



## Pioneer of Smart Agriculture



**HEKTAŞ TİCARET TÜRK A.Ş.**  
**BOARD OF DIRECTORS ANNUAL REPORT**  
**2021**



**(CONVENIENCE TRANSLATION OF  
INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT  
ORIGINALLY ISSUED IN TURKISH)**

**INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT**

To the General Assembly of  
Hektaş Ticaret Türk Anonim Şirketi

**1) Opinion**

As we have audited the full set consolidated financial statements of Hektaş Ticaret Türk Anonim Şirketi ("the Company") and its subsidiaries ("the Group") for the period between 01/01/2021–31/12/2021, we have also audited the annual report for the same period.

In our opinion, the consolidated financial information provided in the Management's annual report and the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit.

**2) Basis for Opinion**

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is disclosed under *Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report* in detail. We declare that we are independent from the Group in accordance with the *Code of Ethics for Independent Auditors* ("Code of Ethics") issued by POA and ethical provisions stated in the regulation of audit. We have fulfilled other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**3) Auditor's Opinion for the Full Set Consolidated Financial Statements**

We have presented unqualified opinion for the Group's full set consolidated financial statements for the period between 01/01/2021–31/12/2021 in our Auditor's Report dated 11 February 2022.

#### 4) Management's Responsibility for the Annual Report

The Group's Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and "Communiqué on Principles of Financial Reporting in Capital Markets" with No.14.1 of the Capital Markets Board ("the Communiqué"):

- a) Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,
- b) Preparing the annual report with the all respects of the Group's flow of operations for that year and the Group's consolidated financial performance accurately, completely, directly and fairly. In this report, the consolidated financial position is assessed in accordance with the consolidated financial statements. The Group's development and risks that the Group may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.
- c) The annual report also includes the matters stated below:
  - The significant events occurred in the Group's activities subsequent to the financial year ends,
  - The Group's research and development activities,
  - The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Ministry of Trade and related institutions while preparing the annual report.

#### 5) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report

Our aim is to express an opinion and prepare a report about whether the Management's discussions and consolidated financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit

The engagement partner on the audit resulting in this independent auditor's report is Nazlı İvak.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

  
Nazlı İvak  
Partner

İstanbul, 11 February 2022

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**HEKTAŞ TİCARET TÜR K A.Ş. MESSAGE FROM THE BOARD CHAIRMAN**

Dear Shareholders, Employees and Business Partners:

Following a year when the world economy was deeply shaken by the Covid-19, the year 2021 was marked by the struggle of countries to keep the economy running despite the measures against the pandemic. The price movements experienced over the world in agricultural input, primarily fertilizers, were among the most important topics of this year.

While the impacts of increased energy, food and agriculture commodity prices, disruptions in supply chains, transportation costs and difficulties in raw material procurement were perceived all the world, the Turkish economy managed to go beyond expectations and grow by 7 per cent in the first quarter of 2021. In the 2nd quarter when the restrictions were imposed again, 21.7 per cent growth was achieved compared to the same period of last year, while 7.4 per cent growth was achieved in the 3rd quarter.

According to the data announced by the United Nations Food and Agriculture Organization (FAO); Food Price Index 2021 average stood at 125.7 points, with an increase of 28.1 per cent compared to the previous year. While high prices are expected to be replaced by production increases, high input costs, the ongoing pandemic and uncertain climatic conditions have once again been revealed that productivity is the most important issue in the coming years.

Today, in order to increase the amount of product obtained from unit area, it is necessary to focus on productivity-oriented agricultural production. As HEKTAŞ, we have been continuing to invest in efficiency-oriented smart agriculture technologies, particularly with OYAK's R&D vision and support, and raising awareness of our producers on this issue with different projects since 2016.

2021 has been a year in which we seized opportunities in all areas of our activity and continued to acquire new companies in line with our 'National Agriculture' target in the animal health and seed sectors. We will continue taking sure steps towards becoming a global company, by continuing to carry our 65 years of knowledge to the future in 2022 as well. We will continue to strengthen both our lands our farmers and our country's economy with our visionary works based on efficiency in agricultural production. I would like to express my gratitude to our employees, who believed in us on the path towards our goals, who are the architects of our success, and to our manufacturers, business partners and suppliers, to whom we owe our leading position in the sector.

**Musa Levent ORTAKÇIER**  
Chairman of the Board of  
Directors

**HEKTAŞ TİCARET TÜRİ A.Ş. MESSAGE FROM THE GENERAL MANAGER**

Dear Shareholders, My Dear HEKTAŞ Family;

I take pride in working for HEKTAŞ, which has strengthened the Turkish agriculture and Turkish farmers with its pioneering works to date and which has a long-established past of 65 years. I would like to state that the progress our Company made in the last 5 years is a success story that everyone should take as an example.

In the years 2020 and 2021, the whole world tried to adapt to the new order due to the pandemic. Service-oriented sectors were heavily affected by the process, especially due to the restrictions. There were also problems in agricultural production, thus access to food in the world. However, thanks to our producers and business partners, our citizens did not have any problems in this regard.

As you know, we launched a very special awareness campaign on May 14, World Farmers Day. With the hashtag #ÇİFTÇİMETEŞEKKÜRLER (thanks to my farmer), we invited all segments of the society to thank our farmer brothers and sisters who worked nonstop to deliver our food to us without any problems during the period when everyone was confined to their homes.

In addition to forest areas, agricultural production areas were greatly damaged by the fires that broke out in July and August and grieved all of us. Therefore, we launched the "Toprakla Yeniden" ("Reunited with Earth") project to ensure ecological and agricultural rehabilitation after the fires. We supported all our producers who suffered damages due to the fire in the Yavrudoğan Neighbourhood, Manavgat district of Antalya, with our plant nutrition products. We stood by our producers with our agricultural engineers in the period until the harvest, to strengthen the region and ensure more efficient production, providing them technical support. In addition to this valuable project, we were filled with happiness to provide consultancy and seedling support to the "Barrier-Free Agriculture" project implemented for students with special needs under the coordination of Bursa Orhangazi District Governor's Office.

In 2021, when we carried our face-to-face promotion and information activities, which we could not carry out intensively due to the pandemic, to digital channels, we provided access to a total of 17 million people, especially our farmers, with our content. We have not only promoted our products with live broadcasts on our social media channels, but also created a digital concept where we informed our producers.

We have implemented numerous investments and projects in 2021. We have established a cooperation with Turkey's leading retail chain within the scope of the "Traceable and Safe Food Platform", which records the entire progress of crops from seed to tables in an unalterable way and presents it to end consumers thanks to blockchain technology. We have implemented the "biofertilizer production from dry bread" project together with TAGEM. We have started the efforts to produce

Turkey's first registered einkorn wheats 'Ata Siyez ' and 'Mergüze. Continuing our investments in the field of seeds, we set up the "Seed Technologies Center" within our company Aero Tohumculuk. Seizing inorganic growth opportunities, we acquired all shares of Arma İlaç San. ve Tic. A.Ş. in the veterinary medicines business line and 51% of the startup company Agriventis Technologies Pty Ltd. Based in Australia in the seeds business line.

For the pet food market, which develops and grows rapidly every year, we have started the efforts to establish a pet food production facility on an area of 40,336 m2 in the Manyas district of Balıkesir, in line with our growth strategies.

We rose 71 ranks in Fortune 500 Turkey Survey, ranking 347th and 55 ranks compared to the previous year and ranked 327th in the "2020 Turkey's Top 500 Industrial Enterprises" survey of the Chamber of Industry of Istanbul '(ISO) and declared in 2021. We came 187th in the EBITDA ranking. We were entitled to enter the reserve list of Borsa İstanbul BIST 30 index.

We conducted numerous projects such as HEKTAŞ Agriculture League, Watch and Win, Show Yourself, Match and Earn, Product Campaigns Paying Multiple Points within the scope of the activities of HEKTAŞ Customer Club, our loyalty program that we launched for our dealers and reached 691 members in its 3rd year. We organized the "HEKTAŞ Agriculture League", the exclusive digital agriculture competition which could be joined only by HEKTAŞ Customer Club members and at the end of which the participants were awarded. With this experience, we aimed to enhance customer loyalty, promote products and increase the privileges offered.

As a gift from OYAK to Turkish agriculture, the "HEKTAŞ Agricultural Innovation, Education and Experience Center", which was built on a 607-decare land in the Orhangazi district of Bursa, is getting ready become one of the few projects in the world. We hosted our first producer, dealer and engineer groups last year at our facility, which was established to enable Turkish farmers to learn innovative, technology and efficiency-oriented agricultural practices by experiencing them. The Center has already become a facility admired by its visitor. Our facility will be at the focus of our activities aimed at our producers and all stakeholders as of 2022.

We continued winning new awards in 2021 as well. With our Hektaş Smart Assistant application, we were awarded in the "Mobile Application Category in 2021 at Social Media Awards Turkey 2021, which was held through the cooperation between Marketing Türkiye & BoomSonar. We were awarded for the third time in a row at the 2020 İKMİB Stars of Exportation Awards, organized by the Istanbul Chemicals and Chemical Products Exporters' Association (İKMİB).

To continue our growth targets, we increased the paid-in capital of HEKTAŞ from TL 227.571.100 to TL 860.000.000, with a paid capital increase of TL 400.000.000 unpaid increase of TL 232.428.900 and increased its authorized capital cap to TL 1.000.000.000.



As it can be seen in our financial data our revenue increased by 99% and our EBITDA figure increased by %86 in 2021 compared to 2020. Our net profit, on the other hand, increased by 81% compared to the previous year, reaching 326 million TL. The number of our employees, which was 529 at the end of 2020, increased by 26% to 665 people in 2021.

We have made many achievements with the power and vision of OYAK always with us in all our works in 2021 as well. I sincerely believe that we will continue to gain new achievements in the coming years as well, and that our efforts will always make a difference.

I would like to thank the esteemed members of our Board of Directors, primarily the OYAK management, and all our employees who add value to HEKTAŞ brand with their selfless efforts and represent our company in the best way in our country and abroad. As I extend my thanks to our producers and business partners, who strengthen agriculture with their labor as our brand ambassadors, I would like to promise that we will continue to work with all our strength in line with the vision to make HEKTAŞ a global company.

**Hakkı Zafer TERZİOĞLU**  
General Manager

## **HEKTAŞ AT A GLANCE**

### **1. About us**

Being one of the most established companies in the agricultural sector with its 65 years of experience, HEKTAŞ has carried its journey that started in Adana to the global arena with the vision of becoming a world brand. HEKTAŞ, which is one of the biggest solution partners of our country's agriculture sector in agricultural production and carries out works that make a difference every year with the motto of "Pioneer of Smart Agriculture", produces, sells and markets plant protection, plant nutrition, seeds, animal health, pet food and pet care products.

Spending utmost efforts to strengthen national agriculture in the light of R&D studies for 65 years, HEKTAŞ shapes the future of Turkish agriculture with its internationally accepted certificates and standards, modern production facilities, production capacity and capabilities, robust infrastructure, logistics and technical service.

OYAK, one of the largest and most powerful industrial groups in Turkey, became one of the shareholders of HEKTAŞ in 1963 and became the largest shareholder in 1981 with a 53.82% share in the company. After the participation of OYAK as shareholder, HEKTAŞ went public in 1981. In 1986, its shares began to be traded on the Istanbul Stock Exchange.

The product portfolio of the company contains more than 400 plant protection and plant nutrition products as well as animal health, pet food and pet care products, in line with our country's ecological structure and product variety. While developing its current product range, HEKTAŞ offers products that are respectful to people, the environment and nature, and suitable for sustainable agricultural practices, in line with the needs and expectations of producers. Thus, it is the leading company with the widest product range in its sector. HEKTAŞ markets its products through 6 Regional Directorates and around 1500 distribution points

HEKTAŞ also establishes strategic partnerships with global companies. It contributes products that will benefit producers to the market with the assurance of HEKTAŞ.

The "HEKTAŞ Agricultural Innovation, Training and Experience Center" is currently under construction on a 607-decare land in the Orhangazi district of Bursa province, and is among the few projects in the world with its scope and content. In the smart greenhouses in the facility, which was implemented based on detailed forecasts with the agricultural developments in mind, products are produced in accordance with the Traceable Safe Food Platform (blockchain) concept.

The Company has been increasing its growth momentum with the strategic investments and company acquisitions it has been involved in for the last 6 years.

HEKTAŞ has ISO 9001 Quality, ISO 14001 Environment, ISO 45001, ISO 27001 Information Security Management System ISO 45001 Occupational Health and Safety Management System certificates.

## 2. Our Vision and Mission

**Our vision** is to be a dynamic company that is preferred in line with customer needs by playing a role in all areas that create added value for the agriculture sector.

**Our mission** is to provide the highest benefit to the agricultural sector with sustainable growth, and to create added value for our partners, society and producers.

## 3. Financial Indicators

Summarized Balance Sheet (TL)	31.12.2019	31.12.2020	%Change (2019-2020)	31.12.2021	%Change (2020-2021)
<b>ASSETS</b>					
CURRENT ASSETS	938.011.535	1.472.280.409	57%	3.268.942.287	122%
NON-CURRENT ASSETS	287.413.243	647.274.747	125%	1.356.873.591	110%
<b>TOTAL ASSETS</b>	<b>1.225.424.778</b>	<b>2.119.555.156</b>	<b>73%</b>	<b>4.625.815.878</b>	<b>118%</b>
<b>LIABILITIES</b>					
SHORT-TERM LIABILITIES	357.794.454	1.165.357.549	226%	3.112.170.260	167%
LONG-TERM LIABILITIES	360.259.823	181.763.166	-50%	101.480.409	-44%
EQUITY	507.370.501	772.434.441	52%	1.412.165.209	83%
<b>TOTAL LIABILITIES</b>	<b>1.225.424.778</b>	<b>2.119.555.156</b>	<b>73%</b>	<b>4.625.815.878</b>	<b>118%</b>

Summarized Income Statement (TL)	31.12.2019	31.12.2020	%Change (2019-2020)	31.12.2021	%Change (2020-2021)
Revenue	732.677.504	1.013.719.129	38%	2.020.718.336	99%
Cost of Sales (-)	-419.081.256	-662.405.526	58%	-1.312.393.367	98%
<b>GROSS PROFIT/ LOSS</b>	<b>313.596.248</b>	<b>351.313.603</b>	<b>12%</b>	<b>708.324.969</b>	<b>102%</b>
Operating Exp. (Marketing Distribution, General Management, R&D)	-71.873.779	-115.852.005	61%	-197.888.297	71%
Other Activities (Incomes/Expenses)	3.548.037	-4.147.487	-217%	-80.994.631	1853%
<b>MAIN OPERATING PROFIT /(LOSS)</b>	<b>245.270.506</b>	<b>231.314.111</b>	<b>-6%</b>	<b>429.442.041</b>	<b>86%</b>
Incomes/Expenses from Investment activities	452.240	1.593.035	252%	2.397.686	51%
<b>OPERATING PROFIT (LOSS) BEFORE FINANCING EXPENSES</b>	<b>245.722.746</b>	<b>232.907.146</b>	<b>-5%</b>	<b>431.839.727</b>	<b>85%</b>
Financing Incomes / Expenses	-100.336.438	-82.247.381	-18%	-97.509.504	19%
<b>PROFIT/ LOSS FROM CONTINUING OPERATIONS BEFORE TAX</b>	<b>145.386.308</b>	<b>150.659.765</b>	<b>4%</b>	<b>334.330.223</b>	<b>122%</b>
Tax Income/Expense from Continuing Operations	184.942	29.838.843	16034%	-8.573.207	-129%
<b>PROFIT/ LOSS OF THE PERIOD</b>	<b>145.571.250</b>	<b>180.498.608</b>	<b>24%</b>	<b>325.757.016</b>	<b>81%</b>

FINANCIAL RATIOS	31.12.2019	31.12.2020	%Change (2019-2020)	31.12.2021	%Change (2020-2021)
Asset Size	1.225.424.778	2.119.555.156	73%	4.625.815.878	118%
Equity	507.370.501	772.434.441	52%	1.412.165.209	83%
Revenue	732.677.504	1.013.719.129	38%	2.020.718.336	99%
EBITDA (Operating Profit+Depreciation)	252.445.247	258.009.181	2%	478.752.401	86%
EBITDA Margin	34,46%	25,45%		24%	
Net Profit	145.571.250	180.498.608	24%	325.757.016	81%
Net Profit Margin	19,87%	17,81%		16%	
Gross Profit	313.596.248	351.313.603	12%	708.324.969	102%
Gross Profit Margin	42,80%	34,66%		35%	
Net Working Capital	606.663.454	947.318.064	56%	1.984.734.358	110%
Total Return on Equity	28,69%	23,37%		23%	
Return on Assets	11,88%	8,52%		7%	

#### 4. Corporate Information

TRADE NAME	HEKTAŞ TİCARET TÜRK A.Ş.
INCORPORATION DATE	1956
FIELD OF ACTIVITY	Production, import and marketing of agricultural and veterinary medicines
HEADQUARTERS ADDRESS	Gebze Organize Sanayi Bölgesi İhsan Dede Cad. 700. Sokak No:711 41480 Gebze/Kocaeli
WEB ADDRESS	www.hektas.com.tr
E-MAIL	info@hektas.com.tr
TELEPHONE	262 751 1412
FAX	262 751 3717
ADDRESSES OF PRODUCTION FACILITIES	
-HEKTAŞ/Gebze Plant Protection Facility	Gebze Organize Sanayi Bölgesi İhsan Dede Cad. 700. Sokak No:711 41480 Gebze/Kocaeli
-HEKTAŞ/ Adana Organomineral Fertilizer Production Facility	Acıdere OSB Mahallesi 5 Ocak Caddesi No:6 Sarıçam / Adana
-FERBİS / Niğde Plant Protection Facility	Organize Sanayi Bölgesi Mah. 2 B No'lu Yol Cad. 2 Bor / Niğde
-ARMA İLAÇ /Ankara Veterinary Medicines Production Facility	Malıköy Başkent O.S.B. Mahallesi, Atatürk Bulvarı, No: 69 P.K. 06909, Sincan/ANKARA
TAX OFFICE / NO	İlyasbey / 4610015898
TRADE REGISTRY DIRECTORATE / NO	Gebze Trade Registry Directorate/ 6535-10921
MERSIS NO	461001589800013
PAID-IN CAPITAL	860.000.000 TL
AUTHORIZED CAPITAL CAP	1.000.000.000 TL
INDEPENDENT AUDITOR	DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

## 5. Milestones

### 1956

The company was established in Adana.

### 1963

Turkey's largest professional pension fund Oyak became one of the shareholders of Hektaş.

### 1981

Hektaş's initial public offering date. (As of the year end, the share of Oyak was 53.82%)

### 1986

It started traded at the exchange.

### 1991

The new factory was put into service in the Gebze Organized Industrial Zone.

### 2005

Animal health department was opened.

### 2017

Plant nutrition and seed departments were opened.

Organomineral fertilizer production started in Adana.

Ferbis was acquired.

### 2018

The company entered BIST 100 index.

The company entered the pet food and care products sector.

### 2019

Areo Tohumculuk was acquired.

The company entered BIST 50 index.

### 2020

Sunset Kimya Tarım Ürünleri was acquired.

### 2021

The Arma pharmaceutical company, which produced veterinary medicine productions, was acquired.

The acquisition process of 51% shares in the Australian-based Agriventis Technologies, which develops drought-tolerant seeds, was commenced and has been completed in January 2022.

Efforts to establish a factory in Balıkesir for the production of domestic pet food have begun.



## 6. Shareholding Structure

Shareholders	Share Amount (TL)	% Share
Turkish Armed Forces Pension Fund (OYAK)	505,843,051	58.82
Other	354,156,949	41.18
<b>Grand Total</b>	<b>860,000,000</b>	<b>100</b>

The Company adopts the authorized capital system under the provisions of the Capital Market Law (CML). The authorized capital cap of the Company is TL 1.000.000.000 and is divided into 100.000.000.000 shares, each with a nominal value of 1 (one) Kurus. The authorized capital cap permission granted by the Capital Market Board is valid for the years 2021-2025 (5 years).

The company's issued capital is in the amount of 860.000.000 (eight hundred sixty million) Turkish Liras which is wholly paid, comprised of 86.000.000.000 (eighty-six billion) shares, each with a nominal value of 1 (one) Kurus.

The shares representing the capital are recognized in dematerialized form, within the framework of the principles on dematerialization. There are no capital market instruments issued by our Company within the period.

Each share grants 1 voting right. Owners of Founding Redemption Shares have 5% dividend rights arising from the company's articles of association.

## 7. The Group

The Company's Board of Directors prepared a report which explains Relations with Governing Shareholders and Subsidiaries within the scope of the Article 199 of TCL. The conclusion part of the report approved by the Board of Directors with the date 11.02.2022 is as follows;

"In the operating year 2021, there are no legal proceedings applied for the benefit of OYAK or one of its affiliates with the Company's governing shareholder the Turkish Armed Forces Pension Fund (OYAK) and/or OYAK's affiliates or with OYAK's guidance, and no measures that were taken or avoided to be taken for the benefit of OYAK or one of its affiliates. In the operating year 2021, all commercial activities carried out between our Company and our governing shareholder as well as its affiliates were carried out under terms in line with market conditions."

## 8. Subsidiaries

Title of the Company	Shareholding (%)
Takimsan Tarım Kimya Sanayi ve Ticaret A.Ş.	99.78
Çantaş Çankırı Tuz Ürünleri Üretim ve Dağıtım A.Ş.	0.37
Ferbis Tarım Ticaret ve Sanayi Anonim Şirketi	100.00
Areo Tohumculuk Arge Sanayi ve Dış Ticaret Anonim Şirketi	100.00
Sunset Kimya Tarım Ürünleri Ve Aletleri İmalat Pazarlana Sanayi Ve Ticaret A.Ş.	100.00
Arma İlaç Sanayi ve Ticaret A.Ş.	100.00

*\*On 12 January 2022, 51% of Agriventis Technologies Pty. became an affiliate of Hektaş*

### Ferbis Tarım Ticaret ve Sanayi Anonim Şirketi

In the last quarter of 2017, HEKTAŞ acquired the entire company (100%), which operated in the field of plant protection production and marketing in Niğde, in order to turn towards price-oriented domestic and foreign markets and to diversify its current product and customer portfolio with lower and middle segment products.

The aim is to ensure that the production facility of the Company in Niğde becomes one of the most qualified production facilities in the pesticide market with the support provided to the production of liquid plant nutrition products under development, by means of ongoing investments.

Upon the commissioning of new modern facilities, export-oriented production became more prominent and exports were made to 6 different countries in 2021, namely the Turkish Republic of Northern Cyprus, Azerbaijan, Uzbekistan, Kyrgyzstan, Tajikistan and Georgia.

The construction of the third parcel building, which was started in October 2021, is currently ongoing and is expected to be completed in the second quarter of 2023. Ferbis continues its activities with the motto: "Ideal Solution in Plant Protection".

