

# 2020 SUSTAINABILITY Report





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## FROM OUR CEO



Mehmet Tütüncü

Yıldız Holding Vice-Chair and CEO

“

**In the food and retail industries which are our main areas of operation domestically and globally, we create value for a more sustainable and humane life with all our stakeholders, products, and experiences.**

Esteemed Stakeholders,

In recent years, we have been experiencing a critical period which requires humanity to bond over the aim to establish a better life and a healthier world. Driven by this awareness, we continue making a great effort to be a pioneer in applying the global goals focusing on sustainability and development as Yıldız Holding. In the food and retail industries which are our main areas of operation domestically and globally, we create value for a more sustainable and humane life with all our stakeholders, products, and experiences. We review our strategies to accelerate our sustainability activities and enhance their effectiveness and set our mid- and long-term goals.

As the ongoing impact of the COVID-19 pandemic across the world increases the value and importance of healthy, accessible, and safe food continuously, it also brings about many risks. According to the Food and Agriculture Organization of the United Nations (FAO), one third of the global population does not have access to adequate food, 10 percent are facing hunger. In such an environment, supporting sustainable food and agriculture ecosystems, investing in these sectors and enabling them to maintain their growth constitutes one of the basic necessities of today's and tomorrow's world. The Special Report on Climate Change and Land by the Intergovernmental Panel on Climate Change (IPCC) indicates that food safety is affected by the climate change, warming, changing precipitation patterns, and frequency of some extreme natural and climatic events<sup>1</sup>. Thus, we prioritize efficiency and circular economy practices to prevent environmental pollution and decline in natural resources at Yıldız Holding. We set our goals regarding land use, protection of biodiversity and natural rehabilitation by supporting rehabilitating and regenerative agriculture practices with the farmers we collaborate with. As part of our sustainability goals, we work to reduce our water consumption and reuse water.

At Yıldız Holding and its companies, we try to minimize our environmental impact caused by waste through innovative

solutions focused on circularity. We have been a part of the UN Global Contract, the Business Council for Sustainable Development Turkey (SKD Turkey) and The Business Plastic Initiative (IPG) established in collaboration with TÜSİAD. Accordingly, we aim to reduce plastic use at Yıldız Holding and its companies down to 400 tons by March 2022 and to a total of 1,000 tons by March 2023, as well as completely eliminating PVC use by 2023 through the substitution of recyclable PET and similar materials in the packaging of our snacks.

As a holding operating in the agro-food industry, we inspire the industry with our eco-sensitive products that promote public health and affect our whole ecosystem of stakeholders from production to consumption. We reduce our environmental impact and the amount of waste we generate day by day through our R&D and innovation investments and our principle of responsible food production and we contribute to making healthy snacks accessible to all segments of society by sharing the ingredients of the food we manufacture transparently with our consumers.

On the other hand, we work with all our stakeholders, particularly our employees, to create an ecosystem focused on equality, inclusivity, and diversity. We continue developing policies against all kinds of discrimination in our recruitment and career development processes, focusing on equal opportunities. We have implemented Yıldız Holding Women's Platform covering all our companies with the aim of expanding the culture of equal opportunities across all our companies and enhancing women's area of influence in business life.

We will remain committed to making solution-oriented efforts in our industry in the future within the global sustainability action plans, just as we have always done until now. I thank all our colleagues and stakeholders who have contributed to our Sustainability Report where we share our sustainability performance and practices in 2020, as well as our future goals.

Best regards,  
Mehmet Tütüncü

1. Global Risks Report 2021, World Economic Forum





# ABOUT



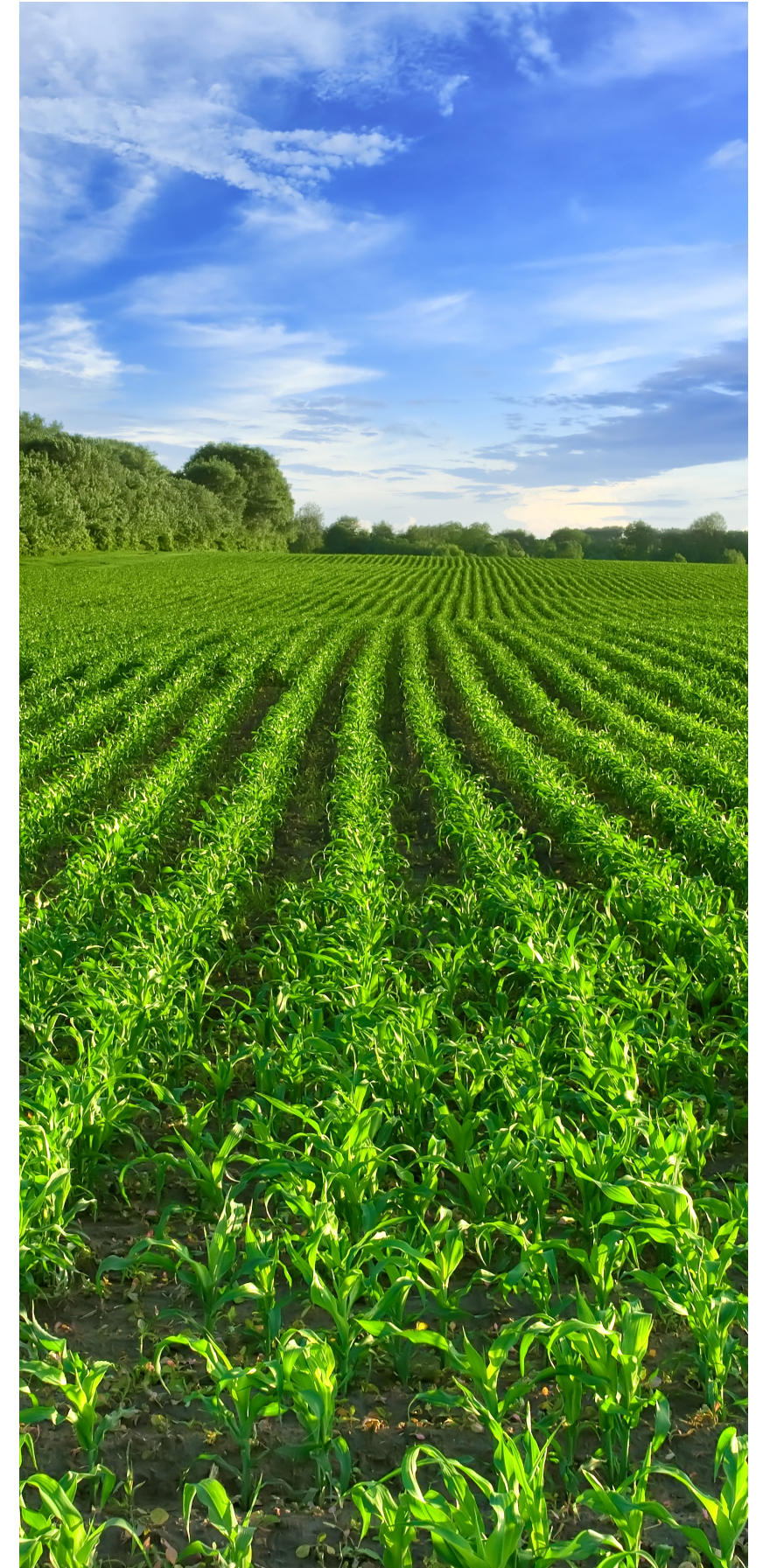
Please contact us via  
[surdurulebilirlik@yildizholding.com.tr](mailto:surdurulebilirlik@yildizholding.com.tr)  
for any questions, opinions, and/or suggestions  
you may have about the report.

As Yıldız Holding, we have been sharing our sustainability performance in economic, social and environmental areas and the value we create through our operations with our shareholders in our sustainability reports since 2017.

Covering the period between January 1 and December 31, 2020, our fourth sustainability report features the economic, administrative, environmental, and social performance and best practices of Yıldız Holding and its companies.

This report has been prepared in compliance with the 'Basic' option of the GRI (Global Reporting Initiative) Standards. This report also includes the Communication on Progress (CoP) prepared as part of the United Nations Global Compact (UNGC) and the contributions of our operations to Sustainable Development Goals.

In the report, the sustainability performance data regarding the Turkey operations of **Adapazarı Şeker**, **Bizim Toptan**, **Kerevitaş**, **Ülker Bisküvi** and **ŞOK Marketler** which are members of Yıldız Holding Sustainability Platform, covering the operational year of January 1 – December 31, 2020, are shared in consolidated form. Additionally, sustainability approaches and best practice examples of pladis, and the pladis company GODIVA are also included. Unless otherwise specified, the term "Yıldız Holding and its companies" refers to the Holding companies mentioned above.







## ABOUT YILDIZ HOLDING

“ Today, Yıldız Holding operates in four main industries, namely snacks, retail, frozen food, and oil business units. Additionally, we have companies operating in different business lines such as meat, starch, and sugar production and packaging.

Our Holding is the largest food manufacturer in Central and Eastern Europe, the Middle East, and Africa, with consolidated net sales of **TRY 75 billion** as of December 31, 2020. Our Holding employs over 65 thousand people including our affiliated companies and carries out manufacturing operations in a total of **46 factories** of which 21 are abroad and 25 are in Turkey. We rank second in the world in the sweet biscuits category and seventh in the chocolate category based on our incomes, with more than 300 brands across over 130 countries.

Today, Yıldız Holding operates in four main industries, namely snacks, retail, frozen food, and oil business units. Additionally, we have companies operating in different business lines such as meat, starch, and sugar production and packaging. We also have shares in **Gözde Venture Capital Investment Trust A.Ş.**, which has investments in companies operating in the industries of finance, retail, FMCG, industrial products, and wholesale trade products.

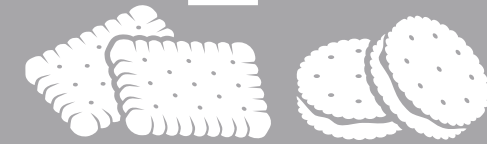
**Demet's Candy Company** which was established at the beginning of 2014 was also incorporated to our holding, following the purchase of **GODIVA** at the end of 2008. By acquiring the UK's leading biscuit manufacturer **United Biscuits**, we have increased our share in the global snacks market. The **CCC** company we jointly founded with one of the important companies of the gum and candy industry, Danish **Gumlink**, with equal shares of 50 percent, now exports gum and candy to nearly to the entire continent of Europe. In the snack category, we reorganized our operations abroad under our company **pladis** with the goal of becoming one of the leading companies of the world in the category of snacks.

We have expanded our sustainability approach called “**This is Our World**” which was initiated by Ülker Bisküvi in 2014 to include Yıldız Holding and its companies in 2019. The practices that have been implemented by **Adapazarı Şeker**, **Besler**, **Bizim Toptan**, **Kerevitaş**, **Ülker Bisküvi** and **ŞOK Marketler** constitute a part of the sustainability efforts carried out under the roof of Yıldız Holding.

Over 130 brands in more than 300 countries

PLACED

2<sup>ND</sup>



IN THE SWEET BISCUITS CATEGORY AND

7<sup>TH</sup>



IN THE CHOCOLATE CATEGORY





## ABOUT YILDIZ HOLDING

## YILDIZ HOLDING BY NUMBERS

Yıldız Holding consolidated  
**IFRS REVENUE OF**  
**TRY 75 BILLION**  
as of  
December  
2020

**65** Over  
**THOUSAND**  
**EMPLOYEES**

Manufacturing  
in a total of  
**46** **FACTORIES**  
which 21 are abroad  
and 25 are in Turkey

**300** More than  
**BRANDS**  
across over  
130 countries







## ABOUT YILDIZ HOLDING

## HIGHLIGHTS



S&amp;P Global

Boğaziçi Üniversitesi  
Yaşamboyu Eğitim Merkezi

Ülker Bisküvi, ŞOK Marketler, Kerevitaş and Bizim Toptan are listed in the **Borsa İstanbul Sustainability Index**.

Ülker Bisküvi became **the first and only Turkish food company** to be included in **The Sustainability Yearbook 2021** upon S&P Corporate Sustainability Assessment.

As Yıldız Holding, we are a part of **The Business Plastic Initiative (İPG)** established with the collaboration of Global Compact Turkey, SKD Turkey, and TÜSİAD.

We are a member of the **United Nations Global Compact (UNGC)**.

We are a member of the **Roundtable on Sustainable Palm Oil (RSPO)**.

We are a signatory of **Women's Empowerment Principles - WEPs** created in collaboration by UNGlobal Compact and UNWomen.

We are the first signatory of **G20 Women's Empowerment Manifesto** from Turkey.

We have established the **Yıldız Holding Women's Platform** to extend the culture of equal opportunities and diversity across the entire Holding.

So far, a **total of 68 employees** from the member companies of Yıldız Holding Sustainability Platform have attended the **"Sustainability 101" trainings** we organized in collaboration with Boğaziçi University Lifelong Learning Center (BÜYEM) (28 employees in 2019 and 40 employees in 2020).





## Yıldız Holding's Sustainability Journey

The increasing resource constraints, water scarcity, loss of biological diversity and land due to climate change bears many business risks for agriculture and food companies. The adoption of practices aimed at protecting the soil, supporting next-generation farmers and providing animal welfare is necessary to make agriculture resistant and sustainable. In order to provide adequate sustenance to the global population which is expected to exceed 9 billion by 2050, regenerative agriculture practices and restorative business models need to be adopted. Great responsibility falls on the private sector in solving today's environmental and social problems along with digitalization and the changing expectations of consumers. The companies that integrate continuity to their business models increase their resistance and level of preparation against likely crises by rendering their business models sustainable.

The adoption of practices aimed at protecting the soil, supporting next-generation farmers and providing animal welfare is necessary to make agriculture resistant and sustainable.







We see that the agro-food industry which is directly dependent on natural resources is among the sectors that are most influenced by the recent effects of the climate change. With the efficient and effective use of natural resources to ensure the sustainability of the industry, smoothly and uninterruptedly transporting safe, healthy, and quality food to people gains importance. Within this context, the most important topics for the agro-food sector are people (food safety and quality, healthy and balanced nutrition, responsible marketing) and environment (climate change, water and plastic pollution & circular economy, food waste, and biological diversity). Along with these

two topics, creating value and employment across the supply chain in addition to human rights, child labor, fair working conditions, employee health and safety, diversity and inclusivity also come to the forefront. We contribute to inclusive economic growth through collaborations and partnerships we establish with international organizations, NGOs, associations, and social initiatives<sup>2</sup>.

We closely monitor the effects of the pandemic on our industry and take all possible measures and strategic actions in this matter. Some of the topics that will be of importance for the agro-food industry in the post-pandemic period are as follows:

- Contributing to raising healthy generations by products and alternatives that will support the immunity of individuals,
- Relaying correct information to individuals on a balanced and good diet and adopting responsible marketing practices,
- Making food safely accessible by all segments of society,
- Preventing possible cuts through local and digitalized supply chains and making the chain resistant,
- Carrying out regenerative and rehabilitative agricultural practices that reduce carbon emissions to decrease production-based environmental effects, minimize food waste and loss, support biodiversity, enable efficient use of water and reduce the use of chemicals.

2. Food and Agriculture Organization of the United Nations (FAO)





# Sustainability Approach and Goals

Through the **'This is Our World'** approach we adopt at as Yildiz Holding, we lead sustainability in the regions we operate in through our companies in the agriculture, food, and retail industries. We take the United Nations Sustainable Development Goals as our basis and integrate sustainability to our business models. Through our Sustainability Strategy, we aim to manage sustainability at Yildiz Holding with a broad perspective that covers global operations, guiding our group companies.

As one of the most deep-rooted holding companies of Turkey, we have been successfully practicing sustainability in our operations for years with the 'waste-free company' model we inherited from our founder Sabri Ülker. As we shape our sustainability operations and approaches, we also aim to contribute to the United Nations Sustainable Development Goals (SDG).

