association, and the CMB criteria.

There are 4 female members on the Board of Directors. Thus, the 25% advisory target rate mentioned in the Corporate Governance Communiqué has been met.

Corporate Governance, Audit, and Early Detection of Risk committees are established from within the Board of Directors. The duties of Nomination and Remuneration Committees are performed by the Corporate Governance Committee. Working principles of Committees are disclosed to the public.

All members of the Audit Committee and the chairperson of Corporate Governance and Early Detection of Risk committees are elected among the independent Board members.

The chief executive officer/general manager and the Chairperson of the Board of Directors are not on the committees.

The principles of remuneration of Board members and senior executives are included on the corporate web site.

### 4.1. Functions of the Board of Directors:

Strategic decisions of the Board of Directors aim to manage Pinar Et's risk, growth, and return balance at an

appropriate level and conduct a rational and cautious risk management approach with a view to the long-term interests of the Company. The Board administers and represents the Company within these parameters.

The Board of Directors has defined the Company's strategic goals and identified the needs in human and financial resources, and controls management's performance.

#### **4.2. Principles of Activity of the Board of Directors:**

It is believed that the Board of Directors performs its activities in a transparent, accountable, fair and responsible manner.

Distribution of tasks between the members of the Board of Directors is explained in the Annual Report.

The Board of Directors established internal control systems which are inclusive of risk management, information systems, and processes by also taking into consideration the views of the committees.

The presence, functioning, and effectiveness of internal controls and internal audit are explained in the Annual Report.

Chairperson of the Board and chief executive/general manager's executive powers are clearly separated.

The Board of Directors plays a leading role in maintaining effective communication between the Company and the shareholders and settling any disputes which may arise.

Defects and damages caused by the Board members during the execution of their duties have been insured with a coverage exceeding 25% of the share capital.

Analyzing the Company's organization, it is seen that there is no person in the Company who has unlimited authority to make decisions alone and this is considered as positive by us.

#### **4.3. Structure of the Board of Directors:**

The Company's Board of Directors is composed of 7 members and none of them are executive. Among the non-executive members there are 3 independent members who have the ability to execute their duties without being influenced under any circumstances.

The Corporate Governance Committee have prepared a report on the candidates proposed by the Board and shareholders, by taking into consideration of whether or not the candidate meets the independency criteria and submitted this assessment as a report to the Board for its approval. CMB criteria are complied with in determining independent candidates. Independent candidates for the Board of Directors have each signed a declaration of independence within the framework of the legislation, Articles of Association, and the CMB criteria.

There are 4 female members on the Board. Thus, the Company has met the Corporate Governance Principles' advisory target of minimum 25% female Board membership rate.

#### **4.4. Conduct of the Meetings of the Board of Directors:**

The Board of Directors has held 58 meetings since the date of our last report. It has been declared by the Company official that the entire Board of Directors attended the meetings.

Chairperson of the Board of Directors sets the agenda for Board meetings in consultation with other members and the CEO/general manager.

Information on the agenda items of the Board of Directors is made available to the members in sufficient time prior to the meeting date by a coordinated flow of information. Each member is entitled to a single vote. The meeting and decision quorums have been included in

the Articles of Association of the Company.

Nevertheless, there are no certain rules or limitations for Board members taking on additional duties outside the Company. Actually only the independent members have external duties. These duties are disclosed at the general shareholders' meeting where their nomination is discussed.

The conduct of the Board of Directors meetings is documented in internal regulations of the Company.

#### **4.5. Committees Established Within the Board of Directors:**

Corporate Governance, Audit, and Early Detection of Risk committees are established from within the Board of Directors in order to fulfill its duties and responsibilities.

Functions of the Committees, their working principles, and members are designated by the Board of Directors and disclosed to the public on the Company's web site.

All members of the Audit Committee and the chairperson of the Corporate Governance and Early Detection of Risk Committees are elected among the independent Board members.

The CEO/GM, and the Chairperson of the Board of Directors are not on the Committees.

All necessary resources and support needed to fulfill the tasks of the Committees are provided by the Board of Directors.

Meeting frequency of the Committees has been found sufficient by us. Since the date of our latest report, the Corporate Governance Committee convened 4 times, the Audit Committee held 7 and the Early Detection of Risk Committee held 6 meetings.

The Corporate Governance Committee is established in order to determine whether or not the corporate governance principles are being fully

implemented by the Company, if implementation of some of the principles are not possible, the reason thereof, and assess any conflict of interests arising as a result of lack of implementation of these principles, and present remedial advices to the Board of Directors.