### Areo Tohumculuk Arge Sanayi ve Dış Ticaret Anonim Şirketi

Operating in many areas of the agricultural sector, HEKTAŞ took an important step in the field of seeds, which is strategically important, by acquiring all (100%) of Areo Tohumculuk engaged in R&D studies within the scope of domestic seed production.

As part of the first step of the "Traceable Safe Food Platform" project initiated by Hektaş, the 5-decare greenhouse area in AREO Tohumculuk facilities in Akdeniz University Antalya Teknokent was transformed into a smart greenhouse, thus the project was completed successfully. Areo Tohumculuk, which has a strategic importance especially due to the benefit it will provide in meeting the national

seed needs of our country and increasing its share in the world seed market, will not only add value to Turkish agriculture with its new seeds to be registered as a result of R&D studies, but will also increase HEKTAŞ's market share in the seed field on a daily basis in the years to come.

AREO Tohumculuk continues its breeding studies for high quality vegetables and field crops by using the latest technologies with its motto "Domestic R&D, Domestic Seed", Established on an area of approximately 26.000 m<sup>2</sup> in the Akdeniz University Teknokent research area in Antalya, AREO Tohumculuk is positioned as a seed base. Together with HEKTAŞ, Areo Tohumculuk is the first company to apply blockchain technology in agriculture, which enables all stakeholders in the agricultural sector to monitor all stages of the journey of each product in the supply chain from soil to table, within the scope of the "Traceable Safe Food Platform".

In 2023, the sale of disease-resistant, fortified varieties will begin, in addition to the promotional and trial activities particularly in Azerbaijan, Uzbekistan, Spain and California. Areo Tohumculuk continues the seed propagation studies of Ata Siyez and Mergüze, the first registered einkorn wheats of Turkey.

#### **Sunset Kimya Tarım Ürünleri ve Aletleri İmalat Pazarlama Sanayi ve Ticaret Anonim Şirketi**

Taking steps to become a world-class agricultural company in addition to its activities in the domestic market, HEKTAŞ acquired Sunset Kimya Tarım Ürünleri, one of the leading players in the market in the field of plant protection, in line with its long-term growth targets. Offering important solutions in the field of agriculture in the domestic market with 92 licensed plant protection products in its portfolio, Sunset Kimya Tarım Ürünleri also has 217 licensed plant protection products abroad. The acquisition is an important step for HEKTAŞ to increase its market share by entering new markets, primarily the Middle East and Caucasus, both domestically and abroad.

#### **Arma İlaç Sanayi ve Ticaret A.Ş**

In order to maintain sustainable growth, to enrich the product portfolio of the company, and to enter new business lines and develop new products; HEKTAŞ took over ARMA İlaç from Oyak Biyoteknoloji A.Ş, which operated in the field of veterinary medicine production and had export potential and a "GMP Production Certificate", in July 2021.

As a result of cooperation with veterinarians and research and development activities, the pharmaceutical portfolio owned by the company was created. It is aimed to take its current position in the market to the international level thanks to the strong vision and support of HEKTAŞ, with the pharmaceutical portfolio created. To this end, entry to the vaccine segment, which gains importance both in the domestic and international markets, will be achieved through Arma İlaç.

Carrying out its activities with the motto "One Health, One Arma", Arma İlaç aims to be among the leading companies in its sector with its R&D investments and qualified human resources.

#### **Takimsan Tarım Kimya Sanayi ve Ticaret Anonim Şirketi**

HEKTAŞ has a company named Takimsan Tarım Kimya San. Ve Tic. A.Ş., whose agricultural pesticide licenses are used.

#### **Çantaş Çankırı Tuz Ürünleri Üretim ve Dağıtım A.Ş.**

Upon examining the financial statements of Çantaş individually and collectively, they have not been included within the scope of consolidation since they are immaterial compared to the financial statements of the Company in terms of amount and quality and activities of Çantaş are very limited.

### **9. Production Facilities**

#### **- Hektaş Organomineral Production Facility (ADANA)**

The Company has been operating in the field of organomineral fertilizer production under the umbrella of Hektaş at the address Acidere OSB Mahallesi 5 Ocak Caddesi No:6 Sarıçam / Adana since 2017. Production is carried out with modern infrastructure and automation systems in the facility built on a total area of approximately 53.000 m<sup>2</sup>, around 23.000 m<sup>2</sup> of which is open and 30.000 m<sup>2</sup> of which is closed.

The organomineral fertilizer, which is known as the new generation fertilizer, is a type of fertilizer developed to enrich the agricultural lands whose productivity has decreased due to unconscious agricultural practices and to return the minerals needed by the products grown to the soil. It is obtained by combining the soil healing properties of organic materials and the benefits of minerals in a single fertilizer.

The production of this type of fertilizer, which reduces the consumption of chemical fertilizers and increases productivity by ensuring the regulation of the soil structure, is very important especially for Turkish agriculture and is one of the rational solutions brought to agriculture due to its contribution to new generation agricultural practices.

Proving once again the importance it attaches to all living things and the environment, Hektaş contributes to sustainable and efficient agricultural production, increasing the productivity of agricultural lands that are becoming barren day by day due to chemical fertilization, and to the

protection of groundwater polluted due to chemical fertilizers, with the organomineral fertilizer production carried out in this facility.

It is market maker and market leader in organomineral fertilizer market.

Due to the focus on occupational health and safety in the production facility and to comply with OYAK's sustainability development goals, Environmental Management Systems are provided at high standards. As a natural consequence of the importance it attaches to all living things and the environment, the company fulfills all the requirements of the Occupational Health and Safety and EIA regulation as well as other relevant legislation.

The production facility has ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certificates, and all legal regulations are followed and accredited within the framework of respective standards.

Capacity Utilization Rate (EFFICIENCY)			
Production Facility	2019	2020	2021
Adana	87%	93%	74%

\*CUR: Capacity Utilization Rate (calculated over 8 hours/day and 255 days/year)

\*\* Adana Production Capacity increased by 15,000 tons in 2021.

Adana Production Facility	Production Realization (PRODUCTION QUANTITY) (Kg/Liter)		
Nature of Production	2019	2020	2021
Organomineral Fertilizer Semi-finished	5,225,125	12,966,819	1,858,632
Organomineral Fertilizer Finished	26,065,175	65,123,067	71,790,150
<b>Grand Total</b>	<b>31,290,300</b>	<b>78,089,886</b>	<b>73,648,782</b>



- ***Hektaş General Directorate and Plant Protection Products Facility (GEBZE)***

The Company continues its activities with its modern high-capacity facility, the construction of which was completed at the address Gebze OSB Mahallesi 700. sok. No: 711/1 Gebze / Kocaeli in 1991. The facility continues its activities in the field of plant protection products, plant nutrition products, disinfectants and biocidal products. With its modern infrastructure and automation systems, the facility, built on a total area of around 75,000 m<sup>2</sup>, approximately 45,000 m<sup>2</sup> of which is open and 30,000 m<sup>2</sup> of which is closed, continues to drive Turkish agriculture and represent our country abroad in the field of agriculture.

According to the Official Agricultural Medicine Statistics of the Ministry of Agriculture and Forestry for 2020, the consumption of plant protection products in Turkey is approximately 54,000 tons per year. The finished product production of our facility in 2021 was approximately 15,970 tons. In addition, together with the 4,890 tons of technical material production, the facility realizes production of 20,860 tons. It accounts for approximately 30% of the plant protection products market where it operates. The product portfolio created is capable of meeting all the needs of agricultural production. It contributes to the reduction of foreign dependency in the plant protection product market. Approximately 8% of the products produced at the facility are exported.

Industry 4.0, which is synonymous with smart production, is a collective system that includes many contemporary automation systems, data exchanges and production technologies. Our production facility is the first facility in its field to produce in accordance with Industry 4.0 standards.

Due to the focus on occupational health and safety in the production facility and to comply with OYAK's sustainability development goals, Environmental Management Systems are provided at high standards. As a natural consequence of the importance it attaches to all living things and the environment, the facility fulfills all the requirements of the Occupational Health and Safety and EIA regulation as well as other relevant legislation.

The production facility has ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 27001:2013 certificates, and all legal regulations are followed and accredited within the framework of respective standards.

Capacity Usage Rate (EFFICIENCY)			
Production Facility	2019	2020	2021
Gebze	63%	77%	136%

\*CUR: Capacity Utilization Rate (calculated over 8 hours/day and 255 days/year)

Gebze Production Facility	Production Realization (PRODUCTION QUANTITY) (Kg/Liter)		
Nature of Production	2019	2020	2021
Technical Substance	3,644,146	4,741,714	4,889,992
Liquid Form	4,972,148	6,419,964	6,430,690
Herbicide Liquid Form	1,474,478	1,741,758	2,747,142
Powder Form	4,308,511	4,896,329	6,791,735
<b>Grand Total</b>	<b>14,399,282</b>	<b>17,799,764</b>	<b>20,859,559</b>

**- Ferbis Plant Protection Products Production Facility (NİĞDE)**

Acquired in 2017 by Hektaş in line with its strategic goals, the production facility operates in the field of plant protection and plant nutrition products at the address Organize Sanayi Bölgesi Mah. 2 B No' lu Yol Cad. No:6 Bor / Niğde. Management of the facilities to be established in the second build whose construction has been completed and the third building whose construction is ongoing in the facility built on a total area of around 25,000 m<sup>2</sup>, approximately 14.000 m<sup>2</sup> of which is open and 11.000 m<sup>2</sup> of which is closed, will be carried out with the automation system. With the investments made in the facility, it is planned to make the facility one of the most qualified production facilities in the pesticide market in Turkey.

The production facility serves both domestic and foreign markets. This facility contributes to the reduction of Turkey's foreign dependency, especially with the production of plant protection products. With its product portfolio created to meet all the needs of agricultural production, Hektaş continues to consolidate its position both in the domestic and international markets.

Due to the focus on occupational health and safety in the production facility and to comply with OYAK's sustainability development goals, Environmental Management Systems are provided at high standards. As a natural consequence of the importance it attaches to all living things and the environment, the company fulfills all the requirements of the Occupational Health and Safety and EIA regulation as well as other relevant legislation.

The production facility has ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certificates, and all legal regulations are followed and accredited within the framework of respective standards.

Capacity Usage Rate (EFFICIENCY)			
Production Facility	2019	2020	2021
Niğde	86%	104%	112%

\*CUR: Capacity Utilization Rate (calculated over 8 hours/day and 255 days/year)

Niğde Production Facility	Production Realization (PRODUCTION QUANTITY) (Kg/Liter)		
Nature of Production	2019	2020	2021
Technical Substance	1,366,690	1,389,701	2,636,320
Liquid Form	642,629	1,518,061	2,276,908
Herbicide Liquid Form	2,352,681	2,367,272	3,874,718
Powder Form	161,001	205,966	0
<b>Grand Total</b>	<b>4,523,001</b>	<b>5,481,000</b>	<b>8,787,946</b>

- **ARMA Pharmaceutical Production Facility (ANKARA)**

Acquired in 2021 by Hektaş in line with its strategic goals, the production facility operates in the field of animal health products production at the address Malıköy Başkent O.S.B. Mahallesi, Atatürk Bulvarı, No: 69 P.K. 06909, Sincan/ANKARA. It has a total area of around 3,600 m<sup>2</sup>, approximately 1,600 m<sup>2</sup> of which is open and 2,000 m<sup>2</sup> of which is closed. The modernization infrastructure works of the facility continue in accordance with today's 4.0 technologies.

The production facility continues to operate in the field of animal health with its wide product range comprised of antibiotics, antiparasitic, anti-inflammatory, vitamin, mineral, amino acid products. The products produced are sold both in the domestic and foreign markets.

It is one of the 30 facilities that received GMP certificate from the Ministry of Agriculture and Forestry in Turkey. It is among the few companies that produce betalactam vials and powders. Renovated and equipped with the latest technology, the production facility is aimed to be among the leading facilities in its sector with its R&D investments and qualified human resources.

Having a "GMP" certificate, also known as "Good Manufacturing Practices", the facility ensures production at world standards by guaranteeing both sterile and safe production, thanks to the products produced in accordance with the GMP standards. Thus, high assurance is created at the level of production methods, on the reliability, usefulness and quality level of the drugs produced.

In the modernized production facility, there are 3 GMP certified (Good Manufacturing Practices) production lines and 28 GMP certified drug types.

Due to the focus on occupational health and safety in the production facility and to comply with OYAK's sustainability development goals, Environmental Management Systems are provided at high standards. As a natural consequence of the importance it attaches to all living things and the environment, the company fulfills all the requirements of the Occupational Health and Safety and EIA regulation as well as other relevant legislation.

The production facility has ISO 9001:2015, ISO 14001:2015 and GMP certificates, and all legal regulations are followed and accredited within the framework of respective standards.

Capacity Usage Rate (EFFICIENCY)			
Production Facility	2019	2020	2021
Ankara	-	-	22%

\*CUR: Capacity Utilization Rate (calculated over 8 hours/day and 255 days/year)

Ankara Production Facility	Production Realization (BOX/PIECE)		
Nature of Production	2019	2020	2021
Betalactam Vial	-	-	160,674
Betalactam Powder	-	-	319,110
Sterile Vial	-	-	1,435,120
Tablet	-	-	376,624
<b>Grand Total</b>	-	-	<b>2,291,528</b>

## 10. Hektaş Orhangazi Agricultural Innovation Training and Experience Center

Having been supporting domestic production and producers by carrying out projects that have contributed to the Turkish agricultural industry since 1956, HEKTAŞ continues to drive the country's agriculture with a world-class project.

Since agricultural production depends on nature conditions, risk and uncertainty in production are high. In order to minimize these risks and uncertainties and increase productivity, adoption of rational approaches in agriculture becomes more important every day. Hektaş Orhangazi Agricultural Innovation Training and Experience Center, offers innovative solutions to producers in order to be one step ahead in the market, to gain more share in the market and to contribute to their export-oriented

growth by benefiting from smart agricultural practices, while increasing their efficiency and reducing their costs, in this period marked by high competition.

Supply and demand flexibility of agricultural products is low. A minor change in the form of increase or decrease which takes place in the supply or demand of these products causes large fluctuations in their prices. Reducing the effect of natural factors in production can only be achieved by creating rational solutions in agriculture. Setting out with this idea, Hektaş tooks action to activate the center, which is one of the few facilities in the world, in Bursa, in order to minimize the problems faced by producers and to increase efficiency by combining technology and agriculture while reducing costs.

Built on an area of 607 decares in Bursa Orhangazi, under the name of HEKTAŞ Agricultural Innovation with the support of academics from distinguished universities in Turkey and abroad, the Center is focused on increasing agricultural efficiency with entirely digitalized processes and will be the most comprehensive R&D facility of HEKTAŞ and Turkey in the field of agriculture. The facility contains more than 200 different varieties in approximately 40 species, including medicinal and aromatic plants.

In this center, which will shape Turkey's agriculture by creating added value, solutions will be developed especially to increase product productivity and to cope with the climate change problems that are increasing day by day in the world, by developing waterless farming techniques. Unprecedented in Turkey and Europe, this Center will ensure that farmers obtain maximum products with minimum resources thanks to efficiency-oriented production and an increase in the crop obtained per decare, thanks to the efforts that are planned contribute indirectly to the Turkish economy.

Climatic conditions suitable for all kinds of plants are created through climatization studies carried out in the greenhouses located in the R&D center. Thanks to the Hektaş Traceable Safe Food Platform, where the blockchain technology is used for products, healthy and residue-free products are obtained with the right agricultural practices and spraying programs, the journey from seed to table is recorded in an unalterable way and all these processes are presented to the end consumer through digital platforms. In addition to these, the advantages of soilless and vertical farming techniques, which require less water, will be combined with today's technology, and the advantages will be explained to producers in practice, while how the costs arising from agricultural inputs can be reduced will be demonstrated to them on site.

Within the scope of Training and Experience, which will be one of the most important functions of the center, it is aimed to offer different experiences to Turkey's agricultural producers and HEKTAŞ customers with innovative practices in agriculture.

At the Center, which focuses on increasing agricultural productivity with fully digitalized processes, all studies, latest technologies and modern production techniques in agricultural production will be shared with all producers, dealers, academics and students in practice.



In addition to the planting and sowing areas where hundreds of varieties are located, IoT Artificial Intelligence Laboratories, High-Tech Biopesticide Production Center, Technological and Sustainable Agricultural Production Complex, IoT-based infrastructures of the Traceable Safe Food Platform, Producer Information Center, Agriculture Museum, as well as an Accommodation Facility, Conference Hall and Exhibition Hall will also operate in the the Smart Agricultural Technologies and R&D Innovation Center.

The center, which is expected to be completed by the end of 2022, will become an R&D center with nearly 70 scientists who are experts in their fields.

Having the first producer, dealer and engineer groups in 2021, the facility will play a role in bringing all the stakeholders of agriculture together as of 2022, contributing to the future of not only Turkey's but also the world's agriculture.

## **11. Hektaş Products**

The product portfolio of the company contains more than 400 plant protection and plant nutrition products as well as animal health, seeds, pet food and pet care products, in line with our country's ecological structure and product variety. During the pandemic, Biocidal licensed hand and surface disinfectants were also added to HEKTAŞ product portfolio.

For our fertilizer production activities, organomineral fertilizers are produced by renting the production / processing facility located at the address Adana Hacı Sabancı Organize Sanayi Bölgesi 5 Ocak Cad.N6 Sarıçam/ADANA.

Seed breeding and production is carried out at the Areo Tohumculuk company in the province of Antalya. Furthermore, the “Seed Technologies Center” was put into service in Areo Tohumculuk.

Plant protection products are produced also in the Ferbis company based in Niğde. Furthermore, vegetable production in greenhouses and field crops production in the open field are carried out as part of the Traceable Safe Food Platform project at the Orhangazi facility.

There are 4 production lines in Arma İlaç Sanayi ve Ticaret A.Ş. in the province of Ankara: vials, beta-lactam vials, beta-lactam powder and tablet production lines. The annual production capacity is 11 million boxes.

The studies required for the establishment of a “Pet Food” production facility with an initial annual capacity of 50,000 tons within an area of 40,336 m<sup>2</sup> in the province of Balıkesir, Manyas district, Kızıksa neighborhood, have been started in line with the Company's growth strategies. Pet care products that were previously imported and released to market by Hektaş, now they will be started to be produced by Hektaş.

## B. MANAGEMENT STRUCTURE

### 1. Board of Directors Members

The affairs and administration of the Company shall be carried out by the Board of Directors. The Board of Directors shall be comprised of at least 5 and maximum 9 members, who will be elected in accordance with the provisions of TCL and CMB by the General Assembly. Independent members of the board of directors shall be elected for one year, while the other members shall be elected for three years. Board of Directors members whose election term has expired can be elected again. The Independent Board Members' Declarations of Independence are provided in Appendix 2.

The Chairman and the Members of the Board of Directors have the duties and authorities specified in the article 15 of the Company's Articles of Association and the relevant articles of the Turkish Commercial Law.

The Board of Directors convened 43 times in 2021. Board Members participated in the meetings regularly to a great extent.

Board of Directors	Position	Position Starting Date of the Representative	Duties Carried out by the Representative Outside of the Company:
Omsan Lojistik A.Ş. (The person acting on behalf of the company: <b>Musa Levent ORTAKÇIER</b> )	Chairman of the Board of Directors	01.06.2021	OYAK Head of the Group – Food, Agriculture and Animal Husbandry Sector Carries out duties of Chairman/ Deputy Chairman/Member of the Board of Directors (by representation) in other OYAK Group Companies (Appendix-1)
Oytaş İç ve Dış Ticaret A.Ş. (The person acting on behalf of the company: <b>Baran ÇELİK</b> )	Vice Chairman of the Board of Directors	30.01.2019	OYAK Head of the Group– Finance Affairs Carries out duties of Chairman of the Board of Directors at OYAK Portföy A.Ş., Board of Directors Membership at Ereğli Demir ve Çelik Fabrikaları T.A.Ş., İskenderun Demir ve Çelik A.Ş. And Chairman/Member of the Board of Directors (by representation) in other OYAK Group Companies. (Appendix-1)
Akdeniz Chemson Kimya Sanayi ve Ticaret A.Ş. (The person acting on behalf of the company: <b>Aslıhan DÖĞER</b> )	Board of Directors Member	30.01.2019	OYAK Head of the Group – Strategy and Business Development Carries out duties of Deputy Chairman of the Board of Directors and Executive Director at Ereğli Demir ve Çelik Fabrikaları T.A.Ş., İskenderun Demir ve Çelik A.Ş. And Chairman/Deputy Chairman/Member of the Board of Directors (by representation) in other OYAK Group Companies. (Appendix-1)
Oyak Denizcilik ve Liman İşletmeleri A.Ş. (The person acting on behalf of the company: <b>Okan SİVRİ</b> )	Board of Directors Member	24.06.2021	-
Oyak Pazarlama Hizmet ve Turizm A.Ş. (The person acting on behalf of the company: <b>Remzi ER</b> )	Board of Directors Member	03.06.2020	-
<b>Kâmil DERECE</b>	Board of Directors Member (Independent)	28.03.2016	Counseling
<b>Bülent Şamil YETİŞ</b>	Board of Directors Member (Independent)	31.03.2020	Counseling

**Changes Applied in the Board of Directors within the Period**

During the General Assembly Meeting held on 24.03.2021, the legal person Board of Directors Members of the Company were elected for 3 years, while the Independent Members of the Board of Directors were elected for 1 year.

In the Ordinary General Assembly Meeting held on 24.03.2021 Mr. Mahmut Cengiz AYDIN, Mr. Kâmil DERECE and Mr. Bülent Şamil YETİŞ were elected as Independent Board members for 1 year.

Mr. İbrahim ERTAŞ, who acted on behalf of Oyak Denizcilik ve Liman İşletmeleri A.Ş., the legal person Board member, resigned on 31.03.2021; Mr. Volkan ÜNLÜEL was elected to substitute him on 31.03.2021.

*Pursuant to the decision taken by our Company during the Board of Directors meeting of 01.06.2021;*

Mr. Musa Levent ORTAKÇIER was elected as the representative acting on behalf of OMSAN Lojistik A.Ş., pursuant to the decision dated 27.05.2021 of the Company's legal person Board of Directors Member OMSAN Lojistik A.Ş.

Pursuant to the Board of Directors Decision dated 01.06.2021, it was decided to appoint OMSAN Lojistik A.Ş. (Represented by: Mr. Musa Levent ORTAKÇIER) as Chairman of the Board of Directors and OYTAŞ İç ve Dış Ticaret A.Ş. (Represented by: Mr. Baran ÇELİK) as Deputy Chairman of the Board of Directors.

Mr. VOLKAN ÜNLÜEL, who acted on behalf of Oyak Denizcilik ve Liman İşletmeleri A.Ş., the legal person Board member, resigned on 24.06.2021; Mr. Okan SİVRİ was elected to substitute him on 24.06.2021.

The Independent Board of Directors Member, Mr. Mahmut Cengiz AYDIN, who has been working since 31 March 2017, resigned from his duties as the Independent Board of Directors Member and committee member as of 20 August 2021. Efforts to designate a new Board of Directors Member candidate in accordance with the Corporate Governance Communiqué of the Capital Market Board have been started and the process is still ongoing.