Taking the changing trends and the increasing environmental, social and economic necessities into account, we began the process of reviewing our sustainability strategy in 2021. We continue our efforts with concrete goals and a detailed roadmap, aiming to contribute to environmental and social sustainability.

"We have been successfully practicing sustainability in our operations for years with the 'waste-free company' model we inherited from our founder Sabri Ülker."





# THIS IS OUR WORLD

STRATEGIC FOCUS AREAS	WORLD	SOCIETY	PRODUCTS
	Creating a positive environmental impact with the circular economy approach	Employees and stakeholders feeling diverse, different, safe, and content	Safe and attractive products as a part of a healthy diet and lifestyle
	IMPROVING	GROWING STRONGER TOGETHER	INSPIRING
Action and target areas	<ul style="list-style-type: none"> <li>Energy efficiency in activities, operations, and the supply chain,</li> <li>Reduction in energy consumption, use of renewable energy and fight against climate change</li> <li>Sustainable raw material procurement</li> <li>Reduction of food and packaging waste</li> <li>Green logistics</li> <li>Water management</li> </ul>	<ul style="list-style-type: none"> <li>Supporting farmers' welfare and socio-economic development</li> <li>Supporting and increasing diversity</li> <li>Supporting equal opportunities without any discrimination against race, gender, etc.</li> <li>Providing equal opportunities at all levels across the company</li> <li>Respect for human rights</li> <li>Inclusion in solving problems that require cooperation</li> <li>Providing a healthy and safe work environment</li> <li>Effective talent management</li> <li>Offering training opportunities</li> <li>Providing equal opportunities in business life</li> </ul>	<ul style="list-style-type: none"> <li>Traceability of all products and transparent sharing</li> <li>Targeting low-income, newly-emerging markets</li> <li>Guiding, training and offering product alternatives to customers towards a more balanced diet</li> <li>Developing collaborations</li> </ul>
Sustainable Development Goals We Contribute To	<div> <div>5 GENDER EQUALITY</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div>10 REDUCED INEQUALITIES</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>13 CLIMATE ACTION</div> <div>17 PARTNERSHIPS FOR THE GOALS</div> </div>		
Enablers	Education, Interaction, Participation, Cooperation, Innovation, Digitalization, Process, Systems, Culture		
Fundamental Principles	Powerful Management, Accountability, Transparency, Ethical Values		

# Sustainability Management

At Yıldız Holding, the consolidation, coordination, follow up of synergy opportunities, targets and strategies of the sustainability projects implemented within the scope of the Holding are carried out by the “**Sustainability Steering Committee**” established under the presidency of Yıldız Holding Vice-Chair and CEO. Founded in 2014, the Sustainability Platform continues its practices with its current organization.

Our Sustainability Steering Committee provides guidance and leadership to the Sustainability Platform. Sustainability Steering Committee is comprised of the members displayed in the chart below and holds regular quarterly meetings under the presidency of Mehmet Tütüncü.

The Platform carries out its efforts under the main sponsorship of Yıldız Holding Chair of Board Ali Ülker and the presidency of Yıldız Holding Vice-Chair and CEO Mehmet Tütüncü. Through the high-level representation in the platform, active flow of sustainability information among companies is ensured. Best practices are also shared between the platform companies to enable the expansion of their adoption.

The platform held three meetings in 2020.

## Companies within Yıldız Holding Sustainability Platform







# SUSTAINABILITY COMMITTEE

## Yıldız Holding Sustainability Platform Organization Structure



### Sustainability Steering Committee

Mehmet Tütüncü  
Mete Buyurgan  
Süheyl Aybar  
Begüm Mutuş  
Nihan Bağrul

Ali Ülker  
Main Sponsor of Sustainability Platform

Mehmet Tütüncü  
President of Sustainability Steering Committee

Sustainability Steering Committee

Business Continuity,  
Compliance and  
Sustainability  
General Manager  
Nihan Bağrul

ŞOK Marketler  
Uğur Demirel

Gözde Girişim  
Ertan Kirez

Ülker Bisküvi  
Mete Buyurgan

Kerevitaş, Besler  
Şükrü Çin

Bizim Toptan  
Hüseyin Balcı

Adapazarı Şeker  
Hasan Çapraz



## Corporate Governance

As Yıldız Holding, we adopt a fair, transparent, accountable, and responsible approach to corporate governance.

Accordingly, we continue our operations in line with the ethical rules that govern our business relations with our stakeholders and ensure the benefit of our business and stakeholders through effective risk management. The Executive Board, which is the highest managing body, has seven members. The roles of Chairman and General Manager are assumed by different people.

You can access the Yıldız Holding management structure [here](#).

### Ethical Principles

Ethical Principles and Working Values guide Yıldız Holding and its companies in conducting their business with ethical responsibility. The principles regulate the relations of Yıldız Holding and its companies with all their stakeholders including employees, shareholders, business partners, and suppliers, within a set of rules which all stakeholders are expected to comply with.

The agreements made with third parties are shaped on the basis of Ethical Principles.

Employees can report all kinds of actions or situations that they think violates the Ethical Principles

- to the Chairman in written form,
- to the Ethics Committee via e-mail (etik.bildirim@yildizholding.com.tr) or
- to the Ethics Reporting Line by phone (0216 524 34 24).

In 2020, 8 reports were submitted to the Ethics Reporting line and all were taken into evaluation.

### Risk Management

At Yıldız Holding and its companies, we proactively determine the financial and non-financial risks that hinder our operations and take the required precautions. The Risk Management Business Unit within the Holding aims to coordinate risk management with a standard approach across the

group companies. Moreover, there is an Early Risk Detection Committee that oversees Bizim Toptan, Kerevitaş, ŞOK Marketler and Ülker Bisküvi; while at Adapazarı Şeker, the General Manager acts as the highest authority regarding risk management.

In risk detection, the priority is to determine the threats that might affect the business strategy. Accordingly, all risks that might prevent the realization of the company targets are determined with the guidance of the senior management and the detailed analyses carried out by relevant experts. Upon the assessment of the detected risks, the severity and effects of the risks are determined to set priorities. Then, responsible parties determine the actions to be taken against the prioritized risks and they are implemented. Changes in risk levels are regularly monitored and the required measures are taken. The companies' respective Risk Committees bear the responsibility of regularly following the influence areas of the risks defined in the risk matrix, as well as their probability of occurrence, the responsible units, the first actions to be taken and the types of risks. The companies' Risk Committees regularly report to their respective Executive Boards and are audited by both Yıldız Holding audit units and independently. Additionally, in our strategy studies, we ask our affiliates to detail the opportunities and risks they see in their markets and to create action plans that show how they will eliminate and/or mitigate the effects of those risks. We classify these effects by their impact on growth, revenue, profitability and/or costs.





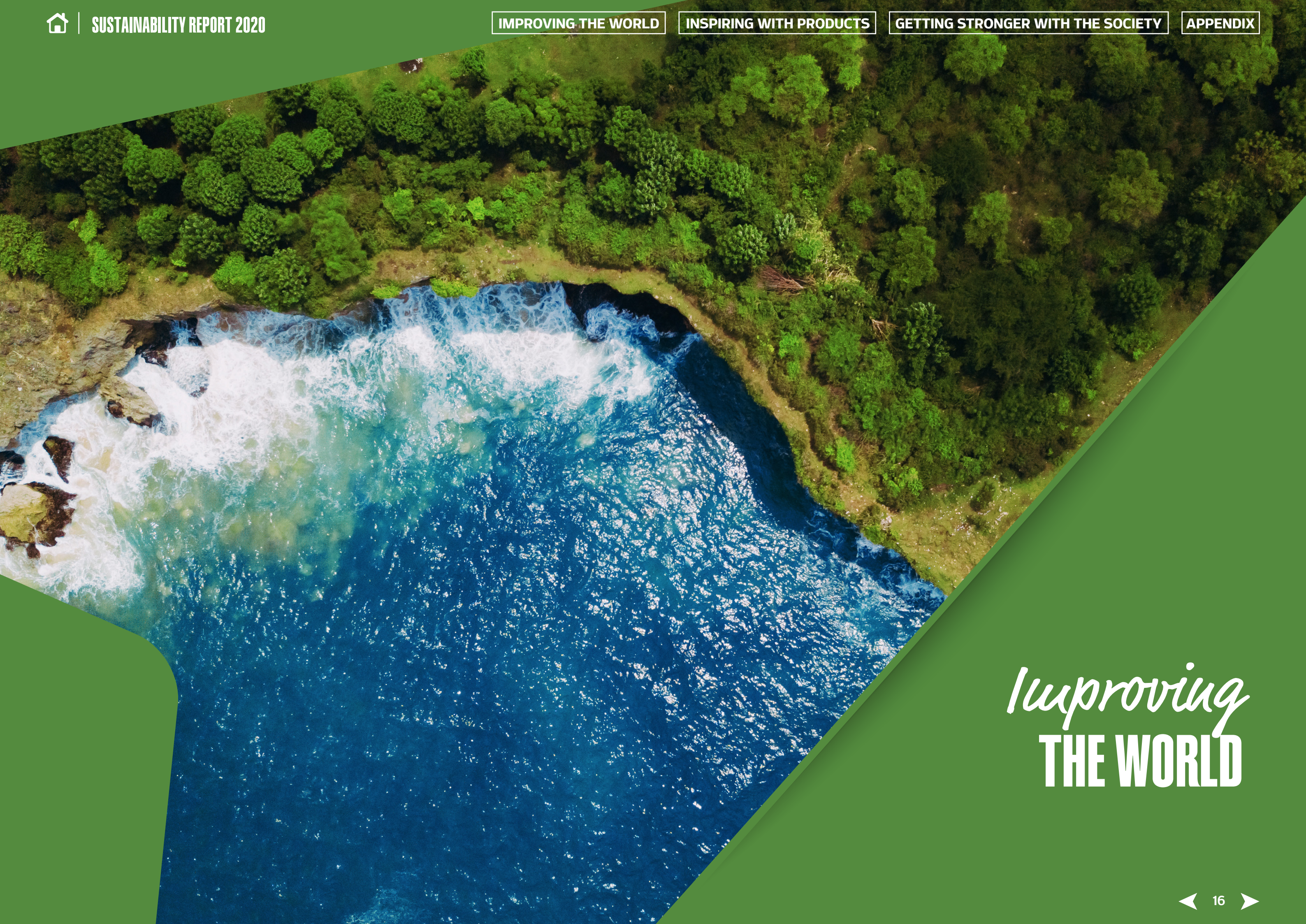
## Business Continuity Efforts

All efforts that will enable Yıldız Holding and companies to effectively manage their risks towards business continuity and be prepared for incidents that might suspend the continuity of products and services are managed as part of business continuity. In case of emergencies or disasters, the health and safety of the employees, protection of company assets and continuity of operations are among the priorities. Accordingly, we have started the business continuity operations in Besler in 2020. In designing the system of business continuity, we utilized the **BCI**, **DRI** and **ISO22301** standards. Through the Business Continuity unit we established within the Holding, we aim to increase the operational resilience of the companies by determining the standards specific to Yıldız Holding in all business continuity management processes and carrying out the system configuration operations in line with these standards in all group companies.

The first and most important step of the process is the business impact analysis where the impact of business interruption is calculated. We review the critical products and services and all their critical dependencies within the production process with the senior management team and function leaders. We determine the targeted downtimes and

maximum times that can be tolerated. Then, we review all the natural, technological, and human risks that might cause business interruption, assess the impact that the risk might create and its probability and determine the primary risks. Beginning with the primary risks, current measures and precautions aimed at reducing the severity of the risk are determined in collaboration with all the function leaders and unit managers to prepare capacity and investment analyses. In cases where the risk occurs despite the measures taken, we determine business continuity solutions that will restore the continuity of the product or service and prepare business continuity plans. To increase the competence of the teams responsible for business continuity, we offer awareness training programs on topics such as Emergency Response, Crisis Management, and Business Continuity, as well as technical training programs. These practices are coordinated by the Business Continuity Coordinators of the companies. The plans and training programs are practiced at the Test and Implementation step and the steps to be taken are followed by corrective and preventive efforts. In the review meetings held by the senior management, all topics associated with keeping the system updated, continuous and improvements are discussed.





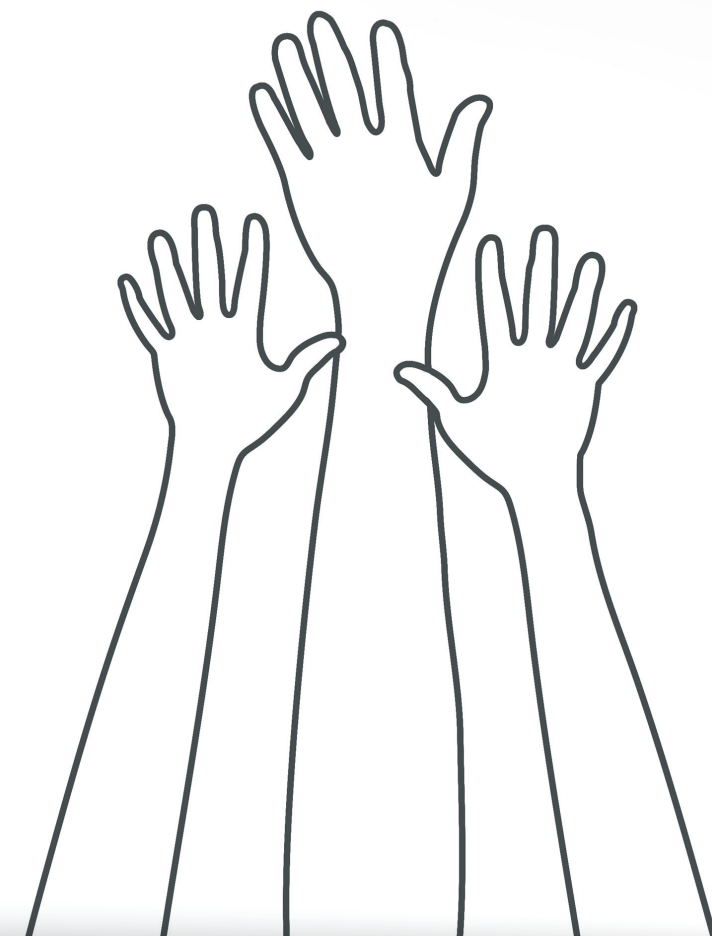
# *Improving* **THE WORLD**





# Improving THE WORLD

We aim to reduce our environmental impact caused by our operations by fighting the climate crisis and using, repairing and restoring the natural resources efficiently in line with the circular economy approach across our value chain.





# Environmental Management

“

The climate crisis we are facing, the environmental pollution and the increased pressure on natural resources continue to deeply affect businesses, states, and societies.”



The failure of the actions against climate change since 2017 including extreme weather events, natural disasters, environmental damage caused by human activities and loss of biodiversity are among the risks that are deemed to be most likely to occur in the World Economic Forum's Global Risks Report<sup>3</sup>. It is predicted that in the upcoming years the frequency and severity of droughts, fires, floods, and other weather events will increase more and more. On the other hand, the increasing use of disposable plastics as a result of the COVID-19 pandemic escalates environmental pollution, affecting public health.

As Yıldız Holding and group companies, we operate mainly in the fields of agriculture and food. The climate crisis we are facing, the environmental pollution and the increased pressure on natural resources continue to deeply affect businesses, states, and societies. It is necessary to take measures as soon as possible to enable the sustainability of the natural capital and prevent social problems related to the environment. As a holding, we focus on productivity and recycling practices to stop environmental pollution and reduce the pressure on natural resources such as water. We aim to protect biodiversity which has been diminishing due to practices regarding land use and restore nature beginning from the soil through the rehabilitative and regenerative agriculture practices we adopt.