In addition, it oversees the work of the shareholder relations unit. The manager of the Investor Relations Department is also serving on the Corporate Governance Committee.

Audit Committee supervises the operation and efficiency of the Company's accounting system, public disclosure, external audit and internal audit systems, reviews complaints that are received by the Company regarding Company accounting, internal and external independent audit systems, within the framework of the principle of confidentiality and finalizes them, notifies the Board in writing on findings related to their duties and responsibilities and the related assessment and recommendations, following taking the opinion of responsible managers of the Company and the external auditor notifies the Board in writing on whether the annual and interim statements disclosed to the public is in accordance with the Company's accounting principles, true and accurate.

In addition, we have come to the conclusion that Audit Committee members possess the qualifications mentioned in the Corporate Governance Principles Communiqué.

The Annual Report contains information on working principles of the Audit Committee. However, number of written notices given to the Board of Directors within the accounting period and meeting resolutions are not included.

The external audit of the Company is conducted by KPMGC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik

A.Ş., a member of KPMG group with a worldwide experience. The nomination and election process of the external audit firm, taking into account its competence and independence, starts with a proposal from the Audit Committee to the Board and ends with the Board's choice being presented and approved at the general shareholders' meeting.

The Early Detection of Risk Committee's working principles are documented. The Committee carries out its tasks towards early detection of risks which may jeopardize the Company's assets, its development and progression, and measures taken to mitigate and manage those risks.

The duties of the Nomination and Remuneration Committees are performed by the Corporate Governance Committee. The Corporate Governance Committee conducts studies toward determination of independent candidates.

#### **4.6. Remuneration of the Board of Directors and Managers with Administrative Responsibility:**

The principles of remuneration of Board members and senior executives have been documented in writing and submitted to the shareholders as a separate item at the general shareholders' meeting. A remuneration policy prepared for this purpose can be found on the Company's web site. Stock options or performance-based payments are not included in the remuneration package of the independent Board members.

Pınar Et does not lend any funds or extend any credits to a member of the Board or to senior executives, or grant any personal loans through a third party, or extend any guarantees.

We are convinced that the executives have the required professional qualifications in order to perform the assigned duties. Executives comply with the legislation, Articles of

Association, and in-house regulations and policies in fulfilling their duties.

There have been no cases where the executives used confidential and non-public Company information in favor of themselves or others. There are no executives who accepted a gift or favor directly or indirectly related to the Company's affairs, and provided unfair advantage. Remuneration of the executives is based on market conditions and determined according to their qualifications, and proportional to their contributions to the performance of the Company.

Details on the insurance policy on compensation for losses incurred by the Company, and third parties, as a result of not performing the executives' duties duly is included in the Annual Report.

## Rating Definitions

Rating	Definition
9 - 10	The company performs <b>very good</b> in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified and actively managed all significant corporate governance risks through comprehensive internal controls and management systems. The company's performance is considered to represent best practice, and it had almost no deficiencies in any of the areas rated. Deserved to be included in the BIST Corporate Governance Index on the highest level.
7 - 8	The company performs <b>good</b> in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified all its material corporate governance risks and is actively managing the majority of them through internal controls and management systems. During the rating process, minor deficiencies were found in one or two of the areas rated. Deserved to be included in the BIST Corporate Governance Index.
6	The company performs <b>fair</b> in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified the majority of its material corporate governance risks and is beginning to actively manage them. Deserved to be included in the BIST Corporate Governance Index and management accountability is considered in accordance with national standards but may be lagging behind international best practice. During the ratings process, minor deficiencies were identified in more than two of the areas rated.
4 - 5	The company performs <b>weakly</b> as a result of poor corporate governance policies and practices. The company has, to varying degrees, identified its minimum obligations but does not demonstrate an effective, integrated system of controls for managing related risks. Assurance mechanisms are weak. The rating has identified significant deficiencies in a number (but not the majority) of areas rated.
<4	The company performs <b>very weakly</b> and its corporate governance policies and practices are overall very poor. The company shows limited awareness of corporate governance risks, and internal controls are almost non-existent. Significant deficiencies are apparent in the majority of areas rated and have led to significant material loss and investor concern.

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This report, conducted by SAHA A.Ş. analysts and based on their best intentions, knowledge base and experience, is the product of an in depth study of the available information which is believed to be correct as of this date. It is a final opinion about the degree of sensitivity of a company to its shareholders' and stakeholders' rights, its commitment to public disclosure and transparency, and conduct and credibility of its Board of Directors.

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