**Activities within the Scope of Prohibition of Competition**

During the Ordinary General Assembly meeting held on 24.03.2021 regarding the Company's activities pertaining to 2020, the Board of Directors Members were given the permission to conduct transactions on their own behalf or on behalf of others with the company within the scope of the relevant articles of TCL for 2021.

No such transactions were conducted in 2021.

**Financial Benefits Provided to Members of the Board of Directors and Senior Directors**

During the Company Ordinary General Assembly Meeting held on 24.03.2021, it was accepted to pay monthly net remuneration of TL 8.100 to the Independent Board of Directors members effective from the beginning of the month following the month when the General Assembly was held, and not to pay any remuneration to other Board of Directors Members. Personal accident insurance and life insurance are purchased for the Board of Directors Members. The total amount of the salaries and similar benefits paid to key management personnel for their services are 14.861.528 TL.

No payments in the nature of performance-based rewards have been made to the Members of the Board of Directors.

During the period, no amounts were lent to any Board Members and directors; no loans were granted in the name of personal loan directly or through a third party or no guarantees such as surety in their favor were provided.

Salaries of the Company's senior executives are determined by the Company's Board of Directors. Performance-based additional payments are made to personnel not within scope, including the Company's senior executives.

**2. Top Management;**

<b>Top Management;</b>	<b>Duty</b>	<b>Position Starting Date</b>	<b>School of Education</b>	<b>Professional Experience (Years)</b>
Hakkı Zafer TERZİOĞLU	General Manager	01.06.2021	Ankara University – Faculty of Political Science	27
Uğur AKBAŞ	Finance Affairs Director	12.06.2020	Istanbul University Business Administration (Undergraduate) Istanbul University International Business (Master's)	30
Celal MADAZLI	Technical Director	12.06.2020	Hacettepe University - Business Administration	32
Çiğdem KARAKUŞ	Human Resources Director	07.09.2021	Anadolu University – Business Administration (Undergraduate) Ufuk University – Business Management (Master's)	18
Murat Sonay AKARSU	Sales Director	07.09.2021	Trakya University Field Crops (Undergraduate) Trakya University Field Crops (Master's)	26
Hüseyin ÇİMEN	Strategy and Corporate Monitoring Director	07.09.2021	Dumlupınar University Business Administration (Undergraduate) Marmara University Accounting and Finance (Master's)	13
Selda KILIÇ	Marketing Director	07.09.2021	Anadolu University – Business Administration (Undergraduate)	17
Ünal UYSAL	Information Technologies Director	07.09.2021	Marmara University – Technical Education Faculty – Computer and Control Teaching (English) Anadolu University – Business Administration (Remote education)	26
Mehmet DERİN	R&D Director	17.11.2021	Çukurova University Agriculture Engineering	19



**Hakkı Zafer TERZİOĞLU: (General Manager)**

Mr. Hakkı Zafer TERZİOĞLU, who has been working as the General Manager of the Company since 01 June 2021, was born in 1974 and completed his undergraduate education in Ankara University, Department of Business Administration in 1996.

Having started his professional career at KOLUMAN Motorlu Araçlar Tic.ve San. A.Ş., where he worked between 1995-2003, Mr. TERZİOĞLU, who had started as a Sales Representative, continued his duty in the same company as the Sales Manager. Afterwards, he worked as Sales Manager between 2003-2012 at BORUSAN Oto Servis Ve Tic. A.Ş., General Manager between 2012-2018 at BORUSAN Manheim, General Manager between 2018-2020 at Arabam Com İnternet ve Bilgi Hizmetleri A.Ş. and as the Automotive and Logistics Group Vice President between January 2020- April 2021 at ATAER Holding A.Ş. He started his duty as Strategy and Marketing Director at HEKTAŞ Ticaret T.A.Ş. in April 2021, and started his duty as the General Manager as of June 2021.

**Uğur AKBAŞ: (Finance Affairs Director)**

Mr. Uğur AKBAŞ, who has been working in the Financial Affairs Directorate of the Company since 12 June 2020, was born in 1970. He completed his undergraduate education at Istanbul University, Department of Business Administration in 1991, and his graduate education at Istanbul University, International Business and Commerce in 1992.

Starting his professional career as an Inspector at YAPI Kredi Bank, where he worked between 1992-2008, Mr. AKBAŞ continued his work at the same company as the Head of Risk Management Department. Afterwards, he acted as Risk and Internal Control Group Manager at İNG Bank A.Ş between 2008-2012, General Coordinator at TURYAP Yapı Sanayi A.Ş between 2012-2013, Internal Audit and Risk Control Coordinator at HEKTAŞ Ticaret T.A.Ş. between 2013-2020 and then Human Resources and Quality Systems Coordinator respectively. As of June 2020, he started to perform his duty as Financial Affairs Director.

**Celal MADAZLI: (Technical Director)**

Mr. Celal MADAZLI, who has been working as the Technical Director of the Company since 12 June 2020, was born in 1966 and completed his undergraduate education at Hacettepe University, Department of Business Administration in 1987.

Having started his professional career at BAŞAK Insurance Company, where he worked between 1990-2001, as Assistant Manager for the Central Anatolia Region, Mr. MADAZLI, continued his duty in the same company as Central Anatolia Regional Manager. Afterwards, he worked as Agencies Manager, Founder Regional Manager for Istanbul and General Manager Consultant respectively at AXA Oyak

A.Ş., where he worked between 2001-2003, and Agencies Group Manager and Assistant General Manager respectively, at OYAK Pension Company, where he worked between 2003-2009. Between 2009-2020, he held the positions of General Manager Consultant, Coordinator, Animal Health and Sales Assistant General Manager and Technical Assistant General Manager respectively at HEKTAŞ Ticaret T.A.Ş. As of June 2020, he started to perform his duty as Technical Director.

**Çiğdem KARAKUŞ: (Human Resources Director)**

Çiğdem KARAKUŞ, who has been working in the Company's Human Resources Directorate since August 01, 2021, was born in 1983. She completed her undergraduate education in Anadolu University Business Administration in 2008 and her graduate education in Business Administration at Ufuk University in 2012.

Having started her professional career as Human Resources Chief at OYAK Pazarlama Hizmet ve Turizm Şirketi between 2004-2016, Ms. KARAKUŞ held the positions as Personnel Affairs Executive and Human Resources Manager respectively, at HEKTAŞ Ticaret T.A.Ş. between 2016-2021. As of August 2021, she started to work as the Human Resources Director.

**Murat Sonay AKARSU: (Sales Director)**

Having been working as the Sales Director of the Company since 12 June 2020, Mr. Murat Sonay AKARSU, was born in 1971 and completed his undergraduate education in Trakya University, Department of Agricultural Engineering in 1994, and received his master's degree in Field Crops from Trakya University in 2000.

Mr. AKARSU, who started his professional career as a consultant at ÖNDER Çiftçi Danışmanlık Derneği between 1996-1998, then worked at HEKTAŞ Ticaret T.A.Ş. between 1998-2020, where he acted as Marmara Region Technical Staff, Specialist, Assistant Manager and Central Anatolia Regional Manager respectively. As of June 2020, he started to perform his duty as Sales Director.

**Hüseyin ÇİMEN: (Strategy and Corporate Monitoring Director)**

Hüseyin ÇİMEN, who has been working in the Strategy and Corporate Monitoring Directorate of the Company since August 01, 2021, was born in 1983. He completed his undergraduate education in Kütahya Dumlupınar University, Department of Business Administration in 2006, and his graduate education in Accounting and Finance at Marmara University in 2009.

Having started his professional career as an Auditor at AKKOR Yeminli Mali Müşavirlik Şirketi between 2009-2012, Mr. ÇİMEN then served as Internal Audit Specialist at EFESAN Group Company between

2013-2014. At HEKTAŞ Ticaret T.A.Ş., he acted as Internal Audit Specialist, Internal Audit Executive, Internal Audit Manager and Budget and Institutional Monitoring Director respectively, between 2014-2021. As of August 2021, he started to work as the Strategy and Corporate Monitoring Director.

**Selda KILIÇ (Marketing Director)**

Ms. Selda KILIÇ, who has been working as the Marketing Director of the Company since 1 August 2021, was born in 1981 and completed her undergraduate education at Anadolu University, Department of Business Administration in 2005.

Having started her professional career in 2005, Ms. KILIÇ worked as Commercial Marketing Executive at CADBURY between 2005-2007, Commercial Marketing Executive at ÜLKER Gıda Sanayi A.Ş. between 2007-2008, Marketing Manager at TAYAŞ Gıda A.Ş. between 2008-2013, Marketing Manager at ARSAL Otomotiv A.Ş. between 2014-2016, and Commercial Marketing Manager at HEKTAŞ Ticaret T.A.Ş. between 2017-2021. She has been working as Marketing Director since August 2021.

**Ünal UYSAL: (Information Technologies Director)**

Mr. Ünal UYSAL, who has been working in the Information Technologies Directorate since August 01, 2021, was born in 1972. He completed his undergraduate education in Marmara University Electronics and Computer Education in 1998 and Business Administration at Anadolu University in 2005.

Having started his professional career at BİM Net Bilgisayar Eğitim Ltd. Şirketi between 1996-1998, Mr. UYSAL then worked as a Computer Specialist at YENİ Ufuklar College between 1998-2000. Between 2000-2021, he worked as a Programmer, Assistant Manager and Information Technologies Manager respectively, at HEKTAŞ Ticaret T.A.Ş. As of August 2021, he started to work as Information Technologies Director.

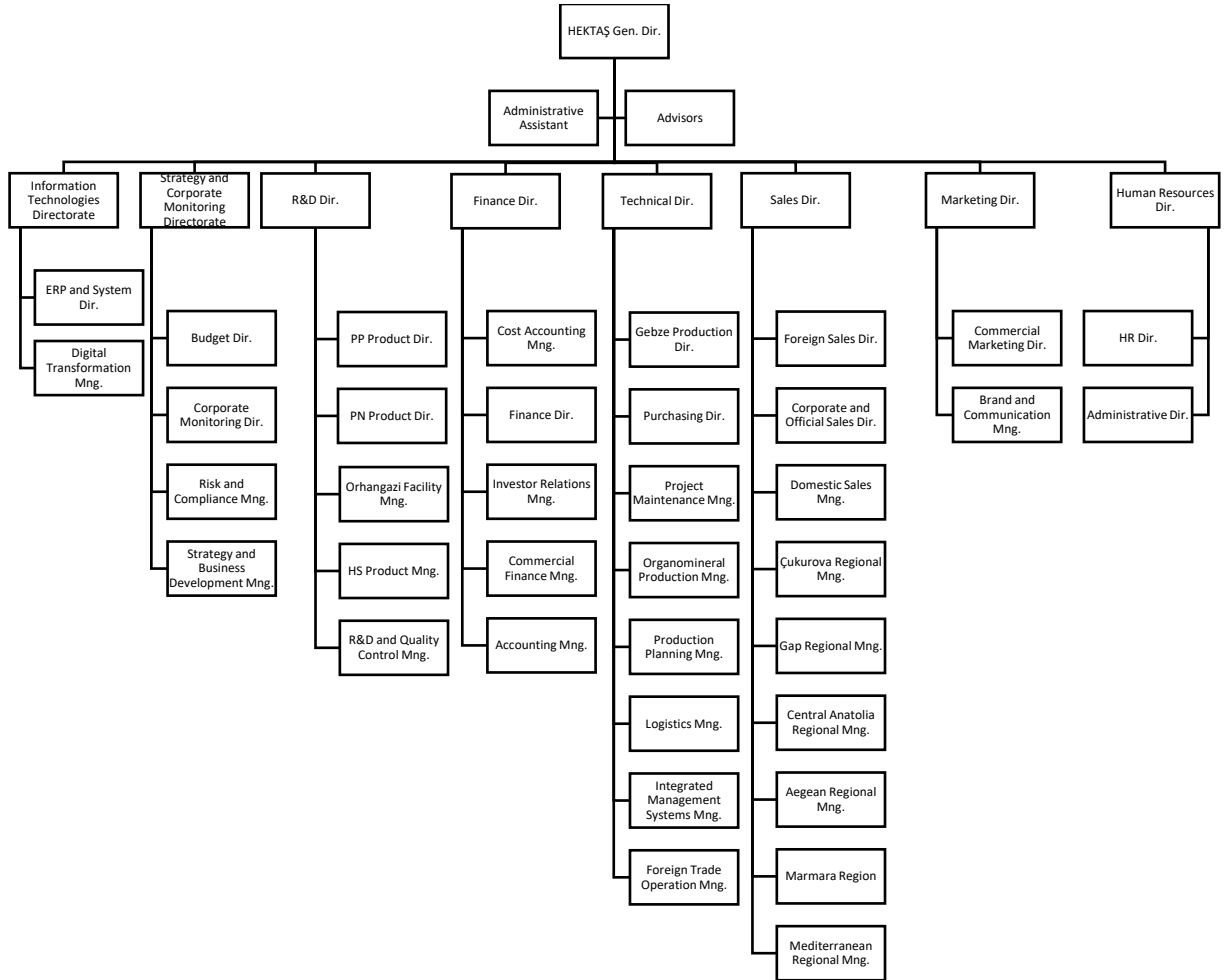
**Mehmet DERİN (R&D Director)**

Mr. Mehmet DERİN, who has been working as the R&D Director of the Company since 17 November 2021, was born in 1973 and completed his undergraduate education at Çukurova University, Department of Agricultural Engineering in 1997.

Having started his professional career in 2003, Mr. DERİN worked as Technical Manager at BIONTIS between 2003-2008, Sales Manager at GÖKER Tarım LTD. between 2010-2016, Agronomist at AGROKİMYA Azerbaycan MMC Gilan Holding Company between 2017-2018 and General Manager at TARIM Bitki Koruma San.ve Tic. between 2018-2020. He worked as Strategy and Marketing Consultant at HEKTAŞ Ticaret T.A.Ş. between 2020-2021. He has been working as R&D Director since November 2021.

## 2. Organizational Structure

The organizational chart created as a result of the changes applied within the year as follows.



## **4.Human Resources**

### **Human-Centered Approach**

Acting with the awareness that the most valuable resource behind its success is people, HEKTAŞ undertook numerous studies in 2021, within the framework of its policy that values employees, is empowered by employees' creativity and thrives on their excitement, is open to change and development, creates career opportunities, respects people, the environment and nature, is compatible with quality standards, and is based on innovation and sustainability. HEKTAŞ has focused on projects that will support its employees within the scope of sustainable human resources policies in line with common goals as part of a big family in 2022.

Despite all the negativity and uncertainty created by the Covid-19 epidemic on a global scale, having adopted an approach focused on maintaining its processes such as recruitment, training, performance and talent management, HEKTAŞ continues to offer a work environment that does not allow discrimination in all its factories, facilities and offices.

### **Recruitment**

In all human resources processes of companies, primarily recruitment processes, objective evaluations are made solely based on individuals' competence for the job and personality inventory results, without discrimination in terms of gender, language, race, ethnicity, political thought, belief, religion, sect, age, physical disability and similar reasons. Furthermore, in order to contribute to women's employment in the agricultural sector by considering gender equality, equal opportunity is provided in the recruitment processes for the most difficult job positions.

### **Flexible and Scalable Human Resources**

In HEKTAŞ, the Human Resources Transformation Project was implemented in order to effectively manage the flexible and scalable resources at a certain standard in accordance with the human resources policy. As of 2020-2021, Performance Management, Selection, Placement and Organization Management, Talent Management, Wages and Benefits Management and Employee Development systems were also implemented within the scope of the Transformation Project, ensuring comprehensive human resources management in the application, which includes employees' personal information. As one of the important steps of performance management and talent management at HEKTAŞ, monthly paid employees are subjected to a target-based individual performance evaluation process once a year.

### **Individual Performance Management**

It is the process in which the extent to which the employee has achieved the performance indicators assigned to them is evaluated, their strengths and areas of improvement are determined, effective feedback is given to them to increase their performance, and development activities are planned and

followed. Annual individual performance results for the achievement of corporate goals are taken into account in bonus payments and career management.

### **Career Management**

Employees can share their Career Goal requests with their managers on an annual basis through the “Digital HR” system. Their Individual Development Plans planned in this context can be planned and monitored annually as well. A process is carried out in which the annual Individual Goals are monitored and the employee and the manager come together to determine the action plans for the development plan together. Areas where employees and managers have a say and can write their demands can be forwarded to a senior manager by reaching agreement on the process.

### **Remuneration and Benefits**

The process is carried out using a methodology based on an internationally valid and defined systematic, according to the job levels determined for the positions at HEKTAŞ. There is no hourly wage application in the company, and all our employees work receive net amounts determined based on monthly remuneration. Employees are also provided with rights such as private health insurance, performance-based variable remuneration (bonuses) and employer-contributed private pension and life insurance.

### **Talent Management**

At HEKTAŞ, policies regarding remuneration and benefits are established by taking into account the structure and competition of the sector where the company operates, and are supported by various practices in the light of analyzes aimed at increasing employee loyalty and motivation. Within the scope of talent management, compulsory internships of 57 university students were completed at HEKTAŞ in 2021 in order to attract young talents to the company, to support the development of university students and to prepare them for business life, while determining the company's potential human resource in the future.

We open the career path for employees by giving priority to internal candidates whose competencies and experience match vacant positions in the growing organizational structure of HEKTAŞ. Selection and Placement tools that support the process are used in order to place the right candidate in the relevant process. (ITEP English Exam, Assessment and Development Center Process, 16PF Personality Inventory)

Investments in the valuable Human Capital of HEKTAŞ continued to be made through trainings aimed at contributing new talents in different areas to them and increase their existing talents in 2021 as well.

**Digital Transformation in Training**

Both compulsory and personal development trainings are provided through Digital HR, within the framework of continuous learning and development. In addition, it is aimed to contribute to the development of employees by providing them with access to all trainings they want to receive, apart from training assignments in the digital environment. Thus, the training approach has become 'learner' oriented rather than 'trainer' oriented.

**Business Etiquette and Corporate Representation Training**

Business Etiquette and Corporate Representation Training was given to 130 employees in order to support their work life and trigger a business etiquette that fully reflects their work life, personal charisma, career and corporate success. This training program aims to enable professionals in business life to display behaviors chosen according to the 'Business Etiquette' rules, which are of great importance all over the world. It has been observed that employees who have received these trainings since 2020 have established relationships based on social grace in business life.

**Power BI Training**

7 employees were trained to gain a 360° overview of the use of the popular business intelligence platform POWER BI. Power BI, a business analytics service from Microsoft, provides interactive visualizations and business intelligence capabilities for users to create their own reports and dashboards using bits of data.

**Customer Satisfaction Maximization Training**

The training was organized for 12 employees in the Commercial Marketing department to obtain more efficiency from existing customers and to minimize the cost of lost customers. It contributed to customer standardization by creating awareness in our employees who received this training

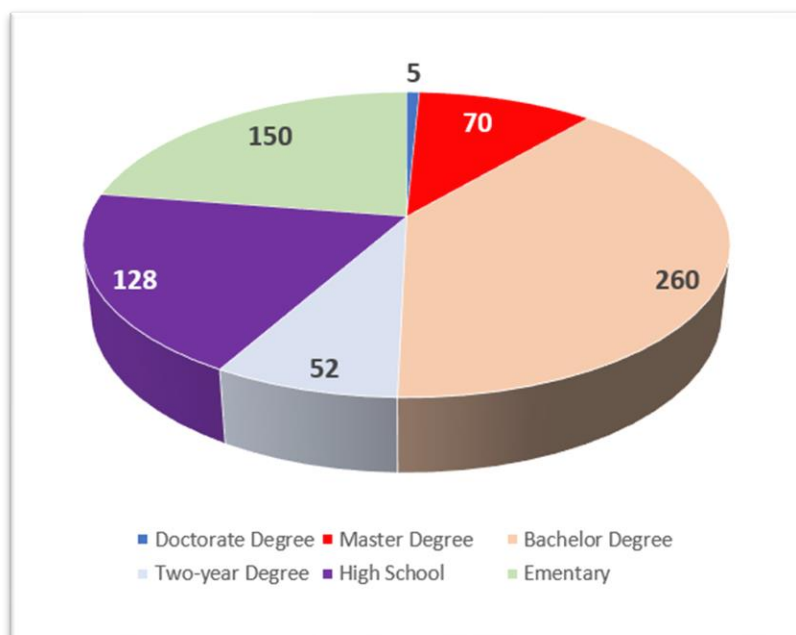
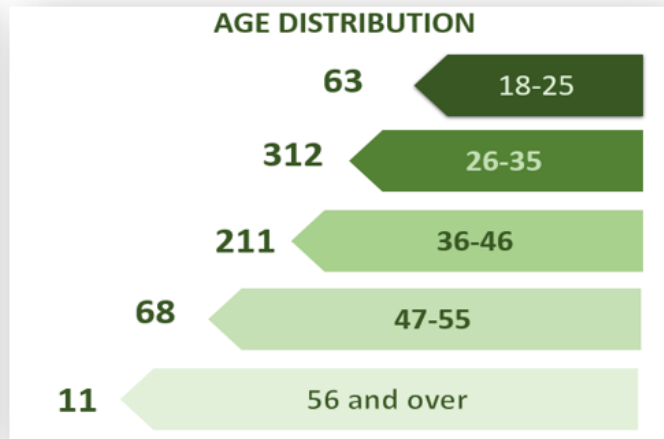
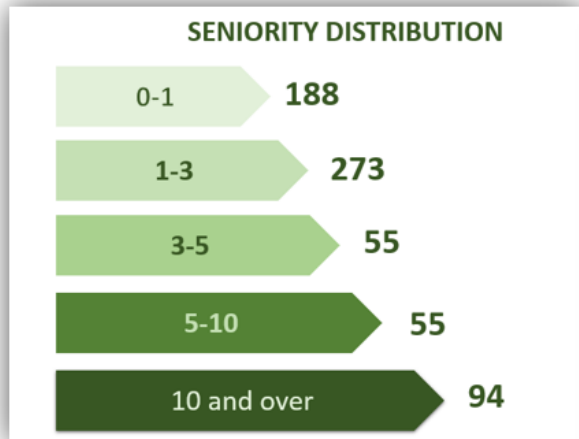
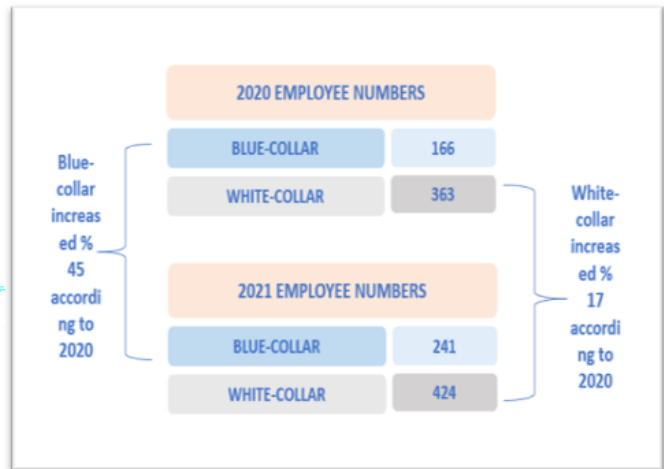
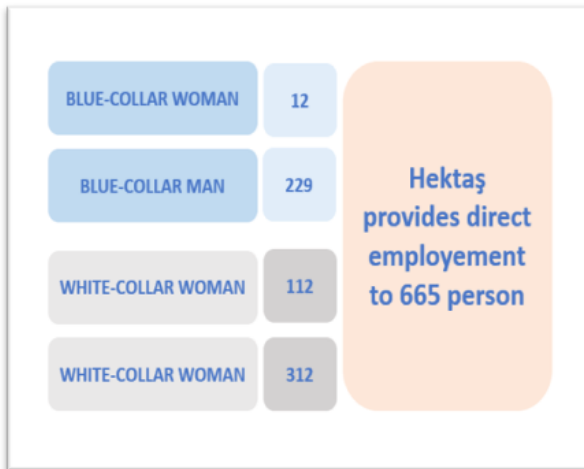
**Training of trainers**

In order to ensure that the qualified manpower, knowledge and experience within the company are effectively transferred to the existing employees, 11 employees were provided with training skills.