3. Global Risks Report 2021, World Economic Forum

	ISO 14001 Environmental Management System	ISO 50001 Energy Management System
Ülker Bisküvi	✓	✓
Kerevitaş*	✓	
Besler	✓	✓
Bizim Toptan	✓	–
ŞOK Marketler	✓	–
Adapazarı Şeker	–	✓

\*ISO 50001 system is deployed by Kerevitaş's only in Emirdağ factory.







## ENVIRONMENTAL MANAGEMENT



**ŞOK Marketler**, has completed the ISO 14001 Environmental Management Systems Standard certification process which started in 2018. The company continues to go through yearly audits. Aiming to manage all its stores with this certificate, the company spent almost TRY 10 million on environmental investments to improve its environmental performance in 2020. The company spent almost TRY 7.4 million on energy efficiency projects, while making an investment of TRY 400 thousand to install systems to regulate and reduce the energy consumption in the compressor groups of the cold storage rooms in warehouses.

**Ülker Bisküvi** implements projects and investments to improve its performance in line with its 2024 targets. The company achieved a year-on-year increase of 30 percent in its environmental investments and expenditures, reaching TRY 3.4 million. Having received ISO 14001 Environmental Management Systems, ISO 9001 Quality Management System and ISO 50001 Energy Management System certificates for its factories located in Turkey, the company switched to the version ISO 50001: 2018 in line with the new updates and changes it implemented in 2020.

**Kerevitaş** was granted the ISO 14001 Environmental Management Certificate in 2020 for its Bursa factory as well. As of 2020, all Kerevitaş factories and affiliates have ISO 14001 Environmental Management Certificates. Additionally, the Emirdağ factory and oil business unit have ISO 50001 Energy Management Systems Certificates as well. The company has allocated nearly TRY 1 million to environmental investments and expenditures in 2020.

**Adapazarı Şeker** reduces its energy consumption and produces energy from alternative resources. Handling the environmental and energy issues within the ISO 50001 Energy Management Systems certificate, the company made environmental investments and expenditures of almost TRY 3.3 million in 2020.

**Bizim Tiptan** is a company operating in the retail industry. Thus, the primary environmental impacts of the company are logistics-related carbon emissions, energy consumption in warehouses and markets, and packaging waste. To manage this impact systematically, the company received an ISO 14001:2015 Environmental Management Systems Certificate in 2019, covering all its stores and headquarters.





## Climate Crisis

“

With the climate crisis, the weather events throughout the world are becoming more destructive, while the droughts that concern the agriculture industry closely, increase in severity and length.”

The latest report of Intergovernmental Panel on Climate Change (IPCC) reveals that currently, the global warming has reached 1.1°C. The fact that the fight against the climate crisis, the implemented measures and investments against the new climate conditions remain inadequate continues to damage the global economy increasingly. The report also indicates that unless rapid measures are not taken, global warming will exceed 1.5°C in the next 20 years, which is above the limit determined by the Paris Agreement<sup>4</sup>. With the climate crisis, the weather events throughout the world are becoming more destructive, while the droughts that concern the agriculture industry closely, increase in severity and length. As a result of water resources being impacted directly, disruptions are experienced in production. Alleviating the impacts of the climate crisis requires investments in sustainable, green infrastructures that are resistant to new climate conditions and decarbonizing the economy.

As Yıldız Holding, we are aware of the physical and financial impact of the climate crisis on our operations. Our business is mostly based on food and agriculture and we reduce our greenhouse emissions to ensure the sustainability of production. Additionally, we invest in practices and technologies that increase energy efficiency and meet our energy requirements from renewable resources. We purchase internationally valid carbon offset credits to offset emissions and increase investments in

4. Sixth Assessment Report 2021, Intergovernmental Panel on Climate Change







## CLIMATE CRISIS



**ŞOK Marketler** automated its practices such as turning the equipment on/off, air conditioning temperature control, active consumption and reactive tracking in its 6,142 stores in 2020 and **reduced the energy consumption 20%** per store on average. The company completed the transition to LED lighting fixtures in its 6,142 stores and plans to transition to LED fixtures in 200 more of its existing stores and 1,000 of its new stores in 2021.

**Ülker Bisküvi** has been growing without any increase in its carbon emissions since 2014, adopting a responsible production and consumption approach. The company has reduced the 21,000 tons of carbon emissions resulting from the productions of its six factories in Turkey with the renewable energy carbon credit it purchased this year. This reduction corresponds to approximately 15% of the carbon emissions of 2020. Additionally, **a total reduction of 7.967 MWh** and **savings of TRY 3.2 million** were achieved through energy efficiency projects.



With renewable energy carbon credit,  
**21.000 TONS**  
of carbon emissions  
reduction

**Kerevitaş**, achieved **5.000 MWh of energy savings** and prevented **2,342 tons** of CO<sub>2</sub>e greenhouse gas emissions as a result of the energy projects, improvements and efforts it implemented in 2020 towards increasing efficiency. Also supporting the transition to renewable energy resources in addition to its efficiency investments, the company heats the water used in its social facilities using solar energy. **36,5 MWh** of solar energy was produced in 2020.

**Adapazarı Şeker** has achieved a total of 944 MWh and TRY 604 thousand of financial savings thanks to the energy efficiency projects it implemented in 2020. Through the improvements in energy use, the company has reduced its greenhouse gas concentration by 8% and energy concentration by nearly 1% compared to 2019. The company began using the methane gas obtained at the anaerobic reactors in the wastewater treatment facility to meet its steam energy needs through the **Biogas Energy Acquisition** project it initiated in 2019. Within the scope of the project, **600 m3 biogas** per hour was obtained from the treatment facilities in the years 2020 and 2021. Thanks to the energy produced by burning the biogas obtained, almost **TRY 2 million of financial savings** were achieved.

**pladis** has been meeting **100% of its electric energy requirements from renewable resources** in the United Kingdom since 2018.





# Water Management

“

it can be seen that the agricultural use of water resources are based on inefficient practices and these practices bring along many environmental problems, particularly the fast depletion of valuable freshwater sources.<sup>5</sup>”

69% of global freshwater consumption is made by the agriculture and livestock industry. Looking at the world in general, it can be seen that the agricultural use of water resources are based on inefficient practices and these practices bring along many environmental problems, particularly the fast depletion of valuable freshwater sources<sup>5</sup>. On the other hand, the fact that household water consumption grew by 600% in the last 50 years shows that measures to meet the water demands of the increasing population and ensure the sustainability of the agricultural production need to be taken rapidly<sup>6</sup>. As the holding and the companies, most of our operations are based on agriculture and food production. Therefore, especially in the regions we operate in, the setbacks that might occur in the water sources bear the risk of impacting our business both physically and financially. We make efforts to reduce water consumption in production processes, develop implementations for reusing released water and to increase efficiency across the entire value chain against potential water stress or drought.

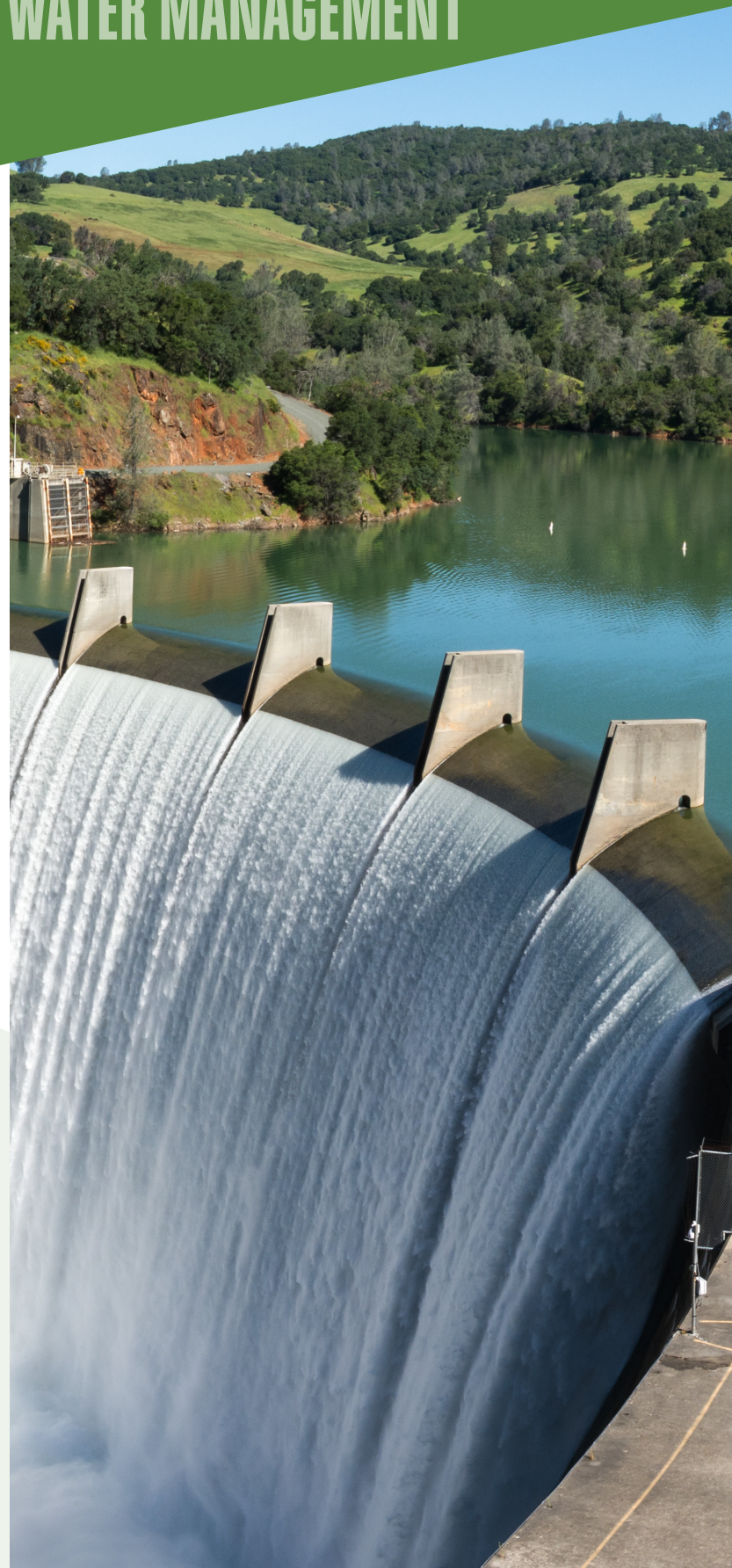
5. World Water Development Report 2021, United Nations

6. Domestic Water Use Grew 600% Over the Last 50 Years, World Resources Institute





# WATER MANAGEMENT



**Ülker Bisküvi** has exceeded its goal of reducing its water use by 30% per unit production it had set in 2014 by achieving a reduction of **35.4%** in 2020. Within this scope, the company renewed its clean water treatment and **wastewater treatment systems**, built rainwater recycling systems and installed meters at water consumption points in all of its plants. Meanwhile, water-softening systems have been completely renewed and reverse osmosis membrane systems have been installed according to the hardness and conductivity levels of the water in the past four years. The company has also reduced the quantity of discharged wastewater by reducing the concentrated water flow rate by 30% with these automated systems, **saving 360,000 tons of water** in the last six years through these efforts.

**Adapazarı Şeker** works on recycling and reusing wastewater for an effective water management. The company has **purified 668,625 m3 water** in the advanced technology wastewater treatment plant it has within its factories in 2020 and reused **54%** of it in various processes. Thanks to this process, Adapazarı Şeker has achieved **financial savings of almost TRY 1.2 million**, also reducing the burden on resources by consuming less water from natural sources such as municipal water and surface water.

**Kerevitaş**, operates its stone sorting system that consumes 560 tons of water per day with the water recycled from the potato production line, thanks to its water efficiency project. Thus, the company has reduced both the energy used for water heating and its water consumption, **saving 150 tons of water per day and 54,000 tons annually**. Applying the same model to the sweet corn line, the company additionally saved almost 160 tons of water per day. Thanks to other similar projects, Kerevitaş used **167,000 m3 less water** in 2020, **reducing its water use by 8%** compared to 2019. Focusing on the water consumption of its supply chain as well, the company increases productivity by using and encouraging the use of drip irrigation systems in agricultural areas. With the drip irrigation method, 37% water and 30% energy savings are achieved compared to sprinkler systems. Kerevitaş has reached **a saving rate of 80%** by expanding drip irrigation in corn production areas in the last three years and achieved almost **6 million tons of annual water savings**.





# Waste Management

“As Yıldız Holding and companies, we adopt circular models and strive to minimize environmental impacts caused by waste, through innovative solutions.”



It is predicted that the global waste production which was 2.01 billion tons in 2016 will reach 3.40 tons by 2050. 33% of the waste that is generated is burned or collected in dumpsites<sup>7</sup>. When this waste which causes environmental pollution and adversely impacts living organisms and human life is not eliminated properly, it causes greenhouse gas emissions with high global warming coefficient, particularly methane.

It is important to adopt circular systems that enable the reuse or recycling of waste. In order to achieve this, firstly the products need to be designed in a recyclable or reusable way and produced using raw materials with low environmental impact. In the last phase, it is necessary to expand effective and advanced collection methods and increase the number of recycling/reuse facilities.

As Yıldız Holding and companies, we adopt circular models and strive to minimize environmental impacts caused by waste, through innovative solutions. Regarding packaging waste, which we consider one of the most important topics on the waste management agenda, we develop projects that encourage both the reduction and recycling of waste. We work to adopt and expand the “Zero Waste” project initiated by the Ministry of Environment and Urbanization to all companies.

7. Trends in Solid Waste Management, The World Bank





# WASTE MANAGEMENT

As Yıldız Holding, we are a part of the **Business Plastics Initiative (iPG)** established with the collaboration of the Global Compact Turkey, SKD Turkey and TÜSİAD Turkey.

## Our goals and commitments for the reduction of plastic within the initiative are as follows:



We will complete the current state and opportunities analysis towards increasing recycling rates of all the plastics we use in 2021.

We will create a best practice guide as part of the plastic working group that will begin its activities in 2021 at Yıldız Holding, in line with the goal of transitioning to 100% reusable/recyclable/compostable packaging.

In 2021, we will establish an inter-company working group where Yıldız Holding companies share best practices and innovation studies with each other, develop projects for reuse and monitor the actualization of all commitments regarding plastic use, increasing collaboration and synergy.

We will cease the consumption of single-use plastics in all offices and social areas at Yıldız Holding by the end of 2022.

We aim to reduce the use of plastics at Yıldız Holding and companies to 400 tons by March 2022 and 1,000 tons in total by March 2023.

We will completely eliminate the use of PVC in our packages in the snack category by the end of 2023 and utilize recyclable materials such as PET.

Ülker product packages will become 100% reusable / recyclable or compostable by the end of 2025.





## WASTE MANAGEMENT



**ŞOK Marketler** has expanded the Project for the Transportation of Fruit and Vegetable Products in Reusable Cases to include all its stores and warehouses. The company put around 10 million units of recyclable and reusable cases into use as part of the project in 2020. With this project, not only the negative environmental impact of single-use cases were eliminated, but also food waste was reduced through the cases that allow the air flow to around the products. Aiming to manage waste efficiently across the company, ŞOK Marketler has created the integrated environmental information system registration of its 6,500 stores within the scope of Zero Waste Regulation. The company has obtained **Zero Waste certificates for 21 warehouses and over 1,000 stores** as of 2021.