**Value-Oriented Sales Training**

A well-trained and motivated sales team can achieve all the "SMART" targets, overcoming all obstacles. For the purpose of achieving a more effective use of the value of the value-added products and services offered to farmers and dealers, HEKTAŞ ensured that all sales teams received Value-Oriented Sales Training in 2020-2021 in order to increase the competencies of its expert sales staff.

Hektaş which is one of the biggest employment provider company in Turkey, it provides direct employment to 665 persons.





The “Severance Pay” liability of the Company is calculated by the actuary and the provisions for severance pay set aside at the end of the period is TL 18.781.884.

The social rights of employees are paid regularly on monthly basis within the scope of the legal legislation. There is no Collective Bargaining Application in the Company.

#### **Efforts for Sustaining Employee Satisfaction and Motivation**

- 8 March International Women's Day was celebrated with the gift organization for 130 female employees.
- The tradition of the HEKTAŞ Family, which grows with its new employees every year, continued to be kept alive by giving gift market cards to all employees and sub-employers during the Feast of Sacrifice and Ramadan Holidays, which are symbols of sharing and brotherhood.
- Gift packages comprised of the products produced by the food companies in the group were distributed to all employees so that they could celebrate the new year, due to the inability to come together as a result of the pandemic.

#### **The Works Carried out to Develop and Improve Our Human Resources Processes**

- In order to reconsider the stages from the first to the last step of operational activities, which constitute the core of human resources, and to provide them a structure capable of responding to future needs by taking into account cultural changes, the digital transformation efforts were accelerated during the pandemic.
- Studies were carried out to make time management system infrastructure suitable for instant monitoring and reporting, through the changes implemented in all companies.
- Various modules that shorten the ERP processes have been developed. Among these modules, there are automations such as automated reconciliation for BES with employer contribution, automated annual leave compensation calculation, automated nobility approval tracking automation, and instant notifications in Digital HR, such as sending sms and push notifications to employees on special days.
- Within the scope of digitalization, it was planned to transfer the personal files of all employees to digital media.

### Reducing the effects of the pandemic

In 2020-2021, combating the effects of the Covid-19 epidemic on employee health and business life and adapting to the changing world became the most basic human resources issue for HEKTAŞ, just like all over the world. In this context, issues such as transferring all processes and applications to the digital environment and adapting to remote working became main focus points. Under the coordination of the Covid-19 Crisis Desk created in this process, a number of studies were carried out, such as reorganizing all working and social environments, remote working, online health consultancy and reducing social contact by digitizing processes.

## 5. Committees and Working Principles

Under the article 20 of the Company's Articles of Association, the provisions of the relevant legislation shall be applied regarding the formation, duties and working principles of the committees that the Board of Directors is obliged to establish within the scope of the relevant legislation, including the early determination of risk committee within the scope of the Capital Market legislation and article 378 of the Turkish Commercial Code, and their relations with the Board of Directors.

The Audit Committee, Early Detection of Risk Committee and Corporate Governance Committees and their members are as follows.

COMMITTEE	DUTY	NAME-SURNAME	CHARACTER	MEETING FREQUENCY
Audit Committee	Chairman	Kamil DERECE	Independent Member	At least four times a year in quarterly periods
	Member	(1)	Independent Member	
Corporate Governance Committee	Chairman	Bülent Şamil YETİŞ	Independent Member	At least four times a year in quarterly periods
	Member	Kamil DERECE	Independent Member	
	Member	Tuba BEKTAŞ (2)	Investor Relations Manager	
Early Detection of Risk Committee	Chairman	(1)	Independent Member	At least six times a year in two-month periods
	Member	Bülent Şamil YETİŞ	Independent Member	

**NOTE (1)** *Our Independent Board of Directors Member Mr. Mahmut Cengiz Aydın, who served as Chairman of the Early Risk Detection Committee and Member of the Supervisory Committee resigned from all his duties in our company, consequently his duties as the committee chairman and member, on 20 August 2021.*

**NOTE (2)** *Within the framework of the Capital Market Legislation, Tuba BEKTAŞ has been assigned to replace Betül MADENUS, who had been working as the Investor Relations Department Manager and Corporate Governance Committee member, to perform the same duties, on the date of 13.09.2021.*

The Audit Committee continued its works within the scope of its obligations under the CML legislation regulations, by convening 5 times in 2021.

The Early Detection of Risk Committee convened 6 times and the Corporate Governance Committee convened 7 times in 2021 to continue their works within the scope of their obligations under the CML legislation regulations.

All committees submit their meeting minutes and evaluations to the Board of Directors.

#### **a) Internal Directives for the Corporate Governance Committee**

##### **Purpose**

The purpose of this Internal Directive (“Internal Directive”) is to determine the procedures and principles relating to the duties, authorities, responsibilities and works of the Corporate Governance Committee (the “Committee”) which was established pursuant to the Board of Directors decision dated 22.06.2012 no. 2012/32 for reliable fulfillment of its duties and responsibilities by the Board of Directors of HEKTAŞ TİCARET T.A.Ş.(the “Company”), in accordance with the Capital Market Board’s Communiqué on the Determination and Implementation of Corporate Governance Principles within the Company.

Considering the structure of the Company’s Board of Directors, the authority, duty and responsibility for performing the tasks prescribed for the Nomination Committee and Remuneration Committee under the Communiqué were also assigned to the Corporate Governance Committee, pursuant to the Board of Directors Decision dated 22.06.2012 no. 2012/32.

The purpose of the Committee is to monitor the structure and efficiency of the Company’s Board of Directors within the framework of corporate governance principles, to carry out improvement works in this regard and to propose recommendations to the Board of Directors.

##### **Authority and Scope**

Within the scope of the purpose prescribed above, the Committee has been assigned the following tasks, which will constitute a part of the Company’s governance and oversight process;

- To oversee the activities of the relations with shareholders department,

- To work on establishing a transparent system for determining, evaluating and training candidates suitable for the Board of Directors and determining policies and strategies in this regard,
- To make regular evaluations about the structure and efficiency of the Board of Directors and to present its recommendations regarding the changes that can be made in these matters to the Board of Directors; to determine and oversee the approaches, principles and applications regarding the performance assessment and career planning of the Board of Directors members and senior directors,
- To determine the recommendations of the Board of Directors members and senior executives regarding remuneration principles, taking the Company's long-term goals into account,

and acts based on its own authority and responsibility; the responsibility for final decisions on the other hand always belongs to the Board of Directors.

The Committee reviews and evaluates the adequacy of this Internal Directive and presents the related recommendations for change to the Board of Directors for approval.

#### **Structure of the Committee**

Committee members are appointed annually by the Board of Directors and the majority of the Committee members are members of the Company's Board of Directors. If the committee is comprised of two members, both of these members, and if it has more than two members, majority of the members are comprised of non-executive Board members. The Chief Executive Officer and the General Manager may not take part in committees. The Chairman of the Committee is elected from among the Independent Board Members.

The Committee may appoint a Deputy Chairman to take office in the absence of the person who assumes the Chairmanship.

Within the framework of the purpose and scope above, the Committee may obtain consultancy services from independent experts or organizations on matters it deems necessary regarding its activities, at the expense of the Company, and may invite any director it deems necessary to its meetings and obtain their opinions.

The Committee is responsible to the Board of Directors.

#### **Committee Meetings**

Meetings of the Committee are held once in every quarterly period and at times harmonious with the ordinary meetings of the Board of Directors, in order to ensure that the Committee fulfills its duties effectively.

However, the Committee may convene as often as deemed necessary for the effectiveness of the works.

All kinds of resources and support required for the Committee to fulfill its duties are provided by the Board of Directors. The Committee may be summoned to meeting upon the demand of the Committee Chairman or a Committee member. Committee meetings will be held in accordance with the agenda distributed by the Corporate Governance Secretariat (the “Secretariat”) before the meeting. Decisions taken at committee meetings are written down and archived by the Secretariat. In this context, after each meeting, a written report on the activities of the Committee is submitted to the Board of Directors together with a summary of the minutes. Meeting minutes are kept at the Secretariat. The Committee may also meet by teleconference or by any other means.

The Committee takes its decisions with a quorum of absolute majority of its members.

The Committee performs an assessment of its objectives, duties and performance and reports the results of this assessment to the Board of Directors on an annual basis.

### **Duties and Responsibilities**

The Committee ensures that the Board of Directors is informed about the matters within its field of authority and responsibility,

It develops and reviews the Company’s Corporate Governance Principles annually or more often if necessary and notifies the Board of Directors about its proposals for changing these principles,

The Committee oversees the effective implementation of corporate governance practices, identifies conflicts of interest arising from the incomplete implementation of these principles and offers solutions to the Board of Directors.

The Committee makes recommendations to the Board of Directors regarding the number of members of the Board of Directors and the structure of its committees,

The Committee carries out studies regarding the search and determination of individuals who are qualified to be a member of the Board of Directors and/or to fill the vacancies in the Board of Directors, determines candidates for the new term as well as candidates for positions that become vacant before the expiry of the term of office and candidate(s) for the new term if demanded by the Board of Directors and presents them to the Board of Directors.

The Committee prepares and regularly updates criteria according to which potential members’ character, integrity, background and reputation regarding professional experience, how they can complement the variety of experience and experience areas of the other Board Members, their availability to allocate enough time to their Board duties and suitability for other criteria to be developed by the Board of Directors, in order to assess the candidate members for the Board.

The Committee also makes recommendations for members of other Board committees and recommends suitable candidates for vacancies in the Committees. The Committee ensures that the

members of the committee meet the independence criteria and other criteria determined by the laws, rules and legislation in every area of application.

In recommending a member of the Board of Directors for re-election, the Committee takes into account the person's attendance at past meetings and contributions to the work of the Board of Directors and the Committee.

The Committee assists the Board of Directors in evaluating the annual performance of senior executives. The evaluation must be based on objective criteria, including, but not limited to business performance, achievement of long-term strategic purposes and development of the management.

It must be based on objective criteria, including, but not limited to matters relating to the development of management.

A performance evaluation is carried out at least annually with respect to whether the committee works effectively,

The Committee develops the existing remuneration policy regarding the remuneration to be paid to the Board members and senior directors, based on the level of achievement of the criteria set by the Board of Directors and presents its recommendations to the Board of Directors.

The Committee prepares and examines a succession plan for the Company's senior directors and gives advice to the Board of Directors about these plans.

In the works carried out to identify members suitable for the Board of Directors;

The Committee ensures that the Board of Directors is informed about the matters within its field of authority and responsibility,

- The Committee examines the CVs of the candidates within the framework of the criteria determined in the Corporate Governance Principles and may request all kinds of information and documents from the candidates, within the periods stipulated by the legislation.
- The committee keeps a personal file of information and documents on which its evaluation is based for each candidate.
- The Committee presents its examination and evaluation of the candidates, its views on whether the candidates are suitable for membership, in order of preference if necessary, to the Board of Directors with a report with justification within the period to be required by the Board of Directors.
- The Committee also receives a "Declaration of Independence" from the candidates that it determines to be in line with the criteria and adds the declaration to their personal files.
- The Board of Directors examines the status of candidates in the light of the report and reaches a conclusion regarding their membership. This decision may be in line with the opinions of the

Committee or may involve re-examination of the status of the candidates by the Committee. However, if the opinions formed as a result of re-examination by the Committee are not accepted, the Board of Directors takes a decision directly.

- With respect to a proposed candidate member, the Board of Directors may decide to accept the membership of a candidate, or reject their membership based on a just reason.

#### **Amendments to the Internal Directive**

Proposals for amendments to this directive are submitted to the Board of Directors by the committee.

The proposals prepared are put on the agenda in the first meeting of the Board of Directors.

#### **Enforcement**

This Directive shall become effective on the date of its approval by the Board of Directors.

### **b) Internal Directives for the Early Detection of Risk Committee**

#### **Purpose**

The purpose of this Internal Directive (“Internal Directive”) is to determine the procedures and principles relating to the duties, authorities, responsibilities and works of the Early Detection of Risk Committee (the “Committee”) which was established pursuant to the Board of Directors decision dated 24.07.2012 no. 2012/34 for reliable fulfillment of its duties and responsibilities by the Board of Directors of HEKTAŞ TİCARET T.A.Ş.(the “Company”), in accordance with the Capital Market Board’s Communiqué on the Determination and Implementation of Corporate Governance Principles within the Company (the “Communiqué”) and the article 378 of the Turkish Commercial Law which became effective on 1 July 2012.

The purpose of the Early Detection of Risk Committee (the Committee) is to achieve early detection of the risks which may endanger the Company’s presence, development and continuity within the framework of the legal legislation and this regulation, as well as the application of the necessary measures for the risks detected and risk management.

#### **Authority and Scope**

All kinds of resources and support required for the Committee to fulfill its duties are provided by the Board of Directors. The committee may invite any director that it deems necessary to its meetings and obtain their opinions.

The Committee benefits from the opinions of independent experts on the issues it deems necessary regarding its activities. Costs of consultancy services required by the Committee are covered by the Company.

Committee members are re-determined every year at the first Board of Directors meeting to be held after the Ordinary General Assembly meeting.

The Committee reviews and evaluates the adequacy of this Internal Directive and presents the related recommendations for change to the Board of Directors for approval.

The Committee evaluates the risk situation, indicates the dangers, if any, and demonstrates the remedies in the report that it will submit to the Board of Directors once in every two months. The report is submitted to the auditor as well.

### **Structure of the Committee**

Majority of the members of the Committee consist of the Independent Board Members of the Company. If the committee is comprised of two members, both of these members, and if it has more than two members, majority of the members are comprised of non-executive Board members. The Chief Executive Officer and the General Manager may not take part in committees. The Chairman of the Committee is elected from among the Independent Board Members.

### **Committee Meetings**

Meetings of the Committee are held once in every two months and at times harmonious with the ordinary meetings of the Board of Directors, in order to ensure that the Committee fulfills its duties effectively. However, the Committee may convene as often as deemed necessary for the effectiveness of the works.

The Committee may be summoned to meeting upon the demand of the Committee Chairman or a Committee member. Committee meetings will be held in accordance with the agenda distributed by the Corporate Governance Secretariat (the “Secretariat”) before the meeting. Decisions taken at committee meetings are written down and archived by the Secretariat. In this context, after each meeting, a written report on the activities of the Committee is submitted to the Board of Directors together with a summary of the minutes. Meeting minutes are kept at the Secretariat. The Committee may also meet by teleconference or by any other means.

The Committee takes its decisions with a quorum of absolute majority of its members.

The Committee performs an assessment of its objectives, duties and performance and reports the results of this assessment to the Board of Directors on an annual basis.

### **Duties and Responsibilities**

The Committee carries out the following tasks;

In the light of the risk appetite determined by the Board of Directors and the opinions of the Board of Directors:



Evaluation and definition of all risks that may endanger the existence, development and continuation of the company, and the probability and impacts of such risks,

Establishing risk measurement models and risk management systems and reviewing their effectiveness at least once a year,

Informing the Board of Directors and making necessary warnings regarding the measurement and monitoring of risks and the use of risk factors in decision processes,

Making recommendations to the Board of Directors to improve risk management practices and models.

It carries out the necessary studies on the adoption and implementation of risk management policies and practices by all departments and employees of the Company.

It meets at least six times a year. Meeting minutes are kept in writing. Meeting results are submitted to the Board of Directors in a report. The meetings may also be held by using technological means, if the committee members cannot convene.

#### **Amendments to the Internal Directive**

Proposals for amendments to this directive are submitted to the Board of Directors by the Committee. The proposals prepared are put on the agenda in the first meeting of the Board of Directors.

#### **Enforcement**

This regulation, as well as amendments and updates regarding the regulation become effective upon the decision of the Board of Directors.

### **c) Internal Directives for the Audit Committee**

#### **Purpose and Scope**

The purpose of this Internal Directive ("Internal Directive") is to determine the procedures and principles relating to the duties, authorities, responsibilities and works of the Audit Committee (the "Committee") which was established pursuant to the Board of Directors decision dated 22.06.2012 no. 2012/31 for reliable fulfillment of its duties and responsibilities by the Board of Directors of HEKTAŞ TİCARET T.A.Ş.(the "Company"), in accordance with the Capital Market Board's Communiqué on the Determination and Implementation of Corporate Governance Principles within the Company.

The Audit Committee evaluates the issues determined within the framework of the assessments it makes to assist the Board of Directors in the supervision of the Company's accounting system, public disclosure of financial information, independent auditing and the operation and effectiveness of the internal control system, in accordance with the Capital Market legislation and the principles in this regulation.

**Structure of the Committee**

The committee consists of at least 2 members. All members of the Committee consist of the Independent Board Members of the Company.

The Committee may appoint a Deputy Chairman to take office in the absence of the person who assumes the Chairmanship.

The Committee may obtain consultancy services from independent experts or organizations on matters it deems necessary regarding its activities, at the expense of the Company, and may invite any director it deems necessary to its meetings and obtain their opinions.

**Committee Meetings**

The Committee convenes at least four times a year, at least once in every three months, in order to ensure that the Committee fulfills its duties effectively. Minutes are drawn up regarding results of the meetings and submitted to the Board of Directors. The Committee meetings are held at times harmonious with the ordinary meetings of the Board of Directors.

However, the Committee may convene as often as deemed necessary for the effectiveness of the works. The Committee takes its decisions with a quorum of absolute majority of its members.

All kinds of resources and support required for the Committee to fulfill its duties are provided by the Board of Directors. The Committee may be summoned to meeting upon the demand of the Committee Chairman or a Committee member. Committee meetings will be held in accordance with the agenda distributed by the Audit Committee Secretariat (the "Secretariat") before the meeting. Decisions taken at committee meetings are written down and archived by the Secretariat. In this context, after each meeting, a written report on the activities of the Committee is submitted to the Board of Directors together with a summary of the minutes. Meeting minutes are kept in the Secretariat. The Committee may also meet by teleconference or by any other means.

If it deems necessary, the Committee may delegate some of its duties to one or more subcommittees consisting of two or more members.

The Committee performs an assessment of its objectives, duties and performance and reports the results of this assessment to the Board of Directors on an annual basis.

**Duties and Responsibilities**

They oversee the Company's accounting system, public disclosure of financial information, independent audit, and the functioning and efficiency of the internal control system. The selection of the independent audit firm, the preparation of independent audit contracts and the initiation of the

independent audit process, and the works of the independent audit firm at all stages are carried out under the supervision of the Committee.

The independent audit firm from which the company will receive services and the services to be received from these organizations are determined by the Committee and submitted to the Board of Directors for approval.

The committee in charge of audit determine the methods and criteria applicable in the review and conclusion of the complaints communicated to the Company regarding the Company's accounting and internal control system and independent auditing, as well as the evaluation of the Company's employees' notifications about accounting and independent audit matters within the framework of the confidentiality principle.

The Committee receives the opinions of the responsible managers and independent auditors of the Company regarding the accuracy of the annual and interim financial statements to be disclosed to the public and their compliance with the actual situation as well as the accounting principles followed by the Company, and submits them to the Board of Directors in writing, together with their own assessments.

The Committee immediately notifies the Board of Directors in writing of its findings and suggestions regarding its task and area of responsibility.

The duty and responsibility of the Committee does not eliminate the responsibility of the Board of Directors arising from the Turkish Commercial Code.

#### **Amendments to the Internal Directive**

Proposals for amendments to this directive are submitted to the Board of Directors by the Committee. The proposals prepared are put on the agenda in the first meeting of the Board of Directors.

#### **Enforcement**

This regulation, as well as amendments and updates regarding the regulation become effective upon the decision of the Board of Directors.

## **C. 2021 HEKTAŞ ACTIVITIES**

### **1. Company's Activities in 2021 by Periods**

#### **First Quarter**

HEKTAŞ stock increased by 3.17 points in the first quarter compared to the end of the previous year, generating 59.36% profit for investors.

Within the scope of the "Stars of Abundance in Wheat" event, HEKTAŞ dealers in Southeastern Anatolia, Çukurova, Central Anatolia, Southern Black Sea, Marmara and Thrace were visited and efforts were spent to provide information about new products for wheat solutions for producers in the relevant regions through dealers.

The press release of the collaboration with CarrefourSA within the scope of the Blockchain-based "Traceable Safe Food Platform" project was held.

The CMB approved the increase of the authorized capital cap to 1,000,000,000 (One Billion) TL and the extension of the validity period of the authorized capital cap to 2025, and the approval of the Articles of Association amendment was put forward in the Ordinary General Assembly meeting for 2020.

The Ordinary General Assembly meeting for 2020 was held on March 24, 2021.

The process concerning paid and unpaid capital increases was commenced.

#### **Second Quarter**

The stock increased by 2.23 points as of the end of the second quarter compared to the end of the previous year, generating 41.76% profit for investors.

Mr. Musa Levent ORTAKÇIER, who holds the title of General Manager, was appointed as the Board Chairman of Hektaş Ticaret T.A.Ş. As the natural person representative of the legal entity Omsan Lojistik A.Ş., in place of Mr. Baran ÇELİK, who acted as the natural person representative of the legal entity Oytaş İç ve Dış Ticaret A.Ş.

Mr. Hakkı Zafer TERZİOĞLU, who held the title of Strategy and Marketing Director in our Company, was appointed as the General Manager of Hektaş Ticaret T.A.Ş. in place of Mr. Musa Levent ORTAKÇIER.

The sales rights of Ata Siyez and Mergüze, Turkey's first registered einkorn wheat, were taken over for 5 years.

On May 14, World Farmers Day, an awareness campaign named "#ÇİFTÇİMETTEŞEKÜRLER" (Thanks to my farmer) was launched.

The first producer group (Adana) was hosted at the HEKTAŞ Agricultural Innovation, Training and Experience Center established in Bursa Orhangazi.

The project on the production of biofertilizer from dry bread, carried out in cooperation with TAGEM, was announced to the public.

The paid and unpaid capital increase was approved by the Capital Markets Board.

Due to the capital increase, the procedures regarding the right to retirement and the right to acquire new shares were initiated.

The process regarding paid and unpaid capital increases has been completed.

### **Third Quarter**

The stock value increased by 3.03 points in the third quarter compared to the end of the previous year, generating 56.74% profit for investors.

Within the scope of the social responsibility project "Reunite with the Earth", producers in the Kelebekdoğan Neighborhood of Antalya Manavgat, one of the regions where agricultural areas were most damaged by the forest fires in the summer months, were supported with plant nutrition products and were provided consultancy.

In 2021, a total of 17,058,173 people was reached through communication efforts made through social media.

Arma İlaç San. ve Tic. A.Ş., which is engaged in the “production of veterinary medicines”, was acquired in order to continue sustainable growth, enrich the company’s product portfolio and enter new business lines and develop new products.

A Corporate Investors Disclosure Meeting was held for Portfolio Management Companies. 44 representatives from 26 Portfolio Management Companies attended the meeting.

As a result of the rating studies conducted by "JCR Avrasya Derecelendirme A.Ş.", our company’s short and long term national ratings were confirmed as ‘AA (Trk)’ and ‘A-1+ (Trk)’ respectively, while their outlook in terms of the ratings were confirmed as “Stable”. Our Company’s international ratings were restricted with the national rating.

The studies required for the establishment of a “Pet Food” production facility with an initial annual capacity of 50,000 tons within an area of 40,336 m<sup>2</sup> in the province of Balıkesir, Manyas district, Kızıksa village, have been started in line with our Company’s growth strategies.

#### **Fourth Quarter**

Revenue increased by 99% compared to the 4th quarter of last year.

Net profit increased by 81% compared to the 4th quarter of last year.

EBITDA (Operating Profit+Depreciation) increased by 86% compared to the 4th quarter of last year.

The stock value increased by 9.53 points in the last quarter compared to the end of the previous year, generating 178.46% profit for investors.

Participation in the world's most important greenhouse agriculture sector fair "Growtech 2021" held in Antalya in November was ensured.

A target price of 11.70 TL was indicated and "BUY" recommendation was made by the Investment Institution for Hektaş shares.

As of the last quarter, meetings were held with many Investment Institutions in Orhangazi Agricultural Innovation Training and Experience Center and HEKTAŞ was introduced to them.

A visit note was prepared by 2 Investment Institutions.

In order to meet the required borrowing needs of the company, it was decided to issue debt instruments up to 1,000,000,000 TL (One Billion Turkish Lira) in Turkish Lira, once or multiple times and without public offering domestically, on a private basis and/or through sales to qualified investors on allocation basis, or by using a combination of sales methods and the decision was submitted for approval to the Capital Market Board.

## **2. Information about the Industry where the Enterprise is Active**

### **Agricultural Production Data**

Agricultural Products Producer Price Index (PPI) increased 12.51 percent in December 2021 compared to the previous month and increased by 36.39 percent compared to the same month of the previous year.

In terms of production quantities, grains and other herbal products decreased by 13.4% in 2021 compared to the previous year,

*Those demonstrating an increase in production compared to the previous year;*

An increase of 1.8% was observed in vegetables and 5.4% in fruits, beverage and spice plants. Accordingly, the realized production quantities were approximately 61.7 million tons for grains and other crops, 31.8 million tons for vegetables and 24.9 million tons for fruits, beverages and spice crops in 2021.

*Those whose production amount decreased compared to the previous year:*

Cereal production volumes decreased by 14.3% in 2021 compared to the previous year and amounted to approximately 31.9 million tons.

- Compared to the previous year, wheat production decreased by 13.9% to approximately 17.7 million tons, barley production decreased by 30.7% to approximately 5.8 million tons, rye production decreased by 32.4% to 200 thousand tons, oat production decreased by 12% to 276 thousand tons, while grain corn increased by 3.8% to approximately 6.8 million tons.

The production quantity of vegetable products increased by 1.8% in 2021 compared to the previous year, reaching approximately 31.8 million tons.

- Tuber and root vegetables, one of the subgroups of vegetable products, increased by 6.9%. Onion production in this group increased by 9.6% while dried garlic production increased by 13.5%.

Production amount of fruits, beverage and spice plants increased by 5.4% in 2021 compared to the previous year and amounted to approximately 24.9 million tons.

- Considering the production amounts of important products among fruits, apricots, grapes and cherries decreased by 4%, 12.8% and 4.8% respectively, while apples, strawberries and olives increased by 4.5%, 22.4% and 32.1% respectively.

The amount of ornamental plants production increased by 2.9% in 2021 compared to the previous year.

### **Growth in Agriculture**

Since yearend data have not been announced yet:

The first estimated GDP for the third quarter of 2021 increased by 7.4% compared to the same quarter of the previous year as chained volume index.

Considering the activities constituting the GDP, the total added value of the agricultural, forestry and fishing sector as chained volume index decreased by 5.9% in the third quarter of 2021 compared to the previous year.

### **Exports of Agricultural Products**

Exports of agricultural products were in the amount of 29.7 billion USD as of the end of December 2021. Exports increased by 22.2% compared to the same period in the last year.

In Turkey's exports, an increase of 13% was observed in fresh fruits and vegetables compared to last year. Among the countries importing fresh fruits and vegetables from Turkey, the country to which most of the exports is made is the Russian Federation. More than 1 billion USD of fresh fruits and vegetables were exported to the Russian Federation.

Cereals, pulses, oil seeds and their products increased by 25.6% compared to the previous year. The biggest increase in the export of herbal products was in ornamental plants and products with 39.1%.

### **Supports**

The Presidency announced that in 2021, 24 billion TL support was provided to the agricultural sector in order to strengthen agricultural production, 2.3 billion TL was given to 4,850 projects within the scope of the IPARD EU Rural Development Grant Program, thus 3.3 billion TL investment and 8,750 employment were provided, and 2,460 projects were provided with a grant of 645 million TL, while employment was provided to 12 thousand 500 people to support rural development.

According to the decree published in the Official Gazette, for 2021, support payment including fuel and fertilizer support will be made in the amount of 42 TL for wheat, barley, rye, oats and triticale; 76 TL for paddy, seed cotton; 32 TL for chickpeas, white beans and lentils; 28 TL for canola and safflower, 38 TL for potato and soybean, 37 TL for oil sunflower, 35 TL for grain corn, 27 TL for onion and fodder plants, 26 TL for fresh tea and hazelnuts, 25 TL for olives and other products, and 8 TL for fallow.

In 2021, 860 thousand tons of fresh tea was purchased and 3.4 billion TL was paid to the producers.

Within the scope of drought support, 2.6 billion TL drought support was given to farmers by the state.

50% grant support began to be provided to a group of more than 74 machinery and equipment.

### **Climate and its Impacts**

The precipitation for 2021 water/agricultural year, covering the last quarter of 2021, was below normal and above last year's precipitation. The water/agricultural year average precipitation, normal precipitation and last year's water/agricultural year average precipitation across Turkey are 76.2 mm, 107.7 mm (1991-2020) and 56.4 mm respectively. There was a 29% decrease in precipitation compared to the normal, and an increase of 35% compared to the precipitation of the same period last year. In the three-month cumulative precipitation, all our regions received below-normal precipitation. The highest decrease was observed in the Southeastern Anatolia Region with 62%, where the region's water/agricultural year precipitation was at the lowest level of the last 22 years.

While the precipitations of 2021 water/agricultural year decreased more than 60% compared to the normal values in Burdur, Konya, Aksaray, Karaman, Nevşehir, Malatya, Kahramanmaraş, Hatay,



Osmaniye and most of Southeastern Anatolia, the precipitation deficiency was recorded over 80% at some locations around Gaziantep, Kilis and Şanlıurfa. In terms of provinces the highest precipitation was recorded in Rize with 354.9 mm and the lowest precipitation was recorded in Kilis with 15.8 mm.

The precipitation throughout the region was below seasonal normals in all regions except the Black Sea.

Compared to 2020, precipitation amounts increased in all regions in 2021, except for the Southeastern Anatolia region.

**Marmara Region:** The region's water/agricultural year precipitation is 111.2 mm, the normal precipitation is 144.3 mm, and precipitation of the 2021 water/agricultural year period is 84.3 mm. There has been a 23% decrease in precipitation compared to the normal and a 32% increase compared to 2021 water/agricultural year precipitation. While the autumn temperature averages of the region were above the seasonal normals in the north of the region and in all coastal areas, they were seasonal normals in the remaining parts. The average temperature of the region in the last 3 months of the year was 6.9 °C, whereas the average of the last three months of 2021 was 5-6 °C above this value. The lowest temperature of the region was -7.5 °C in Balıkesir and the highest temperature was 24.5 °C in Kocaeli.

**Aegean Region:** The region's water/agricultural year precipitation is 98.3 mm, the normal precipitation is 116.0 mm, and precipitation of the 2021 water/agricultural year period is 52.8 mm. There was a 15% decrease in precipitation compared to normal, and 86% increase compared to the 2021 water/agricultural year precipitation. In the last 3 months of the year, the temperature was at seasonal normals in October and November, while it was above seasonal normals in December. Regional rains in October caused damage to cotton fields where harvest was not started, causing losses in quality and yield. In the last days of November, there were storms in the coastal areas. The storms damaged saplings and young trees in some local areas.

**Mediterranean Region:** The region's water/agricultural year precipitation is 72.2 mm, the normal precipitation is 125.9 mm, and precipitation of the 2021 water/agricultural year period is 61.0 mm. There was a 43% decrease in precipitation compared to normal and an increase of 18% compared to the 2021 water/agricultural year precipitation.

The average temperature of the coast and plateau line in the last 3 months of 2021 was above the seasonal normals, and the precipitation in November was at seasonal normals. The average temperature in December was below seasonal normals. Drought was observed in the region and rains took place, albeit sparingly. In the last month of the year, greenhouses located on stream beds were damaged due to flood as result of heavy rain and wind.

**Central Anatolia Region:** The region's water/agricultural year precipitation is 42.1 mm, the normal precipitation is 66.6 mm, and precipitation of the 2021 water/agricultural year period is 29.1 mm. There was a 37% decrease in precipitation compared to normal, and an increase of 45% compared to the 2021 water/agricultural year precipitation.

**Black Sea Region:** The region's water/agricultural year precipitation is 119.1 mm, the normal precipitation is 141.7 mm, and precipitation of the 2021 water/agricultural year period is 80.4 mm. There was a 16% decrease in precipitation compared to normal, an increase of 48% compared to the 2021 water/agricultural year precipitation. In the last 3 months of 2021, the temperatures in the Black Sea part of the region were at seasonal normals,, while the temperatures in the rest of the region were dry and above seasonal normals. Precipitation in the form of snow and rain, which were locally effective in the last month of the year, contributed positively to agricultural production, albeit to some extent.

**Southeast and East Anatolia Regions:** In the last 3 months of 2021, precipitation was below seasonal normals and there were partial precipitation transitions regionally. Wheat planting was delayed due to the delay in precipitation, resulting in the risk of regional wheat germination problems. The water/agricultural year precipitation of the Eastern Anatolia Region is 68.3 mm, the normal 95.3 mm and precipitation of the 2021 water/agricultural year is 50.0 mm. There was a 28% decrease in precipitation compared to normal, and an increase of 37% compared to the 2021 water/agricultural year precipitation. The water/agricultural year precipitation of the Southeast Region is 34.7 mm, the normal precipitation is 91.5 mm, and the 2021 water/agricultural year precipitation is 58.7 mm. There was a 62% decrease in precipitation compared to normal, and a 41% decrease compared to the 2021 water/agricultural year precipitation.

**Çukurova Region:** In the last 3 months of the year, the temperature was at seasonal normals in the region, and the precipitation in the last week of December was above the average. The temperature and precipitation above the seasonal normals increase the risk of fungus in the grain crops.

Climate change, which affects the world more and more each year and therefore negatively affects Turkey as well, reveal the need to focus more on "Smart Agriculture" practices. HEKTAŞ, the "Pioneer of Smart Agriculture" in Turkey and a follower of sustainability as its principle, carries out studies to prevent the decrease in product diversity and productivity that may occur as a result of climate change, with its "Smart Agriculture" practices.

#### **Developments in Agriculture:**

At the 1st Water Council held on October 21, a final declaration of 28 items was announced.

The following items in the final declaration draw attention with respect to agriculture:

- Within the scope of the European Green Deal, used water will be brought to an appropriate quality and reused, especially for agricultural irrigation; water footprint will be determined on the basis of sector and basin, and water efficiency practices in the industry will be propagated.
- Product patterns will be determined according to the water potential of the basin and the 'agriculture according to water' approach will be adopted.
- By providing remote control and automation of irrigation facilities with digital technologies, water saving targets will be achieved. Measures to reduce energy costs in irrigation will be increased.

For the first Water Council, which was organized by the Ministry of Agriculture and Forestry, State Hydraulic Works and General Directorate of Water Management, 1,631 participants in total, comprised of 141 scholars from 66 universities, 38 NGO members, representatives from public institutions and organizations, officers from metropolitan municipalities, water and sewerage institutions, 32 private sector representatives and water users presented their ideas and recommendations together with the Ministry of Agriculture and Forestry in 11 separate work groups.

The aim of the Regulation on the Control of Water Use in Irrigation Systems and Reducing Water Loss, published to combat losses arising from agricultural irrigation, is to increase the irrigation efficiency from 46% to 55% in 2024.

During 2021, 400 projects were implemented to increase agricultural production and to bring uncultivated lands into production.

In order to protect biodiversity and preserve it for the future, the number of protected areas has been increased to 631 and the size of protected areas has been increased to 3.3 million hectares.

The number of industrial zones increased from 23 to 31 by establishing 8 more specialized organized industrial zones based on agriculture.

## **Regional Developments In Terms of Crops**

### **Mediterranean Region**

Prices of apple crops were between 1.4 TL/kg and 5.5 TL/kg (3-month period). For pomegranate crops, the table price was between 2.5-3 TL/kg and the price of crops used in the fruit juice industry was around 1.20 TL/kg in October.

Producer sales prices for lemon crops were recorded as 1.5 TL/kg in the general framework, while contracts for exports were revised as 0.60 TL-0.80 TL/kg. Grapefruit crops have been priced at 1.5 TL/kg in the last 3 months.

The prices of “Washington” orange crops were recorded at the lowest level of 1.20 TL/kg and the highest level of 1.90 TL/kg in the last 3-month period.

Similarly, bananas were traded from the lowest price of 4 TL/kg to the highest price 6 TL/kg in the 3-month period.

The price of “cocktail” types of tomato crop was 8-9 TL/kg, while the price of table potatoes was between 3-4 TL/kg.

Prices of pepper crop were between 8-10 TL/kg for capia and 3-6 TL/kg for table pepper.

### **Central Anatolia Region**

Crop prices in December in the region were realized as follows: Hazelnuts; 35-37 TL/kg, Paddy; 7-8 TL/kg, Red Cabbage; 4 TL/kg, Wheat; 5 TL/kg, Barley; 4.5-5 TL/kg, Radish; 1 TL/kg, Potatoes; 2-4 TL/kg, Grain Corn; 2-3 TL/kg, Tomato (Greenhouse); 7-12 TL/kg.

### **Southeast Anatolia Region**

For cereals, prices are 4.7 -5,45 TL/kg for hard wheat, 4,45- 4,75 TL/kg, for bread wheat, 11 -14,5 TL/kg for lentils, 8.5 TL/kg for chickpeas, 3,2- 4,28 TL/kg for barley and 3- 4,5 TL/kg for corn. Product prices for cotton were realized in the range of 12-14 TL/kg depending on the yield. The figures stand for the lowest and highest levels in the last 3-month period.

### **Çukurova Region**

Crop prices were as follows: pepper; 8.28 TL/kg, Orange 1.5 TL/kg, Tangerine; 5.5 TL/kg, Lettuce; 13 TL/piece, Cucumber 5 TL/kg.

### **Aegean Region**

In terms of olive prices, although the price announced by Marmara Birlik was 20.50 TL, the average price realized in the Aegean Region is 12.50 TL. Due to the low yield, olives are harvested for oil rather than table use. Producers were concerned due to olive oil prices failing to meet expectations.

### **Marmara Region**

Prices of wheat; 3.5 TL/kg, Barley; 2.6 TL/kg, Sunflower 8.5 TL/kg.

**Developments in Sales**

Examination of the Company's sales of 12 months indicates an increase in sales revenue at around 99.% compared to 2020.

This increase was mainly the result of expansion of Plant Nutrition product portfolio, increase in production capacity and the consequent increase in the numerical distribution of products in terms of availability, as well as contributions of professional teams of HEKTAŞ.

The global fertilizer crisis continues in the Plant Nutrition business line. The extraordinary increase in natural gas prices led to cuts and even halts in fertilizer production worldwide, especially in European countries. The decision of the Government of the People's Republic of China to ban the export of fertilizers was followed by Russia and then by some Turkic Republics. Regardless, Hektaş Plant Nutrition continued to expand its product portfolio in 2021 as well.

Despite a downward trend in nitrogen sources towards the end of the year, the deviation in the supply-demand balance continues. Regardless of these negative developments, HEKTAŞ continued to grow in the Plant Nutrition business line based on "Tonnage", "TL" and "Profitability", thanks to its strategic and foresighted efforts.

Despite the volatile and increasing input costs depending on the exchange rate in the Plant Protection business line, aggressive campaigns were designed with the aim of increasing profitability. The results of these campaigns were positive and their contribution to the revenue was quite high. HEKTAŞ enhances its leading position in the market day by day by reflecting its experience and brand power on the field.

In line with the widespread channel management strategy carried out in the Animal Health business line, new regional positions are assigned for the sales team and customer management is restructured as well. In addition to direct sales to veterinary clinics, a project was prepared for the distributor channel in the Pet Food and Care Products product group. With the implementation of the project in target provinces such as İzmir, Ankara, Bursa, Antalya and İstanbul, it is aimed to facilitate the precise management of the retail channel and to minimize operational costs. In the Animal Health business line, an availability study was conducted by the Commercial Marketing Animal Health Channel Operations Team in the Eastern Anatolia and Southeastern Anatolia regions, and target customer visits were made and regional reports were prepared as part of these efforts. The same study will be carried out for the Black Sea Region as well. In addition, efforts have been commenced to identify and visit potential farms, especially poultry and ruminant farms, in the Central Anatolia, Mediterranean, Aegean, Marmara and Thrace Regions and to include them in HEKTAŞ customer portfolio.

**Sales (Quantity)**

As a result of the comparison of the sale quantities of the Company pertaining to 2021 with the same periods of the past two years, it has been observed that;

In 2019, **52,096,866** kg of sales were achieved, while in 2021, this figure is **159,080,906.47** kg.

In 2020, **85,477,805** kg of sales were achieved.

**3. Contributions of Hektaş to its Sector During the Year**

HEKTAŞ, which has been driving and leading the sector by adopting the domestic and national agricultural ideology for 65 years, went one step ahead in 2021 with its staff that always renews itself according to the needs of the sector and its target audience and does not hesitate to take a step forward. HEKTAŞ takes firm steps forward on the path of sustainable growth with realistic predictions, plans and innovative projects.

The global pandemic and its accompanying effects once again revealed the importance of the agriculture sector and especially domestic production. Maintaining its 65-year growth in 2021 HEKTAŞ, the Pioneer of Smart Agriculture, continued to shape the Turkish agriculture sector in this process by acquiring new business lines. HEKTAŞ, which carries out its activities with the aim of being the leader in all business lines of agriculture in Turkey, continues to be the most reliable company in the eyes of manufacturers and dealers with its professional staff of engineers. Preferred in every field of agricultural production activities with its strong sales network and experienced sales staff, HEKTAŞ has maximized customer satisfaction by ensuring the sale of yield-enhancing products for innovative and sustainable agricultural production. HEKTAŞ integrated the technological developments in the world into its works and continued to raise the awareness of the producers in 2021 with its products and services aimed at enabling the producers to obtain higher efficiency from unit area with less cost in line with the National Agriculture policies.

HEKTAŞ sustained its market leadership in plant protection business line in 2021 with its experienced staff, who are committed to dealer and farmer activities by considering customer groups, as well as its solution and target-oriented approaches to dealers.

HEKTAŞ is expected to shape the sector by continuing its pioneering activities in the sector in 2021 with the support it provides to sustainable agriculture, smart agriculture technologies and domestic production. Investments aiming to create added value for the agricultural sector with sustainable growth, which is the primary mission of the company, continued in this process as well.

With its professional and ever-growing engineer staff, the Company has produced solutions that create added value for producers with all the up-to-date information and support needed by agriculture.

Establishing a bond with its customers with its service-oriented approach, HEKTAŞ has not only carried out sales-enhancing activities, but also carried customer satisfaction and experience one step further, with applications that would make them feel privileged. Region mapping processes were carried out effectively, using the mobile software developed by the HEKTAŞ team. Thus, opportunities in the market have become more predictable. Expert teams, which were able to make more effective market analyses day by day, accelerated their sales-enhancing activities with their target-oriented work.

#### **4. Market Activities**

##### **Customer Club**

Customers are one of the most important resources of companies. In order not to limit the life of companies with the life of those who manage the company, and to increase sustainability, the importance and value of the customer should be well understood.

Well-focused sales methods and attention to individual details increase customers' loyalty to the company. Thanks to the bond established with the customers, the expectations of the customers from the company are determined and steps are taken to provide good service.

The aim of the customer club, which constitutes a first in the sector and was created since March 2018 in order to boost the communication between the customers, one of the most valuable assets of Hektaş, and the Company, was to further advance and enhance the bond established with trade, by determining the members' sensitivities towards activities, purchase habits and communication activity.

Hektaş Customer Club is a social network that includes many events exclusively organized by Hektaş for its selected retail customers, as well as different opportunities offered by the Hektaş world.

By the end of 2021, the Club reached 617 members and continues to increase the number of its members day by day.

Hektaş Agricultural League application brought together member dealers in 2021, again breaking new ground in the sector. Hektaş Customer Club members provided consultancy to the producers growing the crops of their choice in the Agricultural League, and solutions were offered with Hektaş products to the problems faced by the producers throughout the league. With this application, HEKTAŞ was not only able to introduce its products that increase productivity and offer solutions in agriculture to customers, but also increased its interaction in the field with its wide sales network. In addition to all these, sales-enhancing activities and campaigns were carried out throughout the year for the privileged members of the Hektaş Customer Club.

Turning all the developments and competitor activities in the sector into data, HEKTAŞ ensured that this data transferred to CRM systems was correctly analyzed by expert teams and transformed into meaningful and added value information. By using Geographical Information Systems, instant tracking of the sector was ensured, while locationbased data ensured that new customers were won and a network map of the sales channels was created. Actions that would provide benefit were taken in line with targets as a result of spatial analyses.

The purpose of the activities carried out with the customers is to strengthen customer loyalty, promote Hektaş products and make them memorable. The aim of sales promotion activities and strategic target orientations is to ensure that customers rise to a higher segment in Hektaş's revenue and to increase the level of experience they have with Hektaş through the privileges offered to them.