**Ülker Bisküvi**, has increased its waste recycling rate from 83% to 91% by the end of 2020 by applying the Zero Waste Management system to its six factories in Turkey since 2014. Continuing to send the domestic waste of its factory in Silivri to the waste incineration facilities of the Istanbul Metropolitan Municipality, the company focuses on reducing material use and using recyclable materials to reduce the environmental impact of its packages and wraps. In 2020, **the plastic use in the packages were reduced by 536 tons, while the PVC use was reduced by 297 tons.**

**Bizim Tiptan** has participated in the **Zero Waste** project initiated by the Ministry of Environment and Urbanization. Within this scope, the company has worked for the management, sorting and recycling of waste to include all of its stores along with the Basic Level Zero Waste Certificate certification process. Additionally, in a project carried out with the collaboration of Deha Biodizel and Turkish Marine Environment Protection Association/TURMEPA, waste vegetable oils are collected in plastic bottles in waste oil barrels placed in stores. For every liter of the waste vegetable oils collected in the barrels at Bizim Tiptan stores by Deha Biodizel, a certain amount is donated to TURMEPA.

**GODIVA** has its food waste composted through its collaboration with Graybill recycling company. Within the scope of this project, more than **20 tons of food waste was composted** in 2020. Maintaining its collaboration with Graybill in 2021 as well, the company prevented **40 more tons** of food waste from going to the landfill.





# WASTE MANAGEMENT

## Kerevitaş



Kerevitaş, has been running the **SuperFresh Zero Food Loss from Farm to Table** project with the purpose of taking measures to prevent product losses during the classification, washing, freezing and packaging of products. Included in the Second Review Report submitted to the United Nations, this project has received the **‘Taking Agriculture to the Future’** at the Agriculture and Forestry Summit organized by the Ministry of Agriculture and Forestry.



Within the scope of the project;

- Certified seeds, fertilizers and pesticides are provided to contract farmers. We protect the farmers' rights by giving them purchase guarantee, also ensuring the continued procurement. As part of contracted farming, we planted peas and green beans to 10,304 decares of land in 2020. Both plants enable soil regulation with bacteria, using 50% less pure nitrogenous fertilizers. After peas and green beans planted through contracted farming, we planted sweet corn, hybrid corn, silage corn, cauliflower, broccoli, and Brussel sprouts. The producers **saved TRY 773,000** by using 15 kg less pure nitrogen per decare on these 10,304 decares of land.
- The losses at the gleaning and storage phases were reduced to the level of 1.5%, while the losses in processing and packaging were reduced to the level of 3%. The average loss rate of 10% during the distribution of products was reduced to zero, thanks to the operations carried out by a vehicle and tracking system that enables storage at -25°C and delivery at -18°C.
- A large portion of the food waste created during production is reused in livestock farming and the remaining part is recycled in biogas facilities to generate energy. 32,000 tons of potato, corn, bean, spinach, and broccoli waste were utilized as animal food and the **annual food requirement of 5,000 cattle was met**. Potato remains were utilized in biogas facilities in renewable energy production, **producing 3.7 million kWh electricity** corresponding to the annual requirement of 1,000 households.

Moreover, for packaging materials where plastic material combinations are used, Kerevitaş established R&D collaborations with suppliers to experiment with thinner combinations.

**Through these projects, 7.69% plastic reduction in weight was achieved in 2020.**





In Turkey  
throwing away  
**7,8**  
MILLION TONS  
OF FOOD  
every  
year.



## Food Loss and Waste

Nearly one third of food goes to waste across the world. The results of the research conducted by the Food and Agriculture Organization of the United Nations in Turkey reveal that the waste rate in fruits is over 50%. According to the UN Food Waste Report, 93 kg of food is wasted per person every year in Turkey. Turkey ranks third in terms of food waste in the world, throwing away 7.8 million tons of food every year<sup>8</sup>. Reducing food waste and losses that account for nearly one third of greenhouse gases plays an important role in fighting against climate change. As Yıldız Holding, we support our companies in reducing their waste.

**Ülker Bisküvi** supports the **10x20x30 initiative** that aims to reduce food loss and waste by 50% by 2030 and is managed by the World Resources Institute-WRI. The company works together with its business partner Migros to reduce food loss and waste. Additionally, it supports the Ministry of Agriculture and Forestry and the Food and Agriculture Organization United Nations' (FAO) '**Save Your Food: Your Actions Matter**' campaign.

**Bizim Toptan** utilized 79 tons of product as animal feed, **preventing 268 tons of CO2 emission**, as part of its collaboration with the initiative Fazla Gıda against food waste.

8. Food Waste Index Report 2021, United Nations Environment Programme (UNEP)

**Adapazarı Şeker** reuses wet pulp and molasses, which are by-products of refined sugar production. Both products are used as animal feeds after being processed. Thus, the company has reduced its waste and created economic value.







# Biodiversity and Agricultural Practices

“In order to enable continuity of agricultural production, support ecosystem services and fight the climate crisis, biodiversity and life must be followed, monitored, and protected.”



The efficiency-oriented agricultural practices applied today are inadequate in enabling sustainable production. Such agricultural practices have a negative impact on biological diversity, while the chemicals used and desertification damage soil integrity. These negativities have a direct impact on the nutritiousness of food and risk the production of enough food to feed the growing population.

**Restorative and rehabilitative agricultural practices stand out as ways of ensuring sustainable agricultural production.**

Sustainable agricultural practices play an important role in the fight against the climate crisis in addition to their positive impact on biodiversity and living organisms. Reducing the use of chemicals and protecting soil health, sustainable agriculture enables the soil's carbon storage capacity to increase. Developments that cause changes in the use of land such as the increasing urbanization and opening of new agricultural areas have a negative impact on biodiversity and life. As a result of this change, the increased interaction between local communities and wildlife raises the risk of viruses such as COVID-19 to turn into a pandemic. In order

to enable continuity of agricultural production, support ecosystem services and fight the climate crisis, biodiversity and life must be followed, monitored, and protected.

Enabling the continuity of production affects the food industry and our business continuity directly as a Holding whose main raw materials are based on agricultural production. Aware of this impact, we develop projects to support living organisms and biological diversity. We carry out research, monitoring, and preservation efforts in our areas of operation to protect the diversity of species, which occupies an important place in our strategy. We collaborate with various stakeholders in local projects, particularly farmers and non-governmental organizations.







## BIODIVERSITY AND AGRICULTURAL PRACTICES

### pladis - Back to Farm

pladis is collaborating with wheat farmer cooperatives as part of the **Back to Farm** program it has been running for over 10 years in the United Kingdom. The program has positively affected the bee population which is of vital importance. After the partnership formed with 200 farmers, a hedge fence was set up and bee colonies and hives comprised of **10 million bees** were established. Our farmers in Northumberland also maintain and care for the hedges that contribute to the protection of some local species and are over 1,060 km in length. The project is anticipated to benefit biological diversity, wildlife, and soil in the upcoming years.





## BIODIVERSITY AND AGRICULTURAL PRACTICES

### Ülker Bisküvi - My Beautiful Country Forest

Ülker Bisküvi continues planting saplings in the Ülker My Beautiful Country Forest to support the reduction of air pollution and to combat deforestation. The number of saplings planted in 2020 has reached **59,500**. Supporting the **Breath into the Future** campaign of the Ministry of Agriculture and Forestry with its employees, Ülker has planted 11 thousand saplings in several cities including Ankara where its factories are located, Karaman, Hatay which was damaged by the forest fires. In collaboration with the TEMA Foundation as a sign of appreciation for the healthcare workers, the heroes of the pandemic, it planted another 20 thousand saplings in Elazığ and Eskişehir, adding up to a total of 31 saplings.







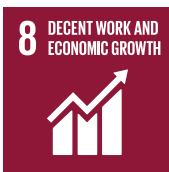
# *Inspiring* **WITH PRODUCTS**





# *Inspiring* WITH PRODUCTS

We carry out production operations in 46 factories of which 21 are located abroad and 25 are in Turkey. With over 300 brands across more than 130 countries, we rank second in terms of our incomes in the global sweet biscuits category, and seventh in the global chocolate category. The value we create in the process from production to the delivery of our products to the consumers affects a broad ecosystem of stakeholders. We inspire the whole world with our products.





## Innovation for Responsible Products, Balanced Nutrition and Good Living

“

Reducing and balancing the salt, oil and sugar content in products and developing more balanced and healthy products through innovation investments are among the features that provide food companies a competitive advantage.



A balanced diet and good living are among the consumer trends that have been rapidly spreading in recent years. Consumers who now can access information more easily turn towards better food choices and increased awareness on a balanced diet throughout the world affects the future of the food industry<sup>9</sup>. R&D and innovation are positioned as important tools to respond to this global trend. Reducing and balancing the salt, oil and sugar content in products and developing more balanced and healthy products through innovation investments are among the features that provide food companies a competitive advantage.

**The Farm to Fork** strategy which is a part of the **European Green Deal** aims to reduce the environmental impact of food production by protecting the land, fresh water and sea ecosystems on which the food value chain depends. Within this scope, topics such as helping alleviate the climate crisis and adapting to the impacts it has caused; protecting the welfare and health of the land, soil, water, plants, and animals and reducing the loss of biological diversity come to the forefront.

Product labels also constitute an important part of responsible production. Regulations on labeling require food companies to provide transparent, clear, and accessible information on product ingredients. At the same time, food companies need to adopt responsible attitudes in marketing

activities aimed at children and to take responsibility on raising awareness on healthy nutrition.

Digitalization and Industry 4.0 offer various opportunities in responding to all these trends. While R&D and innovation investments enable companies to obtain higher profit rates, growth and market value, innovative products constitute the most effective assets in responding to the changes.

By investing in R&D, innovation and digitalization at Yıldız Holding, we advance our production processes, provide cost advantages, meet the needs of our consumers, and reduce our environmental impact.



9. Helping to promote healthy diets and lifestyles: the role of the food industry, A L Gassin





## RESPONSIBLE PRODUCTS

### Ülker Bisküvi

Ülker Bisküvi continues its efforts towards inspiring good living and balanced nutrition with its responsible products. The company, which has begun preparing a Health and Good Living roadmap under the leadership of R&D and Marketing units, has determined its long-term actions in this area. It focuses on offering healthy snacks and proper serving alternatives and reducing sugar and salt content of all products. In 2020, the oil content of the products was **reduced by 190 tons, the sugar content by 172 tons, and the salt content by 28 tons.**

The company has launched its product **Ülker Bebe with carob and apple juice** in August which is its first product with no added sugar and no emulsifying agent. Produced with wholegrain flour, carob powder and carob molasses, the baby biscuits that contain no added sugar or white flour offer consumers a highly nutritious and healthy alternative. Ülker Bisküvi aims to support raising healthy generations with this product which is a source of vitamins, minerals and fibers with its delicious and nutritious ingredients.

Ülker's limited edition product **Saklıköy Bitter Chocolate** contributes to a balanced diet by offering consumers a new product alternative which is a source of fiber. In the chocolate category, serving control is applied to products **Albeni, Ülker Çikolatalı gofret, Metro, Laviva, Caramio** and **Cocostar** mini.





## RESPONSIBLE PRODUCTS

### pladis - McVitie's Sugar Reduction Efforts

**McVitie's** reduced the sugar content of nine of its most consumed biscuits in the United Kingdom in various rates of **up to 10**.



Moreover, some products have been reformulated to achieve healthier recipes. For example, in Original Digestives which now contains 9% less sugar, the sugar content per biscuit is reduced by 0.3 grams. The full list of the nine biscuit brands with reduced sugar content is as follows:

- McVitie's Original Digestives,
- McVitie's Rich Tea,
- McVitie's Chocolate Digestives (Milk and Bitter),
- McVitie's Original Hobnobs,
- McVitie's Chocolate Hobnobs (Milk and Dark),
- McVitie's Caramel Digestives
- McVitie Nue's Ginger.

These products amount to more than half of McVitie's's sales in England. Based on this data, it is predicted that annual **sugar consumption** in the United Kingdom will **decrease by 785 tons**. The new recipes have been created by preserving the distinct taste while rebalancing the sugar and salt content close to or below the Public Health England (PHE) targets. The changes have been tested by the consumers to make sure that the reduction in sugar did not make any change in terms of taste.







## RESPONSIBLE PRODUCTS



### Besler

Besler invests in R&D and innovation to realize sustainable, competitive, and innovative projects in the food sector. Having developed a pastry oil formula that is **free of trans fats**, Besler launched a non-trans alternative to the naturally high trans CBR oil which has the same features. Keeping the salt levels of its products at low levels that comply with regulations, our brand has developed and successfully implemented extensive projects on **Non-Hydrogenated, Non-Trans/ Non-Palm** products within the scope of Research & Development Center (AGM) projects upon the requests of its customers.

### GODIVA

GODIVA carries out R&D efforts to produce more accessible products in terms of price and sales channels without compromising on product quality and brand reputation. The Gold and Goldmark product segments that emerged as a result of these activities are offered to the consumer with improvements. Upon a thorough review of the product development processes, more efficient workflows with less packaging were developed, adopting robotic process strategies.





## Product Safety and Quality

Bearing the responsibility of being an organization operating mainly in the food industry, we always prioritize ensuring food safety and never compromising on quality. Throughout our supply chain, we carry out our production operations in compliance with the preventive and traceable food safety legislation and the international HACCP Standard. We manage the topics of product safety and quality within the scope of international standards. Carrying out all controls in our IFS-, BRC-, ISO 22000-, ISO 9001-, COVID-19 Safe Production-, halal-, kosher- and vegan- certified and our suppliers, we make sure that the products reach the consumers in compliance with relevant legal legislations.

“

Throughout our supply chain, we carry out our production operations in compliance with the preventive and traceable food safety legislation and the international HACCP Standard.”



## PRODUCT SAFETY AND QUALITY

	Ülker Bisküvi	Kerevitaş	Besler	Bizim Toptan	Adapazarı Şeker
ISO 22000	+	+	+	-	+
ISO 9001	+	+	+	+	+
IFS	+	-	-	-	+
BRC	+	+	+	-	

“We position quality and product safety as a significant part of Yıldız Holding’s culture of doing business.”

When choosing and assessing suppliers, we define processes that comply with manufacturing conditions determined with regard to food safety and consumer sensitivities, specifications, associated legislations and legal regulations. We choose suppliers accordingly and carry out regular supplier audits conforming to these criteria and take result-oriented steps.

We obtain all food production raw materials, additives, packaging and finished products, and private-label products from approved suppliers. We manage the supplier assessment process actively to improve the suppliers. We expect our suppliers to apply at least one of the international quality management systems.

We position quality and product safety as a significant part of Yıldız Holding’s culture of doing business. Accordingly, we regularly give trainings to our employees on basic and updated information on quality and product safety, developments in the world, and global risks and measure the effectiveness of these trainings. We enable employees to access information and competencies related to their jobs, in line with their duties and responsibilities, in order to raise their awareness on quality and food security. We provide feedback to them on assessments and results on quality and involve them in the solution of problems that might arise in any process that affects quality.





## PRODUCT SAFETY AND QUALITY

### Yıldız Holding Quality and Food Safety Handbook

We follow many performance indicators that affect quality and productivity in a systematic, regular, and online manner. With the **Yıldız Holding Quality and Food Safety Handbook**, we have defined the common risks and minimum standards and shaped our management principles regarding our products and services. In the quality handbook we prepared, we handled the standards of manufacturing and service performance, consumer feedback, product recalls, and continuous improvement processes, as well as nonconformity management.

- **Manufacturing and service performance** processes address the minimum requirements to meet consumer expectations and comply with legal requirements, the preparations prior to production and service, input control, production and service performance, final product scoring, on-site service control and after-service support processes. In manufacturing and service performance, we defined practices and responsibilities regarding how these processes are carried out in each company.
- **Consumer and customer feedback** can be submitted via company phones, the forms on company websites or by contacting the sales or operation managers. We take into account all feedback, complaints, and suggestions and define the processes that need to be carried out in the handbook.
- When defining **recall and withdrawal processes** we take into account potential and possible emergency situations that affect the brand

image such as food safety, product quality, food defense and legal compliance and define all responsibilities, processes and workflows within the company accordingly.

- In carrying out **continuous improvement processes**, we regularly review and assess the current quality performance indicators and the quality performance results that depend on these indicators within each company. Across the company, the General Manager and all related departments such as R&D, Production, Sales and Operations that report to the General Manager include improvements in quality performance indicators in department goals.
- **Product specification conformance management** aims to evaluate and manage products, services, overall quality processes, and consumer and customer satisfaction with proper and accurate data. Thus, we manage the risks that concern the products, consumers and the image of Yıldız Holding in the healthiest way and reduce potential impact.

Moreover, we have prepared a quality index for the implementation of all the topics addressed in the handbook, as well as the follow-up of process and product control practices and transferred it to the digital environment. The quality index is calculated through the key performance indicators of business units and reported monthly and annually. At the beginning of each year, the quality index targets, key performance indicators that will be included in the index, calculation method, weighted index ratios and range values of scoring ratios are published in an announcement by the Central Quality team. In the first week of each month, business units can access the scorecard data of the previous month on a digital platform. Monthly quality presentation meetings are held in business units with the aim of following and sharing the key performance indicators that impact the factory quality performance. Then, the results are evaluated and the steps that need to be taken are determined.



## Digitalization and Customer Satisfaction

“ We evaluate the feedback we receive carefully, focusing on improving our products and processes and further strengthening the bond we have established with our customers over years.”

Changing consumer behavior and digitalization rapidly transforms the dynamics regarding customer satisfaction as well. Since the day we started our business, customer satisfaction has been one of our foremost priorities.

Accordingly, we are adapting to the changing customer requests and behaviors and managing our customer relations in line with the requirements of our times.

Today, digitalization stands out as a tool commonly preferred by organizations that wish to offer their customers faster and customized services. At Yıldız Holding, we enhance customer loyalty with privileges we provide through loyalty programs, card memberships, and mobile applications. We regularly conduct satisfaction surveys, mystery shopper evaluations, and brand health research through independent companies. The feedback from our customers on all topics constitutes an important input for all of our processes. We evaluate the feedback we receive carefully, focusing on improving our products and processes and further strengthening the bond we have established with our customers over years.

As part of customer relations management practices, our customers can call **Yıldız Holding Customer Relations Center (MİM)** and contact us via [mim@yildizholding.com.tr](mailto:mim@yildizholding.com.tr) or the companies e-mail addresses. Our companies take action on the suggestions and complaints received on the same working day. We manage the feedback we receive in a manner that complies with the Law on the Protection of Personal Data and Yıldız Holding Customer Relations Center Policy, protecting the privacy and information security of customers and consumers.





## DIGITALIZATION AND CUSTOMER SATISFACTION

### ŞOK Marketler - Cepte ŞOK - Home Delivery Project



Upon the increase in the demand for online ordering due to the restrictions against the COVID-19 pandemic, ŞOK Marketler began delivering its products to locations within a distance of up to 1 km. from its stores. In the last quarter of the year, the company implemented cash payment at the door, credit card payment at the door, phone ordering and Cepmotor delivery vehicles.

Moreover, ŞOK Marketler continues carrying out digital projects across the entire value chain. With the Shopping via Digital Code project, monthly shopping uploads to employees are being uploaded via digital codes instead of plastic cards. With the software development made as part of stock-free drop-shipping project, even if there is no store stock of the products in drop-shipping category, sales can be made on store cashiers by tracking the supplier stocks. Thus, direct delivery can be made from the supplier warehouse to the customer address.

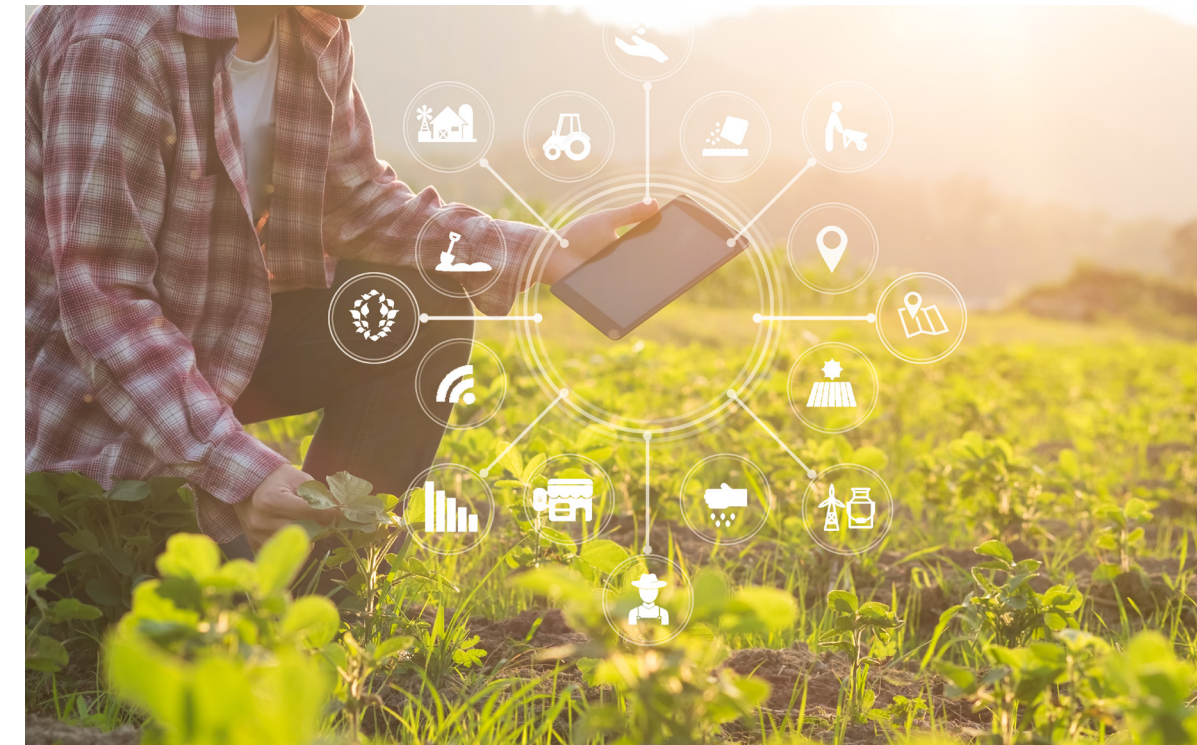


### Kerevitaş - Smart Agriculture Fields



The project titled “**Development of IoT-Supported, Artificial Intelligence-Based, Smart Field Decision Support Platform for the Agricultural Industry**”, which Kerevitaş submitted within the scope of 509 International Industrial R&D Projects Support Program was accepted by the EU in 2020 and by the Scientific and Technological Research Council of Turkey (TÜBİTAK) in 2021.

The project aims to detect requirements such as fertilizer, water etc. and diseases beforehand by monitoring the potato fields via drones and sensors. Other goals include a 10-percent increase in product quality and efficiency and 15-percent reduction in field production





## Culture of Entrepreneurship

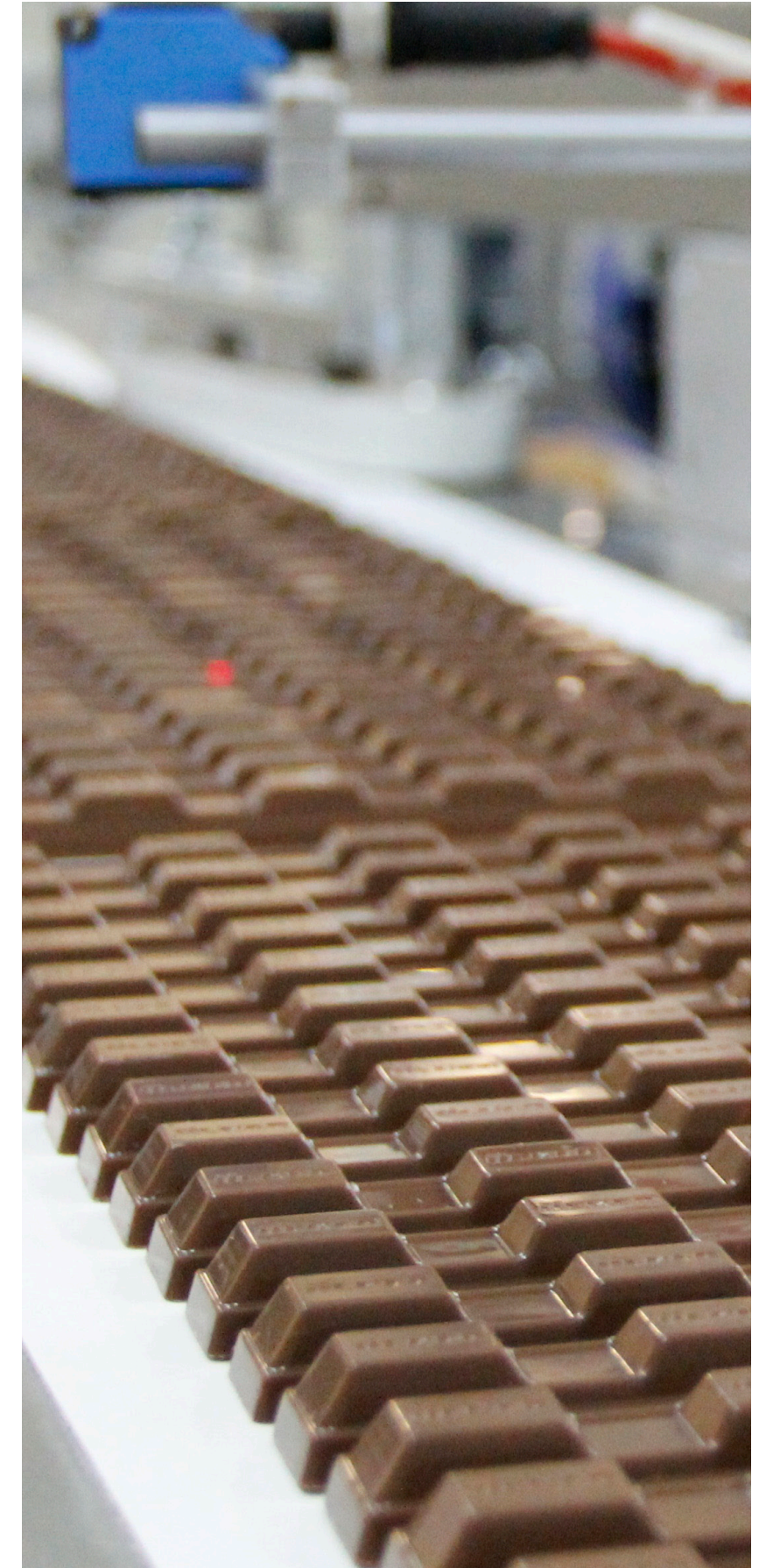
“Companies that encourage innovation processes through internal entrepreneurship, release employee potential by increasing their participation; advance in innovation and respond rapidly to global trends and the requirements of the era.”



Companies that encourage innovation processes through internal entrepreneurship, release employee potential by increasing their participation; advance in innovation and respond rapidly to global trends and the requirements of the era. At Yıldız Holding, by encouraging all our stakeholders, particularly our employees, to participate in innovation processes, we value designing innovative projects in collaboration our internal stakeholders who have a good command of our corporate culture and processes.

Through the **Brain Box** platform where blue and white-collar employees relay their innovative ideas, we take action to improve and strengthen our business processes and culture and identify our current and potential problems. At our annual **Stars of the Year** and Quality event, we reward the best projects in the Innovation category, both encouraging the development of innovative ideas in all units and levels and increasing employee loyalty.

With the Brain Box platform, employees from all levels have the opportunity to share their innovative ideas within the company. In 2020, 16% of the 3,858 ideas submitted were implemented. 665 of the submitted suggestions were on sustainability.





## CULTURE OF ENTREPRENEURSHIP

### Start-up Days

Agricultural technologies offer significant solutions and opportunities against the problems we are currently facing such as environmental conditions, unplanned population growth, changes occurring in human-related land use, natural disasters and economies becoming more and more vulnerable. Today, while investments made in start-up companies focused on agricultural technologies are increasing by 58% each year, total annual investment has been increased by 4 times since 2015 to USD 2.7 billion. As a company directly dependent on agricultural production, supporting the entrepreneurial ecosystem in agricultural technologies is critical in terms of our business continuity.

With our theme of **365 Days of Innovation** representing stakeholder-based inventiveness created by open innovation, we aim at advancing Yıldız Holding every day through innovative steps and keeping its identity of a pioneering company that keeps up with the times. With our internal project groups that represent unconventional innovation, we collect project ideas that develop solutions to our problems with an extraordinary perspective, while under the title of innovation outside-in, we work closely with both local and international start-up ecosystems. With the **Start-up Days Program**, we develop solutions to guide our companies in their digital transformation journeys and introduce start-ups that make a difference in the ecosystem to our business units. With over 500 applications received in 2020, Yıldız Holding will invest in three start-ups selected as part of the program.

### Yıldız Ventures

Established in 2019 with the purpose of supporting the startup ecosystem, Yıldız Ventures aims to guide the development of innovative business ideas. Yıldız Ventures has three main areas of operation: start-up accelerator program, incubation, and financial investment.

VibeVision, TradeMonday and DeepNeep were the companies selected for the **Yıldız Ventures Accelerator Program**, organized for the first time this year. Investments up to USD 75 thousand were made in each of the start-ups. The selected start-ups provide solutions in marketing and retail technologies, supply chain technologies, and customer experience.

Yıldız Ventures also follows the Start-up Days program and includes start-ups in its own processes based on their development phases. Focused on food and retail, the investment program prioritizes ecosystems that will support Yıldız Holding businesses and contribute to them within the industry. Turkey's first online supermarket **istegelsin** was also established as part of Yıldız Ventures. Thus, the dynamism of the start-ups in related areas are being transferred to Yıldız Holding.





## CULTURE OF ENTREPRENEURSHIP

### Gözde Venture Capital

Gözde Venture Capital was established with the aim of investing in venture capital companies and projects that bear development potential and require resources and structuring. The company aims to invest in non-food companies that require financial and operational structuring and have the potential to enable a relatively fast return and high financial revenue. The company makes it a rule to efficiently utilize the strategic advantage, know-how and expert resources that Yıldız Holding has accumulated since its establishment and reflects this strategy in its current investment portfolio as well. The company contributes to Turkey's economy in the finance, retail, industrial minerals, manufacturing industry, FMCG, wholesale trade and packaging sectors. It contributes to economic development in its areas of operation, as well as working with the aim of adding value to society from the perspective of a responsible investor. It aims to approach the responsible investor perspective with a strategic framework in line with the innovative vision and pioneering role assumed by Yıldız Holding and to integrate environmental, social, and corporate management topics with investment processes.



### GODIVA Open Innovation Activities

GODIVA runs open innovation activities with its long-term suppliers, business partners and licence holders. As part of these activities, the company develops products in categories such as ice-cream in China and Japan and continues open innovation processes in the US as well. In these processes involving internal and external stakeholders, the quality of all GODIVA products are tested and collaborations are established with the R&D teams of pladis. Within the scope of the activities, GODIVA collaborates with Kambly in the biscuit category, and with Barry Callebaut in the chocolate category for product development.





## Responsible Value Chain

“ With the **contracted agriculture model**, we protect the farmers’ rights by giving them purchase guarantee and ensure continuity in procurement at the same time.”



As a company operating in more than 130 countries with over 300 brands, we create value in a broad ecosystem of stakeholders from the manufacturing of raw materials and their transportation to the factories to the conception phase of products and their launching into the market for our customers. In this broad area of influence, we focus on managing our value chain responsibly and increasing our capacity to create value with each passing day. Empowering our farmers who provide the raw materials that are essential for our production, expanding the sustainable agriculture practices, protecting the soil and biodiversity and transferring our resources to future generations by minimizing the environmental impact of agricultural protection constitute the elements of a responsible value chain approach.