#### Activities of the Customer Club

Hektas Agriculture League

Watch & Earn

Show yourself

Match & Earn

Product Campaigns Offering Multiple Points

#### Activivies Towards Producer

Hektaş Garden & Pet E-Commerce Site

Crop Focused Roadshow and Digital Communication Efforts

VIP Service to Major Producers

Station Events in Collaboration with M Oil & Total



## **5. Social Responsibility Projects**

### **“HEKTAŞ Smart Assistant” Mobile Application**

To ensure that producers easily access the support and information they need during the pandemic, HEKTAŞ Smart Assistant mobile application, which is artificial intelligence supported and developed by HEKTAŞ engineers, has been developed with new features that allow farmers to access them quickly. The application has literally turned into a digital assistant with new modules such as “Field/Terrain Satellite Images”, “Plant Health Status”, “Current Stock Market and Crop Market Prices” as well as “Disease Analysis”. There was a 56% increase in the usage rates of the application. Thanks to the application, producers saved time, increased their productivity and stuck to their health measures.

### **“Smart Agriculture in Villages” Project Digital Communication Studies**

The 'Smart Agriculture on Roads - in Villages' events, which were initiated to raise awareness of producers, explain and have them experience smart agricultural practices for more efficient production, and to enable them to compete with the world, were reconfigured for digital platforms within the scope of pandemic measures. Within the scope of the project, which reached more than 20 thousand farmers in total in previous years, communication works that could not be done in the field in 2021 due to the pandemic were carried out on digital platforms. With district / crop / product based pinpoint digital communication studies, access to more than 2 million 600 thousand producers was achieved.

### **“Thanks to My Farmer” Awareness Project**

On May 14, World Farmers' Day, we launched a special awareness campaign that invites all segments of the society to thank farmers, who have been working non-stop even during the pandemic where everyone is confined to their homes. Within the scope of the campaign, real farmers took part in the commercial film, which was broadcast with the tag #ÇİFTÇİMETEŞEKÜRLER. After the film was released on digital platforms and TV channels on May 13th, a chain of thanks started with posts with the #ÇİFTÇİMETEŞEKKÜRLER hashtag on social media platforms. 2,777,936 video views were obtained on YouTube, 2,674,184 on Facebook & Instagram, 982,575 on Twitter, and 177,073 video views on digital portals and news sites. While 2,752,355 interactions were received with the posts on Facebook, Instagram and Twitter accounts, the #ÇİFTÇİMETEŞEKKÜRLER (thanks to my farmer) hashtag became a Trend Topic and ranked 2nd on Twitter. A total of 14,887,771 people were reached in all channels.

**“Reconstruction with Earth” Project**

After the fires that took place in July and August, which affected agricultural production areas as well as forest areas, the ‘Reconstruction with Earth’ project was implemented for ecological and agricultural rehabilitation. Carrying out damage assessment studies and meeting with producers entirely after the fire, HEKTAŞ field teams chose the most suitable plant nutrition products for the ecological and agricultural rehabilitation of the region, and took an important step so that agricultural production in the region could continue more efficiently. In accordance with the field analyzes carried out in August, plant nutrition product support was provided to all producers damaged by the fire in the Kapaklıdoğan Neighborhood of Antalya's Manavgat district, which was determined as the pilot area and where the most greenhouse areas were affected by the fire. HEKTAŞ teams on the field also provided technical support to producers until the harvest, in order to strengthen the lands in the production area of approximately 150 decares and to ensure more efficient production.

**“Barrier-Free Agriculture Project” Consultancy Support**

HEKTAŞ also provided consultancy and seedling support to the "Barrier-Free Agriculture" project implemented for students with special needs under the coordination of Bursa Orhangazi District Governor's Office. With the “Agriculture without Barriers” project, which will include greenhouse areas, agricultural workshops, classrooms and a product sales office, students with special needs will be involved in agriculture and receive vocational training.

**Smart Kids Magazine**

"Hektaş Smart Kids" magazine, which has been published once a year (within the scope of 23 April National Sovereignty and Children's Day) for the last 4 years, in order to make children love and teach agriculture, came together with the children of our producers and employees in 2021.

**6. Achievements and Awards**

HEKTAŞ ranked 327th in the "Turkey's Top 500 Industrial Enterprises" research prepared by ISO, rising 55 ranks compared to the previous year.

HEKTAŞ moved up 71 ranks and ranked 347th in the Fortune 500 Turkey Survey.

HEKTAŞ was ranked 24th in the list of "Companies with the highest R&D expenditure compared to sales revenue in the first 6 months of 2020" prepared by Fortune Turkey.

The Hektaş Smart Assistant application was awarded in the “Mobile Application Category in 2021 at SocialMedia Awards Turkey 2021, which was held through the cooperation between Marketing Türkiye & BoomSonar.

We were awarded for the third time in a row at the 2020 ICCPE Stars of Exportation Awards, organized by the Istanbul Chemicals and Chemical Products Exporters' Association (CCPE).

HEKTAŞ ranked 95th in the “R&D 250, Companies with Highest R&D expenditures of Turkey” (according to 2020 data) research.

## **7. R&D Studies**

In order to keep up with the times, be competitive at an international level, make a difference in the market and be one step ahead, Hektaş attaches great importance to R&D investments in particular.

One of the most important pillars of sustainable growth is to focus on R&D studies Acting with this awareness, the Company concluded 48 R&D projects and successfully completed a total of 64 projects in 2021. Thanks to these completed projects, new products were produced, product quality and standards were increased, and cost-reducing and standard-raising techniques were implemented.

HEKTAŞ continued to shape the sector and create commercial value in 2021 with its R&D projects in the fields of Plant Protection, IoT, Artificial Intelligence, Safe Food, Seed, Plant Nutrition, Animal Health and Public Health.

Attaching importance to education and science; the Company continues to be a pioneer in the fields in which it operates, especially in cooperation with TUBITAK, TAGEM and research academics at universities in the areas of Plant Protection, Seed Breeding, Plant Nutrition, Animal Health.

It continued to drive the market and pioneer smart agriculture practices by realizing the "HEKTAŞ Traceable Safe Food Platform" project, which was launched in 2020, in 2021.

The first results of the application work developed within this scope began to be obtained in 2021. With this application, production details of fruits and vegetables offered to consumers can be accessed through the mobile application and command center customized according to the needs of the users (Consumer, Expert, Producer). End-to-end traceability of the products produced with the Traceable Safe Food Platform project is secured with blockchain technology. With the project, it has been ensured that all stakeholders in the production chain from producer to the end consumer are included in the HEKTAŞ Safe Food Platform, and the stakeholders' information is instantly monitored and followed by other platform partners, at every step of the process. In addition, systems on smart agriculture technologies supported by artificial intelligence were developed to enable producers to produce more efficiently, thus food safety was emphasized.

Food-related problems not only affect human health, but also affect the economic and social structures of individuals, families, societies, sectors and ultimately countries. With this fact in mind, the Company, which proved once again that it is the pioneer of smart agriculture with the "Traceable Safe Food Platform" project, developed the "Traceable Safe Food Application" as a result of this project. Consumers can instantly access the producer information, place, time and growing conditions of that product and all residue analyzes obtained from accredited organizations, thanks to the QR Code on the vegetable products in the aisles.

Seed breeding studies based in the company AREO regarding Vegetables, Field (Wheat, Corn) and Industrial Crops (Cotton, Sunflower) are ongoing. IP rights of valuable, competitive varieties are purchased through selection of varieties developed by the Institutes and expert teams in cooperation with TAGEM. The Company assists in the reduction of Turkey's foreign dependency and increase its export volume in seed products through its R&D studies carried out for seed breeding. By developing varieties that are in line with market conditions and meet producers' needs, Hektaş has also started to increase its competitive power with international brands.

Sustaining an efficient and profitable production in animal farms is only possible with healthy herds. Preventive measures should be taken to minimize the outbreak and spreading of diseases and every business needs a biosafety program they can implement at all times, not just when a disease occurs. Biosafety is necessary not only for animal health, but also for public health, whose importance has been fully understood in the recent pandemic. Therefore, new products that will meet the needs of animal farms and create advantage on the market have been developed. Formulation development studies for 2 disinfectants and 3 insecticides have been completed, while their license procedures are ongoing.

There are ongoing efforts to give the formulations slow-release properties increasing the mineral uptake level of the plants, in order to ensure that Organomineral fertilizers, which are called new generation fertilizers, have added value and to differentiate them in Plant Nutrition products. Furthermore, the Plant Nutrition product portfolio is expanded with product development studies concerning biostimulant and liquid foliar fertilizers.

In the R&D Center, the HHU Sensitive Animal Husbandry Practices Project was initiated in order to increase the efficiency and quality of animal production in our country. This project involves the development of Real-Time Herd Management Systems and improvement of the existing ones with emerging digital technologies (sensors, artificial intelligence-based software, internet of things, cloud computing, etc.), as well as digitizing processes such as feed control and tracking, monitoring of weather / climate conditions, step and location tracking, milk measurement and monitoring, with sensor and communication technologies.

Another project initiated in our R&D Center this year is the project of “Developing live/inactivated vaccines against genotypes common in our country for Infectious Bronchitis (IB) disease in poultry”. Poultry breeding in Turkey is quite advanced. There were 354 million chickens in Turkey in 2018. Unfortunately, all of the poultry vaccines, which are mandatory items of chicken integrated facilities, are imported. With the outputs to be obtained at the end of this project, it is aimed to further reduce one of the important import items of Turkey and grow Hektaş Animal Health Product Portfolio.

Thanks to the dynamic structure that takes into account the needs of the society, the "New Public Health Drug Combinations and Formulations Development and Application Project" was launched in the R&D Center against COVID-19 and other pandemics that may develop. The licenses of 3 drugs (1 anti-bacterial hand liquid and 2 surface disinfectants) developed in the first phase have been obtained and the products have been offered for sale.

Biological Product development studies are continued in two separate climate rooms and the Microbiology Laboratory. The investments made with the goal of achieving a sustainable future in the R&D Center laboratories to be included in HEKTAŞ AGRICULTURAL INNOVATION, EDUCATION AND EXPERIENCE CENTER established in Orhangazi will be expanded. With innovative ideas such as Biological Products, it was aimed to keep up with the new age and to contribute to our competitive power.

## 8. Investor Relations Department and Activities

The Investor Relations Unit reports to the Company's Finance Directorate. It fulfills the information requests of shareholders and investors within the framework of the legislation, articles of association, Corporate Governance Principles and Disclosure Policy. The department is also among the members of the Corporate Governance Committee.

NAME-SURNAME	DUTY	UNDERGRADUATE	E-MAIL	TELEPHONE
Tuba BEKTAŞ	Investor Relations Department Manager	CMB Level 3 License, Corporate Governance Rating License, Derivative Instruments License, Credit Rating License	tuba.bektas@hektas.com.tr	0 262 751 14 12
Uğur AKBAŞ	Investor Relations Department Officer		ugur.akbas@hektas.com.tr	0 262 751 14 12
Investor Relations E-mail Address			investorrelations@hektas.com.tr	

The duties and authorities of Investor Relations are regulated in Article 11 of the Corporate Governance Communiqué (II-17.1), which was published in the Official Gazette dated 03.01.2014 and numbered 28871.

Corporate information, reports, financial statements for the relevant period and material disclosures that investors need are available on the Investor Relations section of the Company's corporate website ([www.hektas.com.tr](http://www.hektas.com.tr)).

It is a department that establishes the link between the investors and the Company and implements a fair, accountable and transparent management approach. It represents the company before the Capital Markets Board (CMB), Borsa Istanbul, MKK and other regulatory bodies.

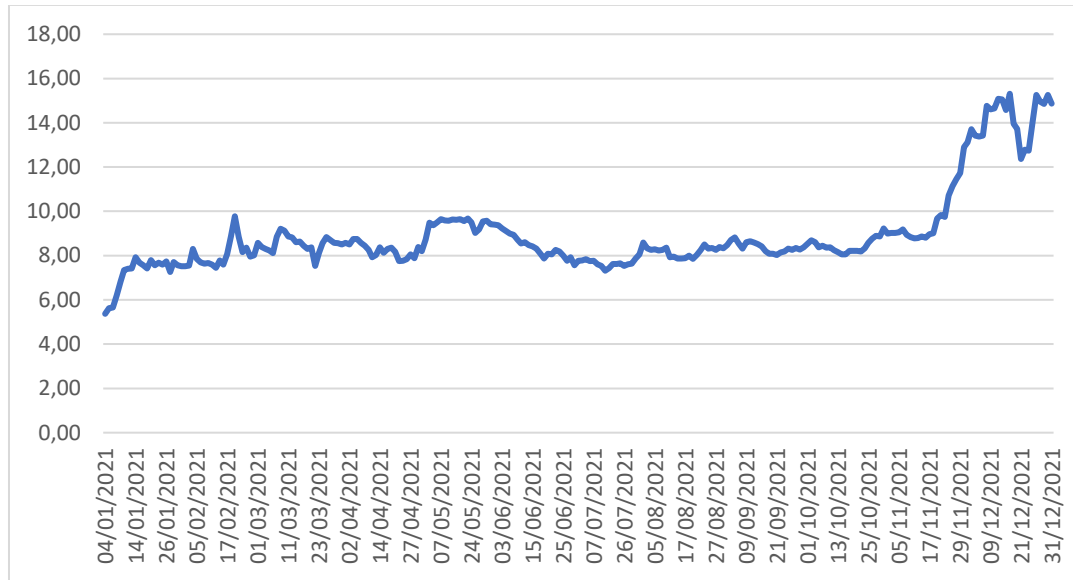
It acts in line with the regulations required by the legislation in terms of submitting information not within the scope of inside information to the relevant persons and institutions plainly and in a timely manner.

During the year, meetings were held with many Portfolio Companies and Investment Institutions, helping Investment Institutions and Portfolio Management Companies become more familiar with Hektaş and analyze its stock.

#### Identity of the Share

<b>Initial Public Offering Date</b>	1981
<b>Issued Capital</b>	860,000,000
<b>Free Float Ratio</b>	41.18%
<b>Share Code</b>	HEKTS
<b>ISIN Code</b>	TRAHEKTS91E4R
<b>BIST Market where the Capital Market Instruments are Traded</b>	BIST STAR / OUTRIGHT PURCHASES AND SALES MARKET-(FOR QUALIFIED INVESTORS)
<b>BIST Indices that the Company is Included</b>	BIST INDUSTRIALS / BIST ALL SHARES / BIST KOCAELI / BIST 100 / BIST 50 / BIST STARS / BIST 100-30 / BIST CHEM., OIL, PLASTIC

### Performance of the Shares during the Year



Hektaş shares generated 178% profit for investors in 2021. Its maximum level was recorded as TL 15.31 during the year.

The market value of the company, which was TL 4,339,780,877 at the beginning of 2021, increased to TL 12,788,200,000 at the yearend, indicating an increase by 2.95 times in market value.

As of May 28, 2021, it entered the MSCI index (MSCI Small Scale Turkey Index). MSCI index is one of the most important indices accepted for global capital markets outside the USA.

While most of the indices including the company fell, Hektaş shares increased.

In 2021, a target price of 11.70 TL was indicated and **"BUY"** recommendation was made by the Investment Institution. Hektaş closed the year with **14.87** TL, exceeding the estimates.

*Hektaş Shares;*

The Company is included in OYAK Group,

Sector leader,

65-Years of experience,

Managed by visionary leaders,

Pioneer of smart agriculture,

Drives Turkish agriculture with domestic production and domestic capital,

Develops smart agricultural technologies based on efficiency,

Has experienced, strong staff,

Preferred by foreign investors,

Carries out strategic company acquisitions,

Achieves the targets set at the beginning of each year,

Increased its profitability by 81% compared to the previous year,

Increased its sales by 99% compared to the previous year,

Generating 178% profits for its investors on an annual basis,

Being in the MSCI index,

Its position in the backup of BIST30 index,

Having above-index returns in the indices in which it is included,

Constantly watched by foreign and domestic investors due to its pursuit of new stories on its path.



## 9. Credit Rating Notes

<b>2018</b>	Long-Term=> AA- (Trk) Short-Term=> A-1+ (Trk)
	<ul style="list-style-type: none"> <li>Regarding grades outlook were determined as «positive».</li> <li>It was evaluated at National &amp; International scale as investable category.</li> <li>International grades were limited with Country grade.</li> </ul>
<b>2019</b>	Long-Term=> AA (Trk) Short-Term=> A-1+ (Trk)
	<ul style="list-style-type: none"> <li>Regarding grades outlook were determined as «Stabile».</li> <li>It was evaluated at National &amp; International scale as investable category.</li> <li>International grades were limited with Country grade.</li> </ul>
<b>2020</b>	Long-Term=> AA (Trk) Short-Term=> A-1+ (Trk)
	<ul style="list-style-type: none"> <li>Regarding grades outlook were determined as «Stabile».</li> <li>It was evaluated at National &amp; International scale as investable category.</li> <li>International grades were limited with Country grade.</li> </ul>
<b>2021</b>	Long-Term=> AA (Trk) Short-Term=> A-1+ (Trk)
	<ul style="list-style-type: none"> <li>Regarding grades outlook were determined as «Stabile».</li> <li>It was evaluated at National &amp; International scale as investable category.</li> <li>International grades were limited with Country grade.</li> </ul>

## 10. Investments and Incentives Obtained

The Company made investments in the amount of TL **699.425.571** as of 2021.

The Company benefits from incentives received within the scope of Investment Incentive Certificate, R&D incentive and the incentive received with respect to the deduction of the interest arising from cash capital increase.

As it can be understood from the names of the first two incentives, the aim is to incentivize investments and R&D. Cash capital increase incentive is obtained to enhance the capital structures of capital companies.

## 11. Internal Control Systems

The risk management and internal control systems created by the company are carried out in accordance with international standards and local legislation. Based on the principle that an internal control system will be stronger in a good corporate environment, ownership and support are provided for these processes at all management levels, especially the Board of Directors and the Top Management.

Within the scope of the Corporate Governance Principles published by CMB, the Audit Committee was established and its working directive were created in June 2012. Pursuant to the Company's Board of Directors decision dated 24.07.2012 the Early Detection of Risk Committee was established to ensure compliance with the article 378 of the Turkish Commercial Law no. 6102 which became effective on 1 July 2012 and was declared with a special situation statement dated 24.07.2012 on PDP. The directives pertaining to these committees are available on the web site of the Company.

There is Internal Audit Department staff in the company and a manager is in charge of the department.

## 12. Risk Management

The Company has 7 "Risks Arising from Financial Instruments", namely capital risk, financial risk, credit risk, liquidity risk, market risk, currency risk and price risk. Having the ability to easily manage these risks, Hektaş takes action plans by regularly convening its Board of Directors. The Early Detection of Risk Committee identifies both financial and operational risks related to the company in advance and takes measures to eliminate these risks at the right place and time.

### Management of Risks Arising from Financial Instruments

**Capital Risk:** The Company aims to balance the capital risk by obtaining new loans or repaying existing debts.

**Financial Risk:** The Company is exposed to market risk (exchange rate risk and price risk), credit risk and liquidity risk due to its activities. It also uses derivative products occasionally as protection against financial risks.

**Credit Risk:** The Company's credibility is high due to its position as an Oyak Group company and one of the important dynamics of its sector. The Group is able to reduce the credit risk as it conducts transactions only with parties with credit reliability and chooses to obtain sufficient guarantee where possible.

**Liquidity Risk:** The Board of Directors manages the liquidity risk, by regularly monitoring the estimated and actual cash flows and ensuring the continuity of sufficient funds and borrowing reserves, by matching the maturities of financial assets and liabilities.

**Market Risk:** The Company occasionally uses forward foreign exchange purchase / sale contracts in order to keep the risks associated with foreign exchange rates under control.

**Exchange Rate Risk:** The Company manages the exchange rate risk through forward foreign exchange purchase / sale contracts concluded based on approved policies.

**Price Risk:** The price risk is managed naturally by ensuring the receivables and payables of the same currency and assets and liabilities bearing interest meet each other.

### **Prospective Risks**

The Early Detection of Risk Committee of the Board of Directors regularly analyzes the risks to be encountered in the future by the company. In the evaluations made as of the reporting period, no risks that could affect the company's future activities could be detected.

## **D. CORPORATE GOVERNANCE**

### **1. General Assembly**

Under the Article 21 of the Company's Articles of Association, the Ordinary General Assembly convenes within three months from the end of the Company's operating period and at least once a year, discussing and taking decisions on the issues on the agenda. The Extraordinary General Assembly meets in accordance with the provisions in the law and this Articles of Association and takes the necessary decisions when required by the Company's business.

#### **Ordinary General Assembly Meeting for the Year 2020**

The ordinary general assembly meeting of Hektaş Ticaret Türk Anonim Şirketi for the year 2020 was held on 24 March 2021 Wednesday at 12:00, at the address Gebze Organize Sanayi Bölgesi Mah. 700. Sokak No:711/1 41400 Gebze/Kocaeli and under the supervision of Veysi UZUNKAYA, the Ministry Representative, assigned with the letters dated 24.03.2021 no. E80122446-430-00062420223 of Kocaeli Trade Provincial Directorate.

Upon examining the physical and electronic list of attendants, it was understood that shares in the total amount of TL 137.723.907,44 were represented from the capital of TL 227.571.100,14, with shares in the amount of TL 3.868.950 represented in person and shares in the amount of TL 133.854.957,44 represented by proxy and there was no participation in electronic form, thus the minimum meeting quorum prescribed both in the Law and the articles of association was present. Consequently, the meeting was opened by Uğur AKBAŞ and the agenda began to be discussed.

The aim was to ensure the participation of everyone who wished to attend the General Assembly as a spectator, and of stakeholders, media representatives and all stakeholders in general. In addition, the General Assembly Meeting was broadcast live via MKK and E-GKS, and a list of electronic attendees was prepared, as well as a list of physical attendees.

The call for the meeting was published and announced in the Turkish Trade Registry Gazette, the Public Disclosure Platform (PDP) and the E-General Assembly System, as stipulated in the Turkish Commercial Code and the Articles of Association and including the agenda as well. It was also simultaneously submitted for information to the shareholders on the website [www.hektas.com.tr](http://www.hektas.com.tr).

Before the General Assembly, a disclosure document is prepared regarding the agenda items and disclosed to the public via the Public Disclosure Platform and the corporate website. Financial Statements and Reports, including the Annual Report, Corporate Governance Compliance Report, Dividend Distribution Proposal if profit is to be distributed, Independent External Audit Reports and Statutory Auditor's Report, the amendment text and its justification, if the Articles of Association will be amended, the Disclosure Policy and the Remuneration Policy are kept open for inspection at the

Company's headquarters and on the website in a manner allowing the easiest access by shareholders, three weeks in advance of the General Assembly meeting.

For those who will have themselves represented by proxy prior to the General Assembly Meeting, samples of the power of attorney are made available to the shareholders through newspaper advertisements and on the website. Shareholders are informed of the voting procedure to be applied at the meeting through material disclosures on the website and on the Public Disclosure Platform.