Traceability, auditability, and transparency practices in supply chains add strength and resilience to supply chains. As Yıldız Holding, we have a very wide supply chain network. In managing this network, we apply responsible purchasing policies and principles at our Holding and its companies. Devised in accordance with legal legislations and international standards, these principles cover topics such as the quality and safety the

suppliers are expected to conform to, human rights, working conditions, environmental protection and ethics. Moreover, we concentrate on local and lean supply chains to be more prepared to future crises.

With the **contracted agriculture model**, we protect the farmers’ rights by giving them purchase guarantee and ensure continuity in procurement at the same time. **96%** of the suppliers Yıldız works with are local suppliers.





## RESPONSIBLE VALUE CHAIN

### Yıldız Holding Palm Oil Traceability Practices

Palm oil is an important and multi-purpose raw material for many industries, particularly those associated with food. The significant increase witnessed in the global demand for palm oil causes tropic forests and peatlands to be harmed and the rights of the local society to be violated. To provide a traceable, transparent, and sustainable palm oil supply chain, we aim to prevent deforestation and establish respect for local people's rights in the procurement of palm oil and its by-products. As a member of the **Roundtable on Sustainable Palm Oil - RSPO**, we adopt the standards and practices of RSPO in our supply chain and aim to expand them.

We expect all Yıldız Holding affiliates to supply raw materials within this context. According to our RSPO membership and our palm oil supply practices we commit to:

- Sharing the list of our palm oil suppliers and any complaints with the public,
- Ensuring the compliance of our palm oil suppliers with the Raw Material Supply Principles in the Responsible Purchasing Policy and support their development in this regard,
- Sharing our sustainable palm oil supply strategy, goals, and performance transparently.

You can access Yıldız Holding Responsible Purchasing Policy [here](#).







## RESPONSIBLE VALUE CHAIN

Moreover, pladis realizes programs with the Earthform Foundation of which it has been a member since 2018. In a study carried out in 2020, the traceability of 93% of the palm oil was achieved at the production level. The aim is to work with 1<sup>st</sup> degree palm oil suppliers for the traceability of all palm oil, create a tracking system for open complaints on the supply chain and broaden the use of satellite tracking system in 2021.

Besler has carried out studies to bring 3-MCPD below the targeted levels in palm oils and developed new technologies. Besler has been certified by the Roundtable on Sustainable Palm Oil – RSPO since 2019.

Within the scope of the certificate, interim audits are carried out and 100% traceability can be provided by applying the Mass Balance (MB) supply chain model.



With the  
**Earthworm**  
Foundation,  
THE TRACEABILITY OF  
**%93**  
OF THE PALM OIL



## RESPONSIBLE VALUE CHAIN



“As a result of directly processing the purchased beans, we use high-quality and controllable raw material.”

### pladis - Sedex

pladis expects its raw material and packaging suppliers to become members of the ethical assessment platform Sedex and fill out the self-evaluation questionnaire which enables the identification of high-risk suppliers. In 2020, in addition to the risk assessment tool, the new Sedex self-audit questionnaire was also put into use and new criteria regarding the identification of higher-risk suppliers were evaluated. pladis also expanded the Sedex membership condition to include important service providers (laundry plants, warehouses, hygiene suppliers) and agencies.

### Ülker Bisküvi - Wheat and Cocoa

Ülker Bisküvi has initiated the “**More than just Cocoa**” project to empower cocoa farmers. Within this scope, we procure some of the cocoa we use through the export company we established on the Ivory Coast. Thus, we get the opportunity to work directly with the cooperatives and farmers in the supply chain. As a result of directly processing the purchased beans, we use high-quality and controllable raw material.

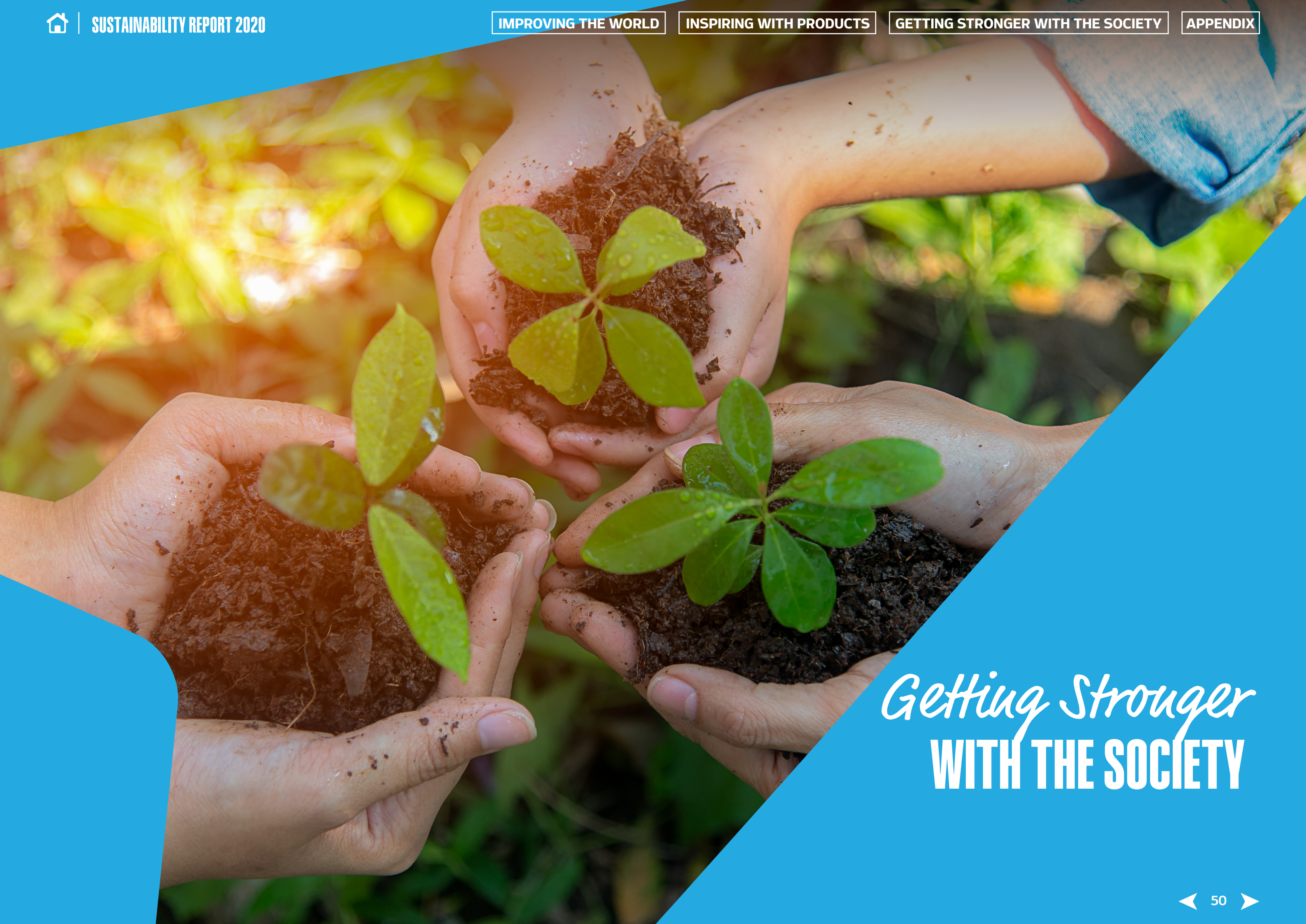
In 2020, we procured 6,000 tons of cocoa from the Ivory Coast. The cocoa we procured through our export company comprised 13% of the total procurement. We aim to increase this rate to 25% in 2021.

### Kerevitaş - Contracted Agriculture Model

As part of the sustainability practices it implements on the basis of the “waste-free” company approach, Kerevitaş works with 90% of its farmers within a contracted agriculture model. Sustainable agriculture practices secure the commercial activities of farmers and increase their production. This model gives the producer purchase guarantee for agricultural products and pre-determines the production quantity and price. Thus, it allows for a more planned production process. Farmers, on the other hand, are protected from the negative effects of periodic price fluctuations. Kerevitaş contributes to the development of agricultural performance and qualifications of farmers whom it views as its business partners through the training programs, bonuses and consultancy services it provides as part of the contracted agriculture projects. Farmers who achieve efficiency and quality in production thanks to the practices that provide them seeds, fertilizers and pesticides and enable them to control agricultural production with a conscious approach, become more satisfied in turn.







# *Getting Stronger* **WITH THE SOCIETY**





# Getting Stronger WITH THE SOCIETY

With our employees and business partners, we support the society and get stronger along with all our stakeholders. We prioritize equal opportunities and inclusivity in the working environment and provide a happy, safe, and qualified working environment to our employees. We deem it to be our responsibility to contribute to local and social development.





# Employees

“ We are committed to providing a happy, safe, inclusive and egalitarian working environment to the employees of Yıldız Holding and its companies.”



Employees who feel happy and safe, whose achievements are supported and whose development is closely monitored, enhance companies' financial success, reputation and reliability in the business world. Accordingly, the companies that aim to achieve consistent success need to invest in their employees, support them through development and training programs, actualize effective career and performance management and improve work processes by collecting feedback from employees. Companies that manage their human resources on the basis of equal opportunities, inclusivity and diversity, can better respond to today's and tomorrow's needs, while also being more innovative, efficient, and successful.

Our employees are among our primary focus areas. We are committed to providing a happy, safe, inclusive and egalitarian working environment to the employees of Yıldız Holding and its companies. We support the development of our employees, help them develop their abilities through training programs, and prepare them not for the today but for the future of work as well. We place importance on employee participation both in terms of employee loyalty and satisfaction and company performance. We value occupational health and safety at the highest level, provide a healthy and safe environment to the employees through occupational health and safety (OHS) training programs and practices.

## pladis – Mental Health UK

In the process of struggling against COVID-19, a working group was formed at pladis, focusing on wellbeing. In addition to this working group, a Facebook group was formed for pladis England and Ireland to offer instant support to all pladis employees. Following the national lockdown periods in England and Ireland, pladis carried out a ten-week wellbeing campaign. 96% of unit managers at pladis received Mental Health Overall Awareness training and 8 people received Mental Health First Aid training. 18 different bulletins on occupational health and safety, health and welfare were prepared; 148 boxes of biscuits were sent with messages prepared by the Positive Minds team. Three different positive psychology talks were aired live and the number of Employee Support application users increased by 58% in the January-December 2020 period.





## Inclusivity and Equal Opportunities

Equal opportunities, diversity and inclusivity are among today's hot topics regarding the work force of the business world. An inclusive human resources strategy based on equal opportunities enables companies to be more innovative, productive, and successful. Particularly companies that attach importance to gender equality, as well as ethnic and cultural diversity in their senior management staff have increased their profitability rates more than non-inclusive companies in recent years<sup>10</sup>.

Prioritizing diversity and inclusivity, we do not tolerate gender, religion, ethnic background etc. any kind of discrimination (gender, religion, ethnic background, etc.) in the recruitment and career development processes at Yıldız Holding.

10. Diversity wins: How inclusion matters, 2020, McKinsey







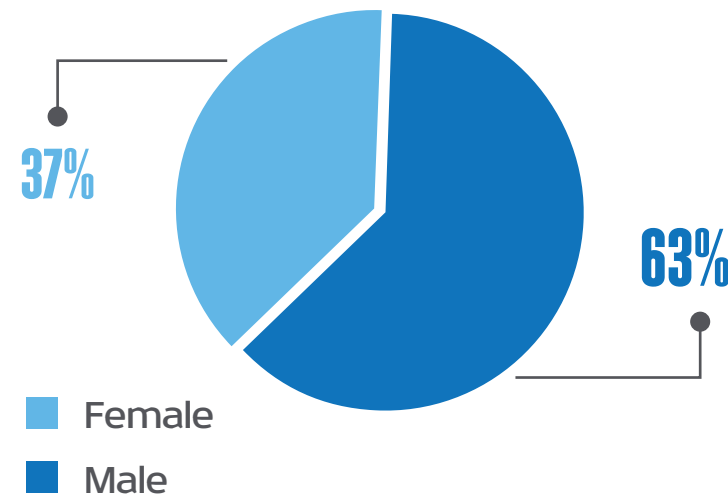
## INCLUSIVITY AND EQUAL OPPORTUNITIES



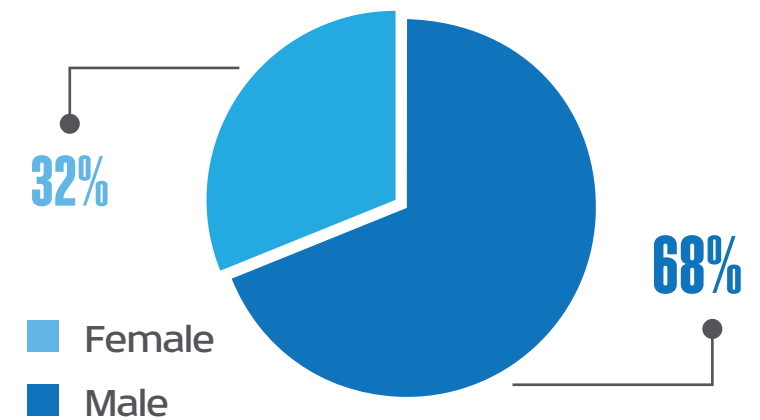
### Equal Opportunities and Diversity Data at Yıldız Holding\*

As of 2020, 37% of all employees are female. The rate of females at the management level is 32% and the rate of females at the senior management level is 29%. We aim to increase the percentage of females in employees and executives through the efforts we make to this end.

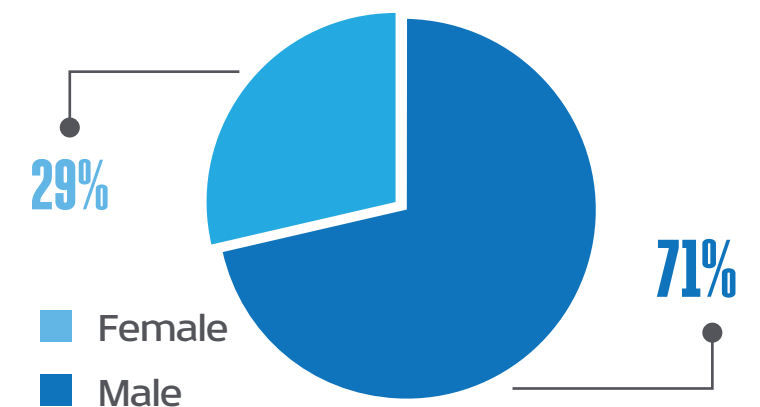
#### Employee Distribution by Gender\*\*



#### Gender Breakdown of Employees with the Title of Executive (Manager)



#### Gender Breakdown of Employees with the Title of Senior Manager



\* Unlike the overall content of this report, the equal opportunities and diversity data include the Yıldız Holding, GODIVA, Bizim Toptan, Kerevitaş, Şok Marketler and pladis.



## INCLUSIVITY AND EQUAL OPPORTUNITIES

### Yıldız Holding Women's Platform

As Yıldız Holding, we have established the Women's Platform with the aim of transforming the culture of the equal opportunities into a stronger and more permanent structure across of our affiliates. Through this platform, we aim to support the further inclusion of women in business life, enable fair business processes and accelerate our efforts towards increasing the rate of women assigned to more active roles and senior positions in our companies.

The first step we took as part of the platform was to prepare the **Yıldız Holding Women's Platform Equal Opportunities and Women's Empowerment Manifesto** through an inclusive workshop which also reflected the suggestions of our employees from Turkey and abroad for equal opportunities and women's empowerment in the business world. With this manifesto, we commit to create an international, intercultural Yıldız Holding corporate culture where all our employees are respected and valued as individuals without prejudice, regardless of their gender in collaboration with our employees. Our manifesto includes our commitments on three main axes in equal opportunities, namely, discourse, working environment, and collaborations.



YILDIZ ★ HOLDING  
WOMEN'S  
PLATFORM

#### Discourse

We work to reflect our stance on equal opportunities to our discourse and communication language, aiming to build an egalitarian and inclusive corporate culture.

#### Working Environment

We create a working environment where all employees, male or female, can work under fair and safe conditions.

#### Collaborations

We carry out effective collaborations with external stakeholders for women's economic and social empowerment.

We eliminate discrimination from our communication language. We review our internal and external communication materials from a gender equality perspective and use a language free from gender norms. We prepared a **Communication Guide** to contribute to equality at the workplace and shared it with the Holding companies.

Bizim Toptan works to increase the female employee ratios in its stores in line with its target of “**one female employee in each store**”. With a female employee rate of 36% in 2020, Kerevitaş participates in the **Equal Opportunities for Women at Work Project** carried out by the Ministry of Labor and Social Security.



## INCLUSIVITY AND EQUAL OPPORTUNITIES

### GODIVA – The Lady GODIVA Initiative



GODIVA has implemented the Lady GODIVA initiative to carry out women's empowerment efforts at the global level. Within this scope, non-governmental organizations doing innovative work on gender equality are supported. As part of the initiative, GODIVA makes donations to five organizations that work to improve women's roles in the society.

Following the initial examination process carried out by the Social Impact Team, the company determined the organizations to receive donations by vote. Within this scope, the organizations that will be supported in 2021 are Hot Bread Kitchen (USA), Up With Women (Canada), #SheDIDIT (Belgium), China Women's Development Foundation (China) and AVA: Against Violence and Abuse (UK).



中国妇女发展基金会  
China Women's Development Foundation



### pladis – Harlesden Women's Network

pladis is runs the **Harlesden Women's Network project** at its Harlesden factory to increase the rate of women in manager and team leader roles. A series of training programs are provided to women who participate in the network to prepare themselves for these roles, accompanied by professional consultants. Having further improved their qualifications, participating female employees have applied for higher positions in the factory and 50% of the first group have been promoted at the end of the program.

### ŞOK Marketler – Count Me In

ŞOK Marketler helps housewives transform their labor into income through its Count Me In project. Since 2019, the cloth bags made by housewives are sold at ŞOK Marketler stores. As part of this non-profit project, 452 housewives were supported in 2020, with 7,500 bags sold.







## INCLUSIVITY AND EQUAL OPPORTUNITIES

### GODIVA – Gives Month

GODIVA encourages its employees to volunteer for socio-economic development, as well as protecting and supporting women and children through the **Gives Month Global Employee Volunteering Program**.



### pladis – Being She

Formed by pladis employees, the **Being She** volunteer employee group collaborates with companies operating in the United Kingdom to improve equal opportunity. The efforts that have been made so far have inspired the formation of various employee groups for women's empowerment in the field of production. As a result, women have applied for more male-dominant roles and been promoted.

### pladis - Gender Pay Gap Report

pladis assesses its performance every year to ensure pays that foster gender equality and shares the results transparently through the **Gender Pay Gap Report** it publishes.





# Talent Management

“It is of utmost importance to develop existing talents and add new talents as we carry our business to the future.”

We launch the year of 2020, **Investing in People** Year. We consider our employees as one of the most important factors behind our success and support their education and development, making effort to enable them to acquire the new talents they need throughout their careers. It is of utmost importance to develop existing talents and add new talents as we carry our business to the future. Within this scope, we organize training programs, evaluate the performances of our employees and get feedback from our employees through surveys. We encourage high performance and innovative ideas by rewarding them.

## Women on Board Association Turkey - (WOB Turkey)

We focus our attention on mentorship efforts and women's executive development programs to encourage women's leadership. We support programs aimed at making women more visible in society in all aspects and collaborate with associations and non-governmental organizations to this end. We encourage our female employees to participate in the **Mentorship Program organized by the Women on Board Association Turkey** which has implemented very valuable projects in Turkey. We support our female employees to participate more in decision-making processes.

## JOB@YıldızHolding

It is important for us to include new talents in our business processes. Within the scope of our internship and recruitment program JOB@YıldızHolding which has been ongoing for ten years, we enable young and new talents to gain experience through internship programs at Yıldız Holding. Some of the young people attending the internship program are employed within the Holding after their internship period. In 2020, 100 young people have benefitted from the internship and job opportunities provided as part of the program.

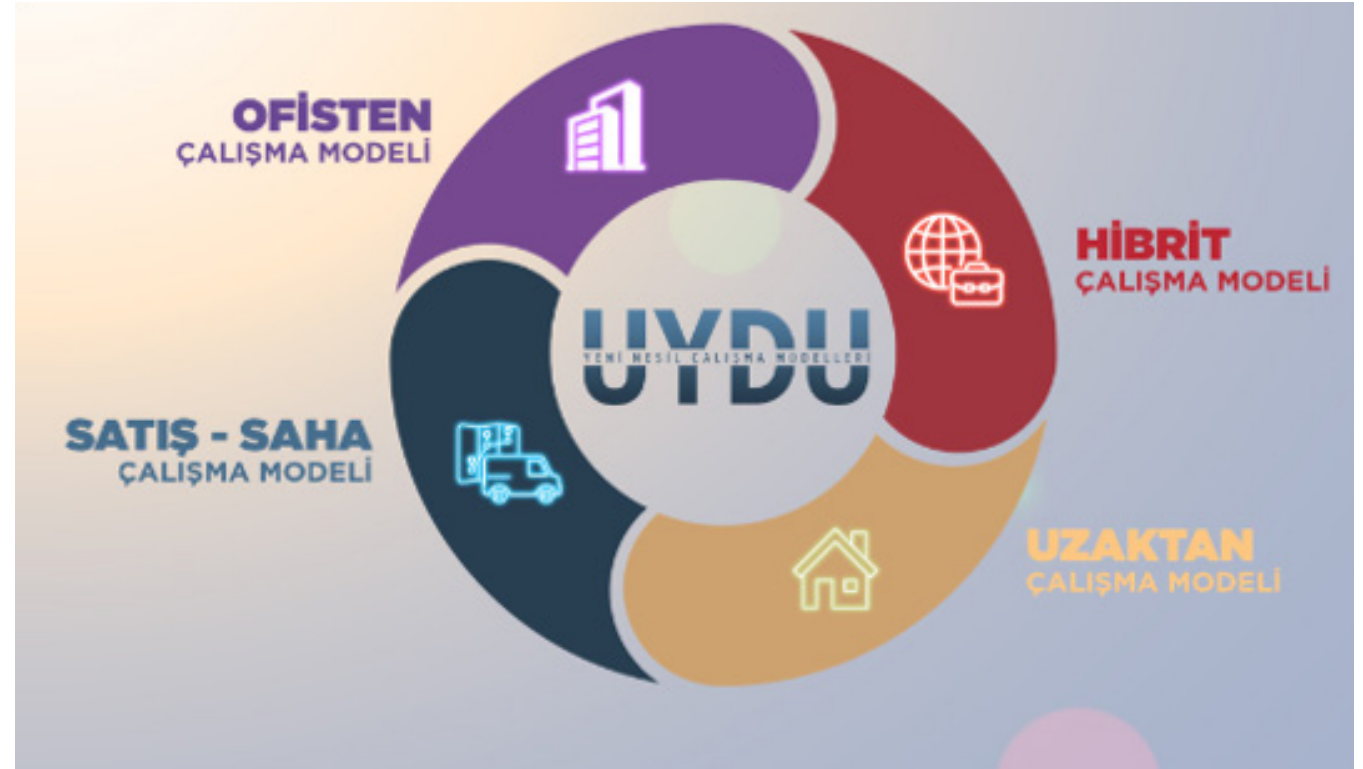




## TALENT MANAGEMENT

### UYDU (SATELLITE) – Remote Working Model

In line with our vision of "**Investing in People**" we have organized our ongoing efforts towards empowering our human resources on the one hand, while becoming a more agile organization on the other by investing in the intellectual capacities of our employees as part of our **SATELLITE project**. In collaboration with our consultants, we have carried out detailed role- and task-based analyses in all our companies to enhance our corporate resilience and attract new talents while retaining our existing talents and measured the remote working experience and expectations of our executives and employees through surveys. As a result of this transformation journey, we have implemented our next-generation working model **SATELLITE**.





## Performance Evaluation

“As Yıldız Holding, we run a transparent, fair, egalitarian, and inclusive performance management process.”

An effective performance management process increases the employee performance and productivity, while at the same time increasing their satisfaction and contentment with their jobs. As Yıldız Holding, we run a transparent, fair, egalitarian, and inclusive performance management process. We encourage high performance by rewarding it. Thus, we support our employees' career development.

As part of the **instant rewarding system** running at all Yıldız Holding companies, 23 Adapazarı Şeker employees, 78 Kerevitaş employees, 261 Ülker Bisküvi employees, 76 ŞOK Marketler employees, 51 Bizim Toptan employees and 18 Yıldız Holding employees were rewarded in 2020.

In the performance evaluation processes for 2020; we performed all the processes regarding the entry and control of the targets, interim evaluation and evaluation

of the results via SAP. In the performance management processes, we provided guidance and business partnership to the human resources managers of our companies. For 2021, we are running a pilot study over the OKR methodology.





## Training Programs

Carrying out programs that support employee education and development to enable them to acquire the skills required by their jobs in a continuously changing environment is of great importance. The knowledge and skills required in the working life are deeply affected by global trends and developments. This accelerates the transformation of the ways of doing business as well. In such an environment, it becomes essential that the knowledge and skills possessed by the employees are transformed in line with newly emerging requirements.

**As Yıldız Holding, we support all our employees through training and development programs that enable them to gain skills and abilities that match the requirements of the era.**

Nevertheless, we are aware of the role our employees play in realizing our sustainability strategy and reaching our goals. Accordingly, with the joint project we are carrying out with **BÜYEM** (Boğaziçi University Lifelong Learning Center), we have been offering **training programs on sustainability** for Yıldız Holding employees since 2019. Titled **Sustainability 101**,

these training programs that are aimed at increasing the knowledge and awareness of employees on sustainability were attended by 28 employees in 2019 and 40 employees in 2020, amounting to **68 employees** in total. Throughout 2020, the participating employees watched over 220,000 content videos as part of online training programs.





## TRAINING PROGRAMS



### Analytical Academy

We have implemented our Analytical Academy program to contribute to the development of skills in this area which we refer to as “universal literacy” at Yıldız Holding. The primary goal of this program is to contribute to the adaptation of our employees from all levels to data-driven technologies. Comprising four main branches, this program covers our entire workforce.

#### Digital Transformers:

To help our leaders to manage their businesses effectively in the digital world, we conduct a development and mentorship program in collaboration with Harvard University Professor Sunil Gupta.

#### Digital Champions:

We implement a digital leadership program in collaboration with MCT to ensure that our high-level executives use digitalization and data analytics more effectively in their business processes.

#### Data Navigators:

As part of this digital competency development program we offer in collaboration with Koç University to all our employees, our employees participate in training programs on digital transformation, data science, artificial intelligence and develop projects. After graduating from the program, they act as digital transformation ambassadors in our companies, so to speak.



#### DataJOB@Yıldız Holding:

By contributing to the skill development of our potential workforce in addition to the development of digital skills of our existing workforce through this program, we offer training programs to newly graduated candidates in areas such as data science, statistics, deep learning, and then employ them as data scientists.





## TRAINING PROGRAMS

### Şok Marketler - Academy

Taking into account the performance, career development, as well as work-related and personal requirements of its employees, **ŞOK Marketler** designs training programs for them. The company runs its training programs over the online platform called **Academy ŞOK**. The head office employees can develop their social skills through catalog trainings on subjects like leadership, communication and presentation techniques. Employees in managerial positions can also attend leadership trainings. In 2020, a total of **113, 593 person\*hours** of training was provided through over Academy ŞOK, with an average of three hours per employee.



### ÜLKER

**Ülker Bisküvi** offers various employee training programs including Leadership Trainings (Leadership Summit, Leadership Compass, Leadership Roadmap and First Step to Leadership), Personal Development (Catalog) Trainings, Ethical Principles and Working Policies Training, Occupational Health and Safety Training, First Level Manager Training, Star Operator Training and Technical Trainings. Additionally, employee development is encouraged through expertise programs, management trainings, domestic and international conferences, as well as personal and occupational development programs. In 2020, an average of **25 hours of training per employee** was given at Ülker Bisküvi.



At **Bizim Toptan**, there are many training and development programs geared towards the needs of employees in various categories and levels. The **B-Raise** program focuses on raising qualified future leaders, while the **Prosaf Sales School** includes technical in-class trainings and on-site trainings for beginner-level field sales teams.







# Employee Engagement and Happiness

We are committed to ensuring that our employees are happy, safe, and committed to their work throughout their careers at Yıldız Holding.

We carry out activities aimed at increasing employee engagement. As we continuously improve our work, we value the ideas of our employees. Through the Voice of Yıldız Employee Loyalty Survey, we refer to our employees' opinions regarding such topics as leadership, performance and rewarding, skills and career management, and employee communication. Thus, while we improve our communication with our employees on the one hand, we identify the improvement areas in human resources on the other.



As part of the Stars of the Year program, we receive innovative ideas from the employees regarding workflows and utilize some of them in real life. In 2020, Stars of the Year received 201 applications from all Yıldız Holding companies. We increased productivity in our workflows through the innovative projects developed by our employees and achieved a cost advantage of nearly TRY 5 billion in total in the past seven years.

CATEGORY	WINNER
Collaboration	pladis
Leadership	Kerevitaş
Digital Leadership	Bizim Tiptan
Cost Advantage	pladis
Innovation	Polinas
Contribution to Growth	E-Star Global
GOYA	GODIVA
Zero Defect	Önem Gıda
Chair's Award / Investing in People	pladis





## Occupational Health and Safety

We continue our work in all the offices and production centers of Yıldız Holding and its companies in line with our target of zero accident.

We continue our operations in compliance with international standards, certificates, and legal legislations, raising the awareness of our employees through training programs on occupational health and safety.



The transition to ISO 45001 Work Health and Safety Management System has been completed in all production facilities of Ülker Bisküvi. Kerevitaş also transitioned from the OHSAS 18001 system to the ISO 45001 system in 2020. ŞOK Marketler aims to complete the transitioning to the ISO 45001 management system for two warehouses and the headquarters in the year 2021. The move to ISO 45001 and certification processes are going on in other companies as well.





# OCCUPATIONAL HEALTH AND SAFETY

## ÜLKER

Transferring all Occupational Health and Safety processes to the digital environment within the scope of digitalization projects, Ülker Bisküvi uses the Occupational Health and Safety information management system SafeUP software. It monitors subjects such as Occupational Health and Safety Trainings, Risk Assessment studies, Personal Protective Equipment (PPE), Emergency, Health (e-Prescription), Compliance with Legal Regulations, Threat and Non-Compliance and takes the necessary actions, improving its Occupational Health and Safety (OHS) performance. Ülker Bisküvi was granted the **British Safety Council's** annual **International Safety Award** for the success of its Occupational Health and Safety projects in 2020.