It is the most natural right for the shareholders to ask questions and take the floor and express their opinions on the subject at the General Assembly meetings, and this right is strictly observed. In this respect, the right of our Company's Shareholders to ask questions at the General Assembly or to present proposals on agenda items or to speak about their suggestions or current issues is duly provided by the Board of Directors and necessary records are kept.

At the Ordinary General Assembly Meeting for 2020 held on March 24, 2021, we did not receive any notification from our Company's shareholders to add an item to the agenda for discussion and resolution.

The minutes of the General Assembly Meetings held are published on our Company's website and on the "Public Disclosure Platform", in the "Electronic General Assembly" system of MKK, in a manner allowing easiest access by our shareholders within the statutory periods.

At least one member of the Board of Directors, one auditor, at least one of the officials responsible for the preparation of the financial statements, and at least one authorized person who is knowledgeable on the subject were present at the General Assembly meeting in order to provide explanations on the special issues in the agenda.

Along with the general assembly meeting announcement, the following issues are announced to the shareholders, as well as the notifications and explanations required by the Company's legislation, on the website of our company:

- The total number of shares and voting rights reflecting the shareholding structure of the Company as of the date of the announcement,
- If there is a dismissal, replacement or election of the members of the board of directors on the agenda of the general assembly meeting, the grounds for dismissal and replacement, information about the persons to be nominated for Membership of the Board of Directors,
- If the agenda includes amendment to the articles of association, the related Board of Directors Decision, as well as the former and new versions of the amendments to the articles of association,
- CVs of the individuals to be nominated for Board of Directors membership and information about the duties they carried out in the last ten years.

**Agenda of the Ordinary General Assembly**

1. Opening, establishment of the meeting chairmanship and a moment of silence,
2. Authorizing the meeting chairman to sign the minutes of the general assembly meeting,
3. Reading and discussing the "*Board of Directors Annual Report*" for the fiscal year 2020,
4. Reading the "*Independent Audit Report*" for the fiscal year 2020,
5. Reading, discussing and submitting for approval the *2020 Balance Sheet, Profit and Loss* accounts separately for the fiscal year 2020,
6. Discussing and deciding on the release of the members of the Board of Directors for the fiscal year 2020,
7. Discussing and deciding on the proposal of the Board of Directors regarding the dividend for the fiscal year 2020 and the dividend date,
8. Election of *Independent Members of the Board of Directors* and determination of their terms of office in accordance with the provisions of the relevant legislation
9. Determining the remuneration of the members of the Board of Directors,
10. Permitting the members of the Board of Directors to carry out the works specified in Articles 395 and 396 of the Turkish Commercial Code,
11. Discussing and deciding on the proposal of the Board of Directors regarding the selection of an independent external audit firm for the audit of the accounts and transactions for the year 2021 in accordance with the Turkish Commercial Law and the Capital Markets Law,
12. Providing information on the income or benefits obtained through guarantees, pledges, mortgages and sureties given in favor of third parties,
13. Submitting the grants and donations made in 2020 for information and deciding on the donation limit for the fiscal period 01.01.2021- 31.12.2020,
14. Amendment of the article 7 titled "*Capital*" of our Company's Articles of Association as specified in "*ANNEX 1*",
15. As a result of the increase of our Company's paid-in capital of TL 227.571.100 to TL 860.000.000, TL 400.000.000 of which will be paid and TL 232.428.900 of which will be unpaid, the fund to be generated from the capital increase exceeds our Company's current paid-in capital. On the other hand, the debts to arise in respect of the financial fixed asset purchases to be made from our Company's related companies OYAK Biyoteknoloji San. ve Tic. A.Ş and OYAK Sermaye Yatırımları A.Ş will be paid with a part of the fund to be generated with the capital increase.

In accordance with the appraisal reports drawn up by OYAK Yatırım Menkul Değerler A.Ş, it is planned to take over all shares of Arma İlaç San. ve Tic. A.Ş. from OYAK Biyoteknoloji San. ve Tic. A.Ş. at a price of TL 92.000.000 and to take over all 51% of the shares held by OYAK Sermaye Yatırımları A.Ş. in Agriventis Technologies Pty Ltd. at a price of TL 28.000.000 and to finance the

total debt amount of TL 120.000.000, which will be payable to our Company's related parties OYAK Biyoteknoloji San. ve Tic. A.Ş and OYAK Sermaye Yatırımları A.Ş. due to the acquisition of these financial fixed assets, with the funds to be generated from our Company's capital increase.

*In the article 12/(6) of the Communiqué on Shares no. VII-128.1 of the Capital Market Board, it is stated that, "In capital increases through sale of shares by publicly held corporations, if the funds of proceeds of capital increase are in excess of existing capital of the corporation, and if the funds will be used for full or partial repayment of debts which arise out of transfer of non-cash assets to the corporation and are owed to related parties as defined in the relevant regulations of the Board, the resulting capital increase will be considered as one of the significant transactions under Article 23 of the Law. In this case, before delivery to the issuer of the prospectus relating to that capital increase, as approved by the Board, pursuant to Article 24 of the Law, the shareholders should be granted the retirement right, and the transactions relating thereto should be completed."*

In this respect, within the scope of the article 23 of the Capital Market Law no. 6362 (CML), titled "Significant Transactions of Corporations" and the article 24 titled "Resignation right" and other relevant provisions of the Law and the Communiqué no. II-23.3 of the Capital Market Board (CMB) on "Significant Transactions and Resignation Right", the General Assembly will be informed about the following matters;

- (a) That the transactions in question, which are significant pursuant to the article 7(1) of the Communiqué no. II-23.3 of the Capital Market Board (CMB) on "Significant Transactions and Resignation Right" must be submitted for approval to our General Assembly,
- (b) That shareholders or their representatives who will vote against the significant transaction at the General Assembly Meeting where the transaction will be voted and who will have their dissent recorded in the General Assembly Minutes may exercise their rights to resign from the shareholding by selling their shares to our Company, under the provisions of the article 24 of CML titled "Resignation Right" and the article 11 titled "Principles for the Resignation Right" of the Communiqué no. II-23.3 of CMB,
- (c) That under the provisions of the article 14 of the CMB Communiqué no. II-23.3 titled "Resignation Right Exercise Price", the "resignation right exercise price" for each of our Company's shares with a nominal value of 1 (One) Turkish Lira has been calculated as 14.19 Turkish Liras, which was calculated based on the "arithmetic average of daily adjusted weighted average prices" arising on the Stock Exchange in the 30 (thirty) days preceding 29 December 2020, considering that the "financial fixed asset purchases, capital increase and payment of the payables arising from these financial fixed asset purchases through the funds to be derived from the capital increase" was announced to the public via PDP for the first time on 29 December 2020,
- (d) That under the related provisions of the article 12 titled "Procedure for Exercising the Resignation Right" of the Communiqué no. II-23.3 of CMB, the "resignation rights" will be made available in maximum 6 (six) business days as of the date of the General Assembly meeting where the significant transaction will be offered for approval and the period allowed for exercising the "resignation right" will be 10 (ten) business days as of the date when the resignation right starts to be exercised; that our shareholders who will exercise the "resignation right" will perform the sale (exercise of the "resignation right") by delivering their shares subject to the "resignation right" to the intermediary institution that will conduct the purchase transactions on our Company's behalf, within the framework declared with respect to the process of exercising the resignation right and in accordance with general provisions; that the

share prices will be paid on the business day following the “sale” at the latest, to our shareholders who apply to the intermediary institution to exercise the “resignation right”,

- (e) That our shareholders who participate in the general assembly meeting, who had their dissent recorded in the meeting minutes by voting against the transaction and who will exercise their resignation right have to request sale by delivering their shares subject to the resignation right to OYAK YATIRIM MENKUL DEĞERLER A.Ş., which is authorized by our Company, within the period allowed for exercising the right and that the share prices will be paid on the business day following the sale at the latest,
- (f) That the resignation right must be exercised for all shares owned by our shareholders, under the 4th paragraph of the article 12 of the Communiqué no. II-23.3 of CMB titled “Exercise of the Resignation Right”,
- (g) That the resignation rights shall not arise, if the transaction is rejected at the General Assembly Meeting,
- (h) That furthermore, the maximum cost to be incurred by the Company for the resignation right if the board of director’s proposal which will be discussed in the 16th article of the agenda is accepted will be TL 10.000.000 and if it is understood that demands for exercising the resignation right will exceed the maximum cost amount, cancellation of the transaction will be discussed in the 17th article of the agenda.

- 16.** As a result of the increase of our Company’s paid-in capital of TL 227.571.100 to TL 860.000.000, TL 400.000.000 of which will be paid and TL 232.428.900 of which will be unpaid, a portion of the fund to be generated from this capital increase will be used to pay off the debts to arise from the financial fixed asset purchases to be made from our Company’s related parties OYAK Biyoteknoloji San. ve Tic. A.Ş and OYAK Sermaye Yatırımları A.Ş.

In accordance with the appraisal reports drawn up by OYAK Yatırım Menkul Değerler A.Ş, it is planned to take over all shares of Arma İlaç San. ve Tic. A.Ş. from OYAK Biyoteknoloji San. ve Tic. A.Ş. at a price of TL 92.000.000 and to take over all 51% of the shares held by OYAK Sermaye Yatırımları A.Ş. in Agriventis Technologies Pty Ltd. at a price of TL 28.000.000 and to finance the total debt amount of TL 120.000.000, which will be payable to our Company’s related parties OYAK Biyoteknoloji San. ve Tic. A.Ş and OYAK Sermaye Yatırımları A.Ş. due to the acquisition of these financial fixed assets, with the funds to be generated from our Company’s capital increase.

Within the scope of the article 23 of the Capital Market Law no. 6362 (CML), titled “Significant Transactions of Corporations” and the article 24 titled “Resignation right” and other relevant provisions of the Law and the Communiqué no. II-23.3 of the Capital Market Board (CMB) on “Significant Transactions and Resignation Right”, these significant transactions will be submitted for approval to our General Assembly.

- 17.** If it is understood at the end of the voting made in the 16th item that the cost amount to be incurred by our Company due to exercising of the resignation rights will exceed TL 10.000.000.-, cancellation of the transaction will be submitted for approval to the General Assembly.

- 18.** Wishes and intentions,

- 19.** Closing.

HEKTAŞ TİCARET T.A.Ş.	
ARTICLES OF ASSOCIATION AMENDMENT TEXT	
CURRENT VERSION	NEW VERSION
<p><b>Capital:</b>  <b>Article 7-</b> The Company adopted the authorized capital System under the provisions of the Capital Market Law (CML) and started to use this system with the CMB authorization dated 13.10.1988 No. 547.</p> <p>The Company's registered capital is in the amount of TL <b>400.000.000</b> and is divided to <b>40.000.000.000</b> shares each with a nominal value in the amount of 1 (one) Kuruş.</p> <p>The authorized capital cap permission granted by the Capital Market Board is valid for the years <b>2019-2023</b> (5 years). Even if the authorized capital cap which is permitted cannot be reached at the end of 2023, in order for the board of directors to take a capital increase decision after 2023, authorization must be obtained for a new period not exceeding 5 years from the general assembly, by obtaining permission from the Capital Market Board for the cap previously permitted or a new cap amount. If the aforementioned authorization cannot be obtained, capital increase cannot be applied with a board of directors decision.</p> <p>The whole issued capital of the company is in the amount of TL 227.571.100,14, fully paid and registered.</p> <p>The Board of Directors is authorized to increase the issued capital by issuing registered shares or bearer's shares up to the authorized capital cap when deemed necessary, in accordance with the provisions of the Capital Market Law, between 2019 and 2023.</p> <p>The Board of Directors is authorized to issue shares exceeding the nominal value or restrict the shareholders' rights to acquire new shares, provided that the provisions of the Turkish Commercial Law and Capital Market Law are not violated.</p> <p>The authority to restrict new share acquisition cannot be exercised by creating inequality among shareholders.</p> <p>The shares representing the capital are recognized in dematerialized form, within the framework of the principles on dematerialization.</p> <p>Each share grants 1 voting right.</p>	<p><b>Capital:</b>  <b>Article 7-</b> The Company adopted the authorized capital System under the provisions of the Capital Market Law (CML) and started to use this system with the CMB authorization dated 13.10.1988 No. 547.</p> <p>The authorized capital cap of the Company is TL <b>1.000.000.000</b> and is divided into <b>100.000.000.000</b> shares, each with a nominal value of 1 (one) Kuruş.</p> <p>The authorized capital cap permission granted by the Capital Market Board is valid for the years <b>2021-2025</b> (5 years). Even if the authorized capital cap which is permitted cannot be reached at the end of 2025, in order for the board of directors to take a capital increase decision after 2025, authorization must be obtained for a new period not exceeding 5 years from the general assembly, by obtaining permission from the Capital Market Board for the cap previously permitted or a new cap amount. If the aforementioned authorization cannot be obtained, capital increase cannot be applied with a board of directors decision.</p> <p>The whole issued capital of the company is in the amount of TL 227.571.100,14, fully paid and registered.</p> <p>The Board of Directors is authorized to increase the issued capital by issuing registered shares or bearer's shares up to the authorized capital cap when deemed necessary, in accordance with the provisions of the Capital Market Law, between 2021 and 2025.</p> <p>The Board of Directors is authorized to issue shares exceeding the nominal value or restrict the shareholders' rights to acquire new shares, provided that the provisions of the Turkish Commercial Law and Capital Market Law are not violated.</p> <p>The authority to restrict new share acquisition cannot be exercised by creating inequality among shareholders.</p> <p>The shares representing the capital are recognized in dematerialized form, within the framework of the principles on dematerialization.</p> <p>Each share grants 1 voting right.</p>



## **2. Company Policies**

### **a) Profit Distribution Policy**

The Company has principally adopted the policy of distributing the entire distributable profit of the period in cash to the extent permitted by the prospective free cash generation expectation, including investment / financing needs and market projections, and financial leverage ratios, within the framework of the applicable legislation and the provisions of the Company's Articles of Association. The profit distribution policy is reviewed annually by the Board of Directors, in the light of the national and global economic circumstances, the projects on the company's agenda and the status of its funds.

Dividends are paid by December 15 of the related calendar year in installments with equal or different amounts within the framework of the legislative provisions, by authorizing the Board of Directors in the general assembly meeting where the distribution is decided.

Within the framework of the provisions of the relevant legislation, the General Assembly is authorized to distribute Advance Dividends.

### **b) Remuneration Policy**

#### ***Executives with Administrative Liability***

The "Remuneration Policy for Executives with Administrative Liability" has been established by taking into account the practices that have been tried and developed by many companies in the world and in Turkey, as a result of scientific studies, researches and examinations.

In this context, while determining the remuneration level, the structure and competitive conditions of the sector where the Company operates, production and sales activities carried out, prevalence of activity points, activities carried out abroad, structure of the affiliates owned and their weight in the total, the level of knowledge required to carry out the activities and number of employees criteria are taken into account.

The remuneration of executives with administrative liability have been graded based on the level of knowledge, skills, competence and experience required by the job, the scope of liability and problem solving criteria within the framework of the diversity and volume of the Company's activities. While determining the monthly fixed remuneration of executives with Administrative Liability according to the grades determined, efforts are made to protect internal balances and remuneration researches involving leading companies in Turkey are used. Thus, remuneration that is fair in the Company and competitive in the market is ensured.

The Corporate Governance Committee ensures that the long-term goals of the Company are also taken into account in addition to the criteria above, in determining the remuneration principles and criteria for executives with Administrative Liability and in establishing remuneration proposals.

***Board of Directors Members***

In the determination of the remuneration levels of the board of directors members, the responsibility taken by the board member in the decision making process, the level of knowledge, skills, competence and experience that is required of them, as well as the time they spend are taken into account in addition to corporate practices and comparisons are made with the remuneration levels of board of directors members of similar companies in the sector.

While determining the remuneration levels of the independent members of the board of directors, in addition to the above criteria, care is taken to ensure that the remuneration to be determined is at a level capable of protecting the member's independence and payment plans based on dividends, share options or the Company's performance are not used within the framework of the Corporate Governance Principles.

In the determination of the remuneration principles and criteria for the board of directors and formulation of proposals regarding remuneration, the Corporate Governance Committee takes the Company's long-term goals into account, in addition to the criteria above.

The remuneration to be paid to the members of the Board of Directors is determined pursuant to decisions taken by the general assembly.

**c) Compensation Policy**

Employees of the Company are subject to the Labor Law and related legislative provisions.

**d) Disclosure Policy*****Purpose and Scope***

The purpose of the Disclosure Policy of Hektaş Ticaret T.A.Ş. ("Hektaş") is to ensure continuous, effective and transparent communication by sharing all kinds of information that is not in the nature of trade secrets, as well as the Company's past performance and future expectations equally with all stakeholders such as domestic/foreign shareholders, potential investors, employees, customers and related authorized institutions in a complete, fair, accurate, timely, comprehensible and easily accessible manner, within the framework of the provisions of the Capital Market Legislation, Corporate Governance Principles and the Articles of Association of the Company.

The Company's disclosure policy is implemented in the light of the issues within the scope of the Capital Market Legislation, decisions of the Capital Market Board and other relevant legislation and the matters required to be disclosed within this framework are announced to the public on time, accurately and fully.

The Disclosure Policy covers all employees active within Hektaş.

***Authority and Liability***

Our Company's Disclosure Policy is established and implemented under the authority of the Board of Directors. The Board of Directors also reserves the authority to amend this policy from time to time as per relevant regulations. The disclosure policy and amendments to be made in the policy are published on the Company's web site upon the approval of the Board of Directors.

The Investor Relations Department of our Company is responsible for adhering to and following this Disclosure Policy.

All written and visual press releases to be made within the scope of this Policy are announced to the public by the Company's authorities including the Chairman of the Board of Directors, General Manager, Assistant General Managers and the Head of the Investor Relations Department. The provision of the article 10/a of the Special Cases Communiqué no. II-15.1 of the CMB which states that, "Prospective evaluations may be disclosed to the public provided that they are subject to a decision of the board of directors, or the written approval of the authorized person, if an authority is granted by the board of directors," is reserved.

***Disclosure Methods and Instruments***

The disclosure methods and instruments used by our Company within the framework of this Disclosure Policy are as follows.

- Financial statements, independent auditor's reports and declarations periodically entered in the Public Disclosure Platform (PDP)
- Annual Activity Reports
- Web Site of the Company
- Special case disclosure forms
- Declarations and announcements made in the Trade Registry Gazette and daily newspapers
- Communication methods by means of communication tools such as telephone, e-mail, fax

***Principles regarding presentations and reports announced at information meetings or press conferences***

Demands for information communicated to the Company from shareholders, investors and analysts are replied to in writing, verbally or through disclosure meetings in line with the principle of equality and in an accurate and complete manner by the Investor Relations Department, within the framework of the publicly disclosed information.

Press and media organs, press conferences and/or press releases or other means of communication may also be used to publicly announce matters subject to special cases, including prospective

evaluations. Before or simultaneously with these announcements, a statement is also made on the Public Disclosure Platform and is also posted on the Company's website.

The Company's authorities may occasionally attend national and international conferences or meetings to share information with investors and analysts. The presentations used in these events may also be posted on the Company's web site.

***Principles for the follow-up of news and comments about the Company in the press and media organs or on the Internet as well as making statements relating to such news and comments***

The Company follows the news and comments in the national or international press and media organs or other communication channels via a media monitoring company, and in the event of news or comments with content different than the information previously disclosed to the public or disclosed to the public for the first time, the Company evaluates their impact on the value and price of the Company's shares or investors' investment decisions within the framework of its internal regulations. In cases where deemed necessary, a public statement is made immediately within the framework of the principles determined under the capital market legislation regarding whether they are accurate or adequate, even if a decision of postponement had been made.

The Company may wish to make statements regarding news and comments that appear in the press and media organs, but that do not give rise to an obligation to make special case disclosures. These statements may be in the form of written or verbal communication via the press and may also be announced to the public via the Company's web site ([www.hektas.com.tr](http://www.hektas.com.tr)).

With respect to comments, analyses, evaluations and estimations made based on publicly disclosed information, via press and media organs and other means of communication, the Company is not obliged to make statements to the public regarding their accuracy and adequacy.

***Measures taken to ensure confidentiality until special cases are disclosed to the public***

The Company's executives and their spouses, children or household members may not conduct transactions on the Company's shares or capital market instruments based on these shares within the period starting from the day that follows the end of the fiscal period when the financial statements and reports drawn up by the Company and independent audit reports are prepared, until the public disclosure of these statements and reports in accordance with the legislation. Executives of the Company's subsidiaries and controlling partnerships, as well as persons who have inside information or permanent information due to ownership of shares in the Company and its subsidiaries and controlling partnerships are also covered by this prohibition.

The Company may postpone the public disclosure of the inside information in order to prevent harm to its legitimate interests, provided that this does not result in the investors being misled and is capable of ensuring the confidentiality of the information. In these cases, the Company takes all kinds of measures to ensure the confidentiality of the inside information under the capital market legislation.

The Company informs its executives and employees about the liabilities stipulated in the law and the relevant legislation with respect to inside information as well as sanctions relating to the misuse or dissemination of such information, through in-service trainings. The Company takes the necessary measures by obtaining confidentiality commitments that prevent the access of employees other than those in the list of persons with access to inside information and third parties providing services and through similar methods.

Persons with access to inside information on the other hand are informed about the sanctions relating to the misuse or dissemination of such information, in writing and by obtaining their signatures, by ensuring the acknowledgment of their obligations in the law and the relevant legislation regarding inside information.

***Principles used in determining the persons with administrative liability***

Under the Capital Market Legislation, “Persons with Administrative Liability” are described as the Company’s Board of Directors members and persons who are not members of the board of directors, but who regularly access the issuer’s inside information directly or indirectly and have the authority to take administrative decisions that affect the issuer’s future development and business goals.

The Persons with Administrative Liability in our Company are determined as Members of the Board of Directors, General Manager and Assistant General Managers, Accounting and Budget Manager, Finance Manager, Domestic Sales Manager, Purchasing Manager, Human Resources Manager, R&D and Quality Control Manager, Production Manager, Foreign Sales Manager , Plant Protection P&D Manager, Information Technologies Manager, Animal Health Licensing and P&D Manager, Project and Maintenance Manager, Logistics Manager, Product Manager, Commercial Marketing Manager, Human Resources and Quality Systems Coordinator.

**Principles regarding the disclosure of prospective evaluations**

Evaluations that include plans and estimations in the nature of prospective inside information or providing investors with insight about the issuer's future activities and financial situation and performance may be disclosed to the public within the framework of the principles specified in the capital market legislation.

Prospective evaluations are based on reasonable assumptions and estimations and in the event of deviations due to unpredictable risks and developments, a public statement is made by specifying the reasons for differences as well, if there are significant differences between the matters previously disclosed to the public and the actual situations.

The Chairman of the Board of Directors and the General Manager are authorized by the Company's Board of Directors to disclose the Company's prospective evaluations.

Prospective evaluations may be made through special case disclosures, media organs, press conferences, press releases, national and international conferences or meetings, and other means of communication, within the framework of the principles stipulated in the capital market legislation.

All questions regarding the application principles and procedures of this policy should be directed to the Investor Relations Department.