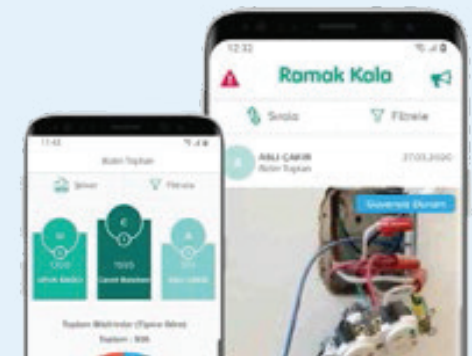
**GODIVA** aims to reduce accidents with the **occupational safety teams** it has established in all shifts. Implementing projects to detect possible accidents proactively, reduce occupational health and safety risks, and support best practices, the teams also work towards enhancing internal communication. The teams inform employees on corrective actions, prepare development plans, investigate the reasons behind past accidents and carry out projects for improvement.



To prevent loss of labor that might be caused by a pandemic or natural disasters, a back-up system was set up in the head office and stores. For all Bizim Toptan stores, a **Fellow Store** application was implemented. The Fellow Store application, aims to secure the health of the store employees affected by the disaster and then, take precautions regarding store property, and finally, restore the sales processes if possible. Bizim Toptan gave more than six trainings to Fellow Stores within the practice and assigned the employees who completed the first aid training as a support team.

Additionally, Bizim Toptan provides instant reporting of risks occurring at the workplace to the headquarters, with the mobile OHS application it has developed: **Ramak Kala** (On the Edge). This application's quick and easy notifications regarding risky situations in terms of Occupational Health and Safety, quality and environment enable fast action. The application also aims to increase the awareness and consciousness of employees on Occupational Health and Safety. The Ramak Kala application has enabled the average monthly work accidents throughout Bizim Toptan to decrease from 4.75% to 3.75%.

**RAMAK KALA**  
application has enabled  
the average monthly  
work accidents  
throughout Bizim Toptan  
to decrease from 4.75% to  
**3,75%**





## Social Investment and Responsibility

As we continuously improve our performance and develop our business, we focus on our society as well and continue working in line with the goal of getting stronger with all our stakeholders.

Going beyond providing financial income and economic benefit, we aim to realize efforts that will empower the society we live in.

Within this scope and prioritizing children, we carry out projects on sustainable agriculture, environment and healthy living through our collaborations.

- Due to the COVID-19 pandemic, we focused on supporting healthcare workers in 2020. We donated a total of 3 thousand medical products and materials, mainly medical devices. Additionally, we supported an online auction organized for the benefit of healthcare workers by donating an artwork from the Yıldız Holding Art Collection. During the remote education period, we donated computers to children in need for all students to benefit from equal technological opportunities in education.
- We donated toys and books to support the “**Oyuncak Kardeşliği**” (“Toy Fellowship”) project and books and gifted winter boots to children.



- In collaboration with NGO's, we sent our products to quarantine residents, healthcare centers, filiation employees and people in need during Ramadan.
- We donated the **TRY 60 thousand** we collected in the online auction organized on our annual ‘**Make Happy, Be Happy Day**’ to AFAD, to support those affected by the İzmir earthquake.





## SOCIAL INVESTMENT AND RESPONSIBILITY



### Rurality Initiative

Prioritizing the environmental and social sustainability of cocoa procurement, GODIVA supports the Rurality Initiative in collaboration with the **Earthworm Foundation**. Aiming to drive change for cocoa producers and across the entire value chain, this initiative continues its efforts in two axes: increasing the resilience of the farmers and minimizing their environmental impact.



Within this scope, they work with the farmers to support them through innovative agricultural practices. Moreover, by planting over 1,500 local saplings in 23 hectares of degraded forest land in the Mont Kourabahi Forest Protection Area, progress was made in forest protection and restoration. In the plantations built within the program, saplings were grown and a youth working group was assigned for the maintenance of the newly planted saplings in the forest protection area.



planting  
OVER **1.500**  
*local saplings*







## SOCIAL INVESTMENT AND RESPONSIBILITY

### Ülker Bisküvi

Aiming to increase awareness on sustainability in the society and to highlight importance of nature protection activities in Turkey, Ülker Bisküvi implemented the '**My Beautiful Country, Nature Is Entrusted to Us**' project in 2020. As part of the project, a series of six videos has been prepared in collaboration with the world diving champion Şahika Ercümen and experts in the field. Shot in six natural settings ranging from Erzincan Girlevik Waterfall to Kırklareli İğneada Floodplain Forests, the videos feature informative content on topics such as natural resource management, water and waste management, and energy.

Through these videos that were published on social media and digital channels and viewed over

**21 MILLION TIMES,**

Ülker Bisküvi contributed to increasing the visibility of environmental sustainability efforts in our country and creating awareness on environmental consciousness in the society.







# Appendix





## CORPORATE MEMBERSHIPS

United Nations Global Compact (UNGC)

Vegetable Oil Manufacturers Association (BYSD)

Foreign Economic Relations Board (DEIK)

Saudi Arabia, UAE, USA, Azerbaijan, Kazakhstan, Russia, Egypt, China, Lebanon, Iraq

Out-of-Home Consumption Suppliers Association (ETÜDER)

Food Drink EUROPE

Food Retailers Association (GPD)

Interactive Advertising Bureau (IAB)

Union of Red Meat Industrialists and Producers (ETBİR)

Corporate Communicators Association

Independent Industrialists' and Businessmen's Association (MÜSİAD)

Culinary Products and Margarine Industrialists Association (MÜMSAD)

Roundtable on Sustainable Palm Oil (RSPO)

Retailers Association (PERDER)

Advertisers Association

Confectionery Products Manufacturers Association (ŞEMAD)

Business Council for Sustainable Development Turkey (SKD Turkey)

The European Food Information Council

Turkish Industry and Business Association (TÜSİAD)

Turkish Food and Beverage Industry Association (TÜGİS)

International Life Sciences Institute (ILSI)

Women on Board Association Turkey

## ENVIRONMENTAL PERFORMANCE INDICATORS\*

ENERGY CONSUMPTION*	2018	2019	2020
Total Energy Consumption (MWh)	2.170.947	2.307.817	2.290.985
Energy Density (Total Energy Consumption/ Number of Employees)	59,6	59,9	51,2

\*The performance data in the report is the consolidated data of the included companies.

GREENHOUSE GAS EMISSIONS	2018	2019	2020
Greenhouse Gas Emissions** (ton CO <sub>2</sub> e)	498.988	516.533	498.568
Greenhouse Gas Concentration (Scope 1 & 2 Greenhouse Gas Emissions /Number of Employees)	13,7	13,4	11,1

\* The performance data in the report is the consolidated data of the included companies. The greenhouse gas emissions were calculated in accordance with the methodologies of World Resources Institute – WRI and World Business Council on Sustainable Development – WBCSD Greenhouse Gas Protocols.

\*\*Scope 1 and Scope 2 emissions

WATER CONSUMPTION*	2018	2019	2020
Total Water Use (m <sup>3</sup> )	2.504.049	3.168.586	3.071.300
Water Density (Total Water Consumption (m <sup>3</sup> ) / Number of Employees)	69	82,1	68,6

\* The performance data in the report is the consolidated data of the included companies. Within the scope of water consumption data, municipality water, underground water and rainwater consumption is reported. Water consumption data are obtained from the meters and bills of service providers and internal water meters.





## SOCIAL PERFORMANCE INDICATORS\*

Total Number of Employees	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
	13.983	22.422	15.356	23.200	17.822	26.923
	36.405		38.556		44.745	

Employees by Category	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
	429	1.727	477	1.925	449	1.807
Number of White-Collar Employees	2.156		2.402		2.256	
Number of Blue-Collar Employees	13.554	20.695	14.879	21.275	17.373	25.116
	34.249		36.154		42.489	
Total	36.405		38.556		44.745	

Number of Employees who Quit by Gender and Age	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
	7.868	8.562	5.983	7.244	8.624	10.745
Below 30	7.868	8.562	5.983	7.244	8.624	10.745
Between 30-50	720	1.760	1.229	2.338	1.746	2.544
Over 50	122	197	73	190	11	71
Total	8.808	10.567	7.285	9.770	10.381	13.360
	19.375		17.055		23.471	

Distribution of Employees in Senior Management Bodies by Age	2018	2019	2020
	18	15	40
	112	120	155
Below 30	18	15	40
Between 30-50	112	120	155
Over 50	4	4	13
Total	134	139	208

\*The performance data in the report are the consolidated data of the included companies.

## UNGC TABLE

AREA	PRINCIPLES	RELEVANT CHAPTER IN THE REPORT
HUMAN RIGHTS	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	Corporate Management
	Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	Corporate Management
LABOR	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Employees
	Principle 4: All forms of forced and compulsory labor should be eliminated.	Responsible Value Chain Corporate Governance – Business Ethics
	Principle 5: All forms of child labor should be effectively abolished.	Responsible Value Chain
	Principle 6: Discrimination should be eliminated in respect of employment and occupation.	Employees
ENVIRONMENT	Principle 7: Businesses should support a precautionary approach to environmental challenges.	Improving the World
	Principle 8: Businesses should undertake all kinds of initiatives to promote greater environmental responsibility.	Improving the World
	Principle 9: The development and diffusion of environmentally friendly technologies should be encouraged.	Improving the World
ANTI-CORRUPTION	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Corporate Governance – Business Ethics





## GRI CONTENT INDEX

GRI Standard	Indicator	Page Number and/or Link
GRI 101: Foundation 2016		
GRI 102: General Indicators 2016		
GRI 102: General Indicators 2016	Organizational profile	
	102-1	4
	102-2	4, 5
	102-3	<a href="https://english.yildizholding.com.tr/contact-us/">https://english.yildizholding.com.tr/contact-us/</a>
	102-4	<a href="https://english.yildizholding.com.tr/our-products/">https://english.yildizholding.com.tr/our-products/</a>
	102-5	Since Yıldız Holding is not a public company, this information is not shared.
	102-6	<a href="https://english.yildizholding.com.tr/our-products/">https://english.yildizholding.com.tr/our-products/</a>
	102-7	6 <a href="https://english.yildizholding.com.tr/our-products/">https://english.yildizholding.com.tr/our-products/</a>
	102-8	72
	102-9	46-49
	102-10	There are no significant changes.
	102-11	<a href="https://english.yildizholding.com.tr/media/13795/yh_etik_kitapcik_ing.pdf">https://english.yildizholding.com.tr/media/13795/yh_etik_kitapcik_ing.pdf</a>
	102-12	71
	102-13	71
	Strategy	
	102-14	3
	102-15	14, 15
	Ethics and integrity	
	102-16	14 <a href="https://english.yildizholding.com.tr/media/13795/yh_etik_kitapcik_ing.pdf">https://english.yildizholding.com.tr/media/13795/yh_etik_kitapcik_ing.pdf</a>
	102-17	14
	Governance	
	102-18	12 <a href="https://english.yildizholding.com.tr/our-story/our-leadership/">https://english.yildizholding.com.tr/our-story/our-leadership/</a>
	102-19	12
	102-20	12

GRI Standard	Indicator	Page Number and/or Link
GRI 102: General Indicators 2016	Stakeholder engagement	
	102-40	Yıldız Holding Code of Conduct page 14,15 <a href="https://www.yildizholding.com.tr/media/13796/yh_etik_kitapcik_tr.pdf">https://www.yildizholding.com.tr/media/13796/yh_etik_kitapcik_tr.pdf</a>
	102-41	Kerevitaş and Ülker Bisküvi, among the companies covered by the report, have employees under collective bargaining agreement.  Ülker Bisküvi 2019 Sustainability Report, Page 76 <a href="http://ulkerbiskuviinvestorrelations.com/_assets/pdf/surdurulebilirlik/surdurulebilirlik-raporu-2020-en.pdf">http://ulkerbiskuviinvestorrelations.com/_assets/pdf/surdurulebilirlik/surdurulebilirlik-raporu-2020-en.pdf</a>  Kerevitaş 2020 Sustainability Report, Page 40 <a href="https://www.kerevitas.com.tr/documents/assets/pdf/2020_Sustainability_Report_.pdf">https://www.kerevitas.com.tr/documents/assets/pdf/2020_Sustainability_Report_.pdf</a>  There are no employees in Bizim Toptan and Şok Marketler under collective bargaining agreement.
	102-42	Yıldız Holding Code of Conduct page 14,15 <a href="https://www.yildizholding.com.tr/media/13796/yh_etik_kitapcik_tr.pdf">https://www.yildizholding.com.tr/media/13796/yh_etik_kitapcik_tr.pdf</a>
	102-43	Yıldız Holding Code of Conduct page 14,15 <a href="https://www.yildizholding.com.tr/media/13796/yh_etik_kitapcik_tr.pdf">https://www.yildizholding.com.tr/media/13796/yh_etik_kitapcik_tr.pdf</a>
	102-44	Yıldız Holding Code of Conduct page 13-15 <a href="https://www.yildizholding.com.tr/media/13796/yh_etik_kitapcik_tr.pdf">https://www.yildizholding.com.tr/media/13796/yh_etik_kitapcik_tr.pdf</a>
	Reporting Profile	
	102-45	4
	102-46	4
	102-47	11
	102-48	Not available.
	102-49	Not available.
	102-50	4
	102-51	2019
	102-52	Annually
	102-53	4
	102-54	4
	102-55	72
	102-56	No audit has been received.
GRI 200: Economic Standard Series		
Economic Performance		
GRI 103: Management Approach 2016	103-1	11
	103-2	8-11
	103-3	8-11





GRI Standard	Indicator	Page Number and/or Link
Economic Performance		
GRI 201: Economic Performance	201-1	6
GRI 300: Environmental Standard Series		
Energy		
GRI 103: Management Approach 2016	103-1	17, 18, 20
	103-2	18-21
	103-3	18, 20
GRI 302: Energy 2016	302-1	71
	302-3	71
	302-4	21, 71
Water		
GRI 103: Management Approach 2016	103-1	22
	103-2	22, 23
	103-3	22, 23
GRI 303: Water 2016	303-1	22, 23, 71
	303-3	22, 23, 71
Emissions		
GRI 103: Management Approach 2016	103-1	18, 20
	103-2	20, 21
	103-3	20, 21
GRI 305: Emissions 2016	305-1	21, 71
	305-2	21, 71
	305-4	21, 71
GRI 400: Social Standard Series		
Employment		
GRI 103: Management Approach 2016	103-1	52-66
	103-2	52-66
	103-3	52-66

GRI Standard	Indicator	Page Number and/or Link
GRI 400: Social Standard Series		
Labor/Management Relations		
GRI 103: Management Approach 2016	103-1	51, 52
	103-2	51, 52
	103-3	51, 52
GRI 402: Labor/ Management Relations	402-1	Legal notice periods are complied with regarding significant operational changes.
Occupational Health and Safety		
GRI 403: İş Sağlığı ve Güvenliği 2016	403-1	65, 66
	403-2	65, 66
	403-5	65, 66
Training and Education		
GRI 103: Management Approach 2016	103-1	58, 61
	103-2	61-63
	103-3	61-63
GRI 404: Training and Education 2016	404-1	61, 63
	404-2	61, 63
Diversity and Equal Opportunity		
GRI 103: Management Approach 2016	103-1	53-57
	103-2	53-57
	103-3	53-57
GRI 405: Diversity and Equal Opportunity 2016	405-1	54, 72
	405-2	There is no discrimination based on gender. <a href="https://english.yildizholding.com.tr/media/13795/yh_etik_kitapcik_ing.pdf">https://english.yildizholding.com.tr/media/13795/yh_etik_kitapcik_ing.pdf</a>
Non- Discrimination		
GRI 103: Management Approach 2016	103-1	53, 54
	103-2	53-57
	103-3	53-57
GRI 406: Non Discrimination 2016	406-1	We reject discrimination on gender, race, religion, language, marital status, political opinion, disability, age, issues. <a href="https://english.yildizholding.com.tr/media/13795/yh_etik_kitapcik_ing.pdf">https://english.yildizholding.com.tr/media/13795/yh_etik_kitapcik_ing.pdf</a>