**e) Grants and Donations Policy**

Hektaş Ticaret T.A.Ş. carries out its activities with a focus on the Company's sustainable development, achievement of long-term goals and protection of all stakeholders' rights.

Within this framework, grants and donations that may divert the Company from the principle of protecting the rights of shareholders are avoided. However, within the framework of the Company's social responsibility approach, certain grants and donations approved by the Board of Directors may be made provided that they are in line with the provisions of the capital market legislation and are within the framework of Group practices.

The limit of the donation to be made is determined annually by the general assembly. The Capital Market Board is authorized to introduce an upper limit for donation amounts. Information about donations made is provided annually in General Assembly meetings.

**F) Human Resources Policy**

Acting with the awareness that the most valuable resource behind its success is people, Hektaş acts on the basis of innovation and sustainability which;

- Values employees,
- Thrives on the excitement of employees and is empowered by their creativity,
- Is open to change and development,
- Creates career opportunities,
- Respects people, environment and nature,
- Complies with quality standards,
- Is based on innovation and sustainability.

**g) Information Security Policy**

As HEKTAŞ, in order to manage all kinds of risks to business continuity and information assets, we manage our activities for;

- Documenting and continuously improving our information security management system to meet the requirements of the ISO 27001 standard,
- Complying with all legal regulations and contracts related to information security,
- Systematic management of risks to information assets,
- Carrying out trainings to develop technical and behavioral competencies in order to increase information security awareness,
- Strategic target, design, production, sales, supply resources related to our products and services,
- Protecting the confidentiality of critical data such as customer and employee information,
- Granting access rights in accordance with the need-to-know principle, preventing unauthorized access,
- Creating appropriate physical and electronic environments for the security of information assets,
- Providing the necessary plans and technical infrastructure for the continuity assurance of information technology services,
- in an integrated manner with other applied management systems in order to detect situations that violate information security in a timely manner and intervene immediately.

### **h) Integrated Management System Policy**

Adopting Quality, Environment and Occupational Health and Safety as its basic philosophy, HEKTAŞ aims to focus on customer satisfaction with all its employees in the headquarters, regions and subsidiaries, while meeting and exceeding customer expectations at every stage of the product and environmental life cycle. HEKTAŞ is a proud pursuer of the mission of being the "Pioneer of Smart Agriculture".

The main objectives of HEKTAŞ for sustainable growth while giving utmost attention to customer satisfaction are as follows;

- To be a dynamic company that is preferred in every segment of the market in the fields of Agriculture and Animal Health with its product and service quality,
- To increase the performance of all our processes to an internationally competitive level, in line with the approach of continuous improvement with the involvement of all employees,
- To provide the necessary resources to ensure the sustainability of management systems,
- To set measurable targets by taking into account the good practices in the sector and in the world and to regularly review their achievement, the purpose of continuous improvement of Quality, Environment and Occupational Health and Safety Integrated Management Systems;
- To fulfill all relevant sectoral, national and international legislation requirements and other applicable conditions while providing products and services; to increase the performance of the Integrated Management System, with precise adherence to compliance obligations,
- To protect biodiversity and ecosystem by taking into account climate change through efficient use of resources in all processes with a sustainable development perspective, to take care to prevent pollution and to develop recycling methods by reducing waste at its source, to encourage recycling and to add continuous positive value to the environment,
- To work in line with the Zero Work Accident principle by providing safe and healthy working conditions and ensuring the consultation and participation of employees and their representatives in all processes,
- To prevent risk at its source, to minimize occupational diseases with a risk-oriented approach,
- To increase awareness by cooperating with all stakeholders on Quality, Environment and Occupational Health and Safety,

As HEKTAŞ, we undertake to achieve these by creating added value to stakeholders, society and producers by working as a team at every stage of the activities, sharing information and constantly improving our processes, with the aim of ensuring the sustainability of the Integrated Management System, within the framework of the policy.



## **I) Ethical Rules**

HEKTAŞ Business Ethics Principles are a set of rules approved by the Board of Directors, which managers and all employees must comply with during the conduct of business. These principles constitute one of the foundations that form the corporate culture of the company in integrity with company policies, values and OYAK principles. Company personnel must comply with the "Business ethics principles" while performing their duties.

### ***Scope***

These rules constitute a part of the personnel policy principles of HEKTAŞ and are applicable to all HEKTAŞ employees, especially the Board of Directors and managers. Compliance with both the following articles and the spirit of the determined ethical rules is required.

### ***Integrity and Reliability***

- Integrity and reliability are the primary values in all internal and external business processes.
- HEKTAŞ aims to be a symbol of reliability and respectability towards its shareholders, employees, customers, suppliers, business partners, competitors, environment, society and humanity.
- HEKTAŞ employees act in accordance with the laws of the Republic of Turkey, rules of international law and moral values while achieving the company's targets.

### ***Protection of Confidentiality and Trade Secrets***

- Information and documents, trade secrets, financial and other information not disclosed to the public, confidential information regarding employees' personal rights and included in agreements concluded with third parties, which are kept by the company as a requirement of its position or which may be accessed or learned at the workplace, are considered within the framework of confidentiality and protection of trade secrets.
- HEKTAŞ takes care to protect the personal information of its employees and all stakeholders. In this context, personal information of all personnel is recorded in the Human Resources Department. The information of the personnel is only used by authorized persons for the purposes of HEKTAŞ, within the authorizations determined, and only when needed.
- If employees quit the company for any reason, they cannot use all kinds of documents, papers and information they have due to their duties and positions to gain advantage against the company and/or others in the future.
- It is strictly forbidden to leak all kinds of confidential information and/or documents within the scope of "Insider Trading", to gain benefits or to gain benefits through the stock market or any other means.
- Persons authorized to make evaluations, express opinions, and make written or verbal press

releases on behalf of the company are the Chairman of the Board of Directors and the General Manager, as well as the persons to be assigned by them.

### ***Prevention of Conflict of Interest***

HEKTAŞ employees carefully avoid actions that may result in a conflict of interest, and take care to protect the interests of the Company during their work, while avoiding any action or behavior that may mean gaining benefits for themselves or their relatives.

Conflict of personal interests with the company's benefit, and employees obtaining inappropriate personal benefits or providing benefits to their relatives or 3rd parties due to their position are not allowed under any circumstances.

## **Our Responsibilities**

### ***Legal Responsibilities***

- HEKTAŞ is committed to high standards of ethical behavior.
- It carries out all its activities within the framework of national and international laws and regulations.
- While fulfilling all kinds of activities and legal obligations, it approaches all institutions and organizations without any expectation of benefit.

### ***Responsibilities to the Society and Environment***

- Activities aimed at increasing environmental awareness and social awareness, activities for the benefit of the public, and cultural and social responsibility projects are supported.
- Actions are taken with adherence to the principles of constantly improving human health, operational safety and environmental protection standards. Contributions are made to the development of new technologies by closely following the latest developments.
- Unethical behaviors such as bribery, corruption, abuse of power are carefully avoided and efforts for elimination of such crimes are supported.
- Giving and receiving gifts, products and services which will affect decisions and activities, which aim to provide privileges and benefits not suitable for the course of the business and whose symbolic nature is doubtful are avoided.

### ***Responsibilities to our Customers***

- All customers are treated fairly and with integrity to ensure the highest level of customer satisfaction.
- All kinds of documents and information regarding customers are kept confidential and

meticulously, except for persons and authorities who are expressly authorized to request information and documents.

- Customers' problems are handled with sensitivity, aiming to gain the highest level of customer trust by producing fast and permanent solutions.

#### ***Responsibilities to Our Suppliers and Business Partners***

- The company acts honestly, fairly, respectfully and within the framework of good faith rules, and fulfills its legal obligations to the people and organizations it does business with.
- All kinds of documents and information pertaining to our suppliers and business partners are kept confidential and meticulously, except for persons and authorities who are expressly authorized to request information and documents.

#### ***Responsibilities to competitors***

- The company competes with other companies in the sector on legal and ethical grounds and complies with rules of the competition law.

#### ***Responsibilities to Shareholders***

- In line with its goal of creating value for its shareholders, the company takes its decisions based on the economic evaluation criteria known currently, and ensures the most efficient management of its resources and assets by displaying an open management with a transparent and accountable approach.
- The company implements growth-oriented value-creating company strategies by aiming to maximize share value, avoiding unnecessary and unmanageable risks.

## **2. Other Issues**

### **A) Legal Issues**

#### Lawsuits

There are no ongoing material lawsuits filed against our Company.

#### Administrative-Judicial Sanctions

There are no material administrative sanctions or penalties imposed on the Company and the Board of Directors Members due to practices against legislative provisions.

### **b) Information about Legislative Amendments that may Significantly Affect the Company's Activities**

There are no legislative changes such as incentives, taxes, etc. which may significantly affect the financial statements of the Company.

**c) Explanations Regarding Private Auditing and Public Auditing**

The activities of the Company are regularly and periodically audited by the Independent External Auditor and Auditors designed by the General Assembly. For 2021, the independent audit activities will be carried out by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (Member of Deloitte Touche Tohmatsu Limited) .

**d) Information that must be Submitted to the Shareholders Regarding Related Party Transactions and their Balances**

Information about the transactions conducted by the Company with related parties is provided in the footnote no. 34 of our financial statements of 31.12.2021.

**e) Information about the Conflicts of Interest Occurring between the Company and Institutions Providing Services to the Company in Matters such as Investment Advisory and Rating and the Measures Taken by the Company to Prevent such Conflicts**

None

**f) Corporate Governance Principles Compliance Report, Corporate Governance Information Form and Sustainable Principles Compliance Report**

The “Corporate Governance Principles” published by the Capital Market Board were complied with and implemented in 2021 January - December period as well.

Corporate Governance Principles Compliance Report, Corporate Governance Information Form and Sustainable Principles Compliance Report are provided in Appendix-2.

**g) Donations Made**

The Company made donations in the amount of TL 112.733 as of 2021.

**h) Events Occurring within the Period****Transactions Carried out in Relation with Paid-Unpaid Capital Increase**

The process regarding “Capital Increase”, which was brought to the attention of stakeholders through the Public Disclosure Platform (PDP), was commenced in December 2020 and all developments regarding the process were shared with the public on PDP on the dates of 04.01.2021, 30.03.2021, 31.03.2021, 26-27-28.04.2021, 18.05.2021, 20.05.2021, 31.05.2021, 17.06.2021 and 25.06.2021 respectively.

With the latest PDP disclosure dated 25.06.2021 made within the period, the amendment and registration of the articles of association with respect to capital increase was announced.

*Paid Capital Increase*

Share Group Information	Current Capital (TL)	Preemptive Right Exercise Amount (TL)	Preemptive Right Exercise Rate (%)	Security to be Provided	Type
HEKTS, TRAHEKTS91E4	227,571,100.14	400,000,000.00	175.76924	HEKTS, TRAHEKTS91E4	Registered
TOTAL	227,571,100.14	400,000,000.00	175.76924		

*Unpaid Capital Increase*

Share Group Information	Current Capital (TL)	Amount of Unpaid Shares Received from Internal Resources (TL)	Ratio of Unpaid Shares Received from Internal Resources (%)	Security to be Provided	Type
HEKTS, TRAHEKTS91E4	227,571,100.14	232,428,899.86	102.13462	HEKTS, TRAHEKTS91E4	Registered
TOTAL	227,571,100.14	232,428,899.86	102.13462		

Transactions Carried out Regarding the Increase of the Authorized Capital Cap

All developments regarding the “Increase of the Authorized Capital Cap”, which were brought to the attention of stakeholders through the Public Disclosure Platform (PDP) were shared with the public on PDP on the dates of 11.01.2021, 28.01.2021 and 29.03.2021 respectively.

Transactions Regarding the Exercise of the Retirement Right

Since the transactions regarding the “Paid Capital Increase”, which was brought to the attention of stakeholders through the Public Disclosure Platform (PDP) also include the “Exercise of the Retirement Right”, the PDP disclosures were made and shared with the public on the dates of 17.02.2021, 26.03.2021 and 29.03.2021 respectively.

Transactions Regarding the Ordinary General Assembly of 2020

The process regarding the “Ordinary General Assembly Meeting of 2020”, which was brought to the attention of stakeholders through the Public Disclosure Platform (PDP) was commenced on 17.02.2021 and shared with the public through PDP on the dates of 05.03.2021, 24.03.2021 and 26.03.2021 respectively.

The PDP disclosures regarding Dividends, Determination of the Independent Audit Firm and distribution of the duties of the Board of Directors, which were discussed and concluded during the Ordinary General Assembly Meeting of 2020 held on 24.3.2021, were made on 24.03.2021.

Notification on Capital Market Instrument Transactions Other Than Shares

The PDP disclosure regarding the principal amount and 8th coupon payment of the private sector bond coded TRSHEKT32123 ISIN was made on 10.03.2021.

Acquisition of Non-current Financial Assets

The process regarding the purchase of 100% of “Arma İlaç Sanayi ve Ticaret A.Ş.” from Oyak Biyoteknoloji Sanayi ve Ticaret A.Ş. at a price of TL 92.000.000, which was brought to the attention of stakeholders through the Public Disclosure Platform (PDP), was commenced in December 2020 and the acquisition of the financial fixed asset was announced to the public with the PDP closure dated 28.07.2021.

Senior Director Appointments

During the meeting held by our Company’s Board of Directors on 01.06.2021, Mr. Musa Levent ORTAKÇIER, who holds the title of General Manager, was appointed as the Board Chairman of Hektaş Ticaret T.A.Ş. As the natural person representative of the legal entity Omsan Lojistik A.Ş., in place of Mr. Baran Çelik, who acted as the natural person representative of the legal entity Oytaş İç ve Dış Ticaret A.Ş. Mr. Hakkı Zafer TERZİOĞLU, who held the title of Strategy and Marketing Director in our Company, was appointed as the General Manager of Hektaş Ticaret T.A.Ş. In place of Mr. Musa Levent ORTAKÇIER and this information was shared with stakeholders through the Public Disclosure Platform (PDP) on 01.06.2021. The appointment has also been explained in detail in the section “Committees, Changes Applied in the Senior Management within the Period” of the Activity Report.

During the meeting held on 07.09.2021 by our Company’s Board of Directors, senior director appointments within the company were made and this information was shared with stakeholders through the Public Disclosure Platform (PDP) on 07.09.2021. The appointment has also been explained in detail in the section “Committees, Changes Applied in the Senior Management within the Period” of the Activity Report.

Mr. Mehmet DERİN, who worked as the Strategy and Marketing Advisor at the company, was appointed as R&D Director as of 17 November 2021 and this information was shared with stakeholders through PDP on 17.11.2021 and explained in detail in the section “Committees, Changes Applied in the Senior Management within the Period” in the Activity report.

#### Appointment of the New Investor Relations Manager

Within the framework of the Capital Market Legislation, Tuba BEKTAŞ, who has the qualifications prescribed in the legislation, was appointed as the Investor Relations Department Manager on 13.09.2021 to perform the same duties in place of Betül MADENÜS, who had been working as Investor Relations Department Manager and Corporate Governance Committee Member; therefore, Tuba BEKTAŞ has also been appointed as Corporate Governance Committee member in place of Betül MADENÜS and this information was shared with our stakeholders on the Public Disclosure Platform (PDP).

#### Credit Rating

As a result of the rating studies conducted by "JCR Avrasya Derecelendirme A.Ş.", our company's long and short-term national ratings were confirmed as 'AA (Trk)' and 'A-1+ (Trk)' respectively, while their outlook in terms of the ratings were confirmed as "Stable". Our company's international ratings were restricted to the national rating and this information was shared with our stakeholders through the Public Disclosure Platform (PDP).

#### Establishment of the Pet Food Production Facility

The studies required for the establishment of a "Pet Food" production facility with an initial annual capacity of 50,000 tons within an area of 40,336 m2 in the province of Balıkesir, Manyas district, Kızıksa village, have been started in line with the Company's growth strategies. The agreements required for machinery, equipment, construction and similar transactions have been completed. It is planned to complete the investment in the second quarter of 2022 and this information was shared with our stakeholders through the Public Disclosure Platform (PDP) on 21.09.2021.

#### Determination of the cap for issue of debt instruments

During the Board of Directors meeting of the Company dated 30.12.2021, in order to meet the required borrowing needs of the company, information regarding the issue of debt instruments up to 1,000,000,000 TL (One Billion Turkish Lira) in Turkish Lira, once or multiple times and without public offering domestically, on a private basis and/or through sales to qualified investors on allocation basis, or by using a combination of sales methods was shared with stakeholders through the Public Disclosure Platform (PDP) on 30.12.2021.

**i) Events Occurring Outside of the Period****Acquisition of Non-current Financial Assets**

Completion of the transactions to purchase part of the fund obtained as a result of the capital increase which was unanimously accepted during the ordinary General Assembly Meeting of 2020 by shareholders and for which the required authorizations from the CMB were obtained since the transaction was within the scope of material transactions and all shares of Agriventis Technologies Pty.Ltd, whose field of activity is "seed breeding and seed breeding production" owned by" Sermaye Yatırımları A.Ş., which holds 51% of the shares of the company, from OYAK Sermaye Yatırımları A.Ş. for a price of TL 28.000.000, in order to continue sustainable growth, enrich the company's product portfolio and develop new products by entering new business lines was shared with the stakeholders through the Public Disclosure Platform (PDP) on 12.01.2022.

**Issuance Document for the Debt Instrument**

The issuance document and application form pertaining to the debt instrument to be issued to privately owned and/or qualified investors without public offering domestically up to a nominal amount of TL 1.000.000.000, which were approved by the Capital Market Board on 03.02.2022, have been shared with stakeholders on 04.02.2022 through the Public Disclosure Platform (PDP).



**Annex -1: Information About the Duties Performed by the Board of Directors Members Outside the Company**

Board of Directors	Position	Position Starting Date of the Representative	Duties Carried out by the Representative Outside of the Company:
Omsan Lojistik A.Ş. (The person acting on behalf of the company: <b>Musa Levent ORTAKÇIER</b> )	Chairman of the Board of Directors	01.06.2021	OYAK Head of the Group – Food, Agriculture and Animal Husbandry Sector Carries out duties of Chairman/ Deputy Chairman/Member of the Board of Directors (by representation) in other OYAK Group Companies.
Oytaş İç ve Dış Ticaret A.Ş. (The person acting on behalf of the company: <b>Baran ÇELİK</b> )	Vice Chairman of the Board of Directors	30.01.2019	OYAK Head of the Group– Finance Affairs Carries out duties of Chairman of the Board of Directors at OYAK Portföy A.Ş., Board of Directors Membership at Ereğli Demir ve Çelik Fabrikaları T.A.Ş., İskenderun Demir ve Çelik A.Ş. And Chairman/Member of the Board of Directors (by representation) in other OYAK Group Companies.
Akdeniz Chemson Kimya Sanayi ve Ticaret A.Ş. (The person acting on behalf of the company: <b>Aslıhan DÖĞER</b> )	Board of Directors Member	30.01.2019	OYAK Head of the Group – Strategy and Business Development Carries out duties of Deputy Chairman of the Board of Directors and Executive Director at Ereğli Demir ve Çelik Fabrikaları T.A.Ş., İskenderun Demir ve Çelik A.Ş. And Chairman/Deputy Chairman/Member of the Board of Directors (by representation) in other OYAK Group Companies.

**Annex-2: Independence Declarations of Independent Board of Director Members**

**STATEMENT OF INDEPENDENT MEMBER OF BOARD OF DIRECTORS**

I accept, undertake and declare that I read and understand the Corporate Governance Principles included in Serial No. II-17.1 Communique on Corporate Governance of Capital Markets Board and I fully meet all criteria for being an Independent Member of Board of Directors mentioned in the principle in question and also attached to this statement. 28.01.2021

**Kamil DERECE**

HEKTAŞ TİCARET T.A.Ş.  
Gebze OSB Mah. 700.Sk. No:711/1  
1400 Gebze / KOCAELİ  
Mersis No: 481 001 5898

**Hüseyin ÇİMEN**  
Bütçe ve Kurumlar Daire Başkanı (V)

**Uğur AKBAŞ**  
MALİ İŞLER DİREKTÖRÜ

**STATEMENT OF INDEPENDENCE**

I am a candidate to be assigned as “independent member” in Board of Directors of HEKTAŞ TİCARET T.A.Ş in scope of the criteria mentioned in Communiqué on Corporate Governance of Capital Markets Board, legislation and articles of incorporation and in this framework, I declare that:

- a) I do not have a relationship between themselves, or their spouse and relatives by blood or marriage up to second degree, and the corporation, companies where the corporation holds management control or significant influence , and shareholders who hold management control of the corporation or have significant influence in the corporation, and legal entities in which these shareholders hold management control, in terms of employment at an administrative level to take upon significant duties and responsibilities within the last five years, not to own more than 5% of the capital or voting rights or privileged shares jointly or solely, or not having established a significant commercial relation,
- b) I am not a shareholder (5% and more), an employee at an administrative level to take upon significant duties and responsibilities, or member of board of directors within the last five years in companies that the corporation purchases or sells goods or services at a significant level within the framework of contracts executed, especially on audit (including tax audit, statutory audit, internal audit), rating and consulting of the corporation, at the time period when the corporation purchases or sells services or goods,
- c) I have professional education, knowledge and experience in order to duly fulfil the duties assigned for being an independent board member.
- d) I am not a full-time employee of public authorities and institutions after being elected, except being an academic member at university provided that is in compliance with the relevant legislation.
- e) I am a resident in Turkey in accordance with the Income Tax Law dated 31 December 1960 and numbered 193.
- f) I am capable to contribute positively to the operations of the corporation, to maintain their objectivity in conflicts of interests between the corporation and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders.
- g) I am able to allocate time for the corporation’s business in order to follow up the activities of the corporation and duly fulfil the allocated duties.
- h) I did not become a member of the board of directors for more than a period of six years within the last ten years.
- ı) I am not an independent member of the board of directors in more than three corporations where the corporation or the controlling shareholders of the corporation hold management control, and in more than five corporations admitted to trading on the exchange in total.
- i) I am not registered and announced as a board member representing a legal entity.

**Kamil Derece**

29.01.2021

HEKTAŞ TİCARET T.A.Ş.  
Göztepe OSB Mah. 700.Sk. No:711/1  
1400 Gebze / KOCAELİ  
Mikroboy V.D. 461 001 5898

**HÜSEYİN YILMAZ**  
9.01.2021  
Başkan

**UĞUR AKBAŞ**  
9.01.2021  
Başkan

## STATEMENT OF INDEPENDENT MEMBER OF BOARD OF DIRECTORS

I accept, undertake and declare that I read and understand the Corporate Governance Principles included in Serial No. II-17.1 Communique on Corporate Governance of Capital Markets Board and I fully meet all criteria for being an Independent Member of Board of Directors mentioned in the principle in question and also attached to this statement. 28.01.2021

  
Mahmut Cengiz AYDIN

HEKTAS TİCARET T.A.Ş.  
Göztepe OSB Meh. 700.8/kc. No:711/1  
41400 Göztepe / KOCAELİ  
İhtisabı Y.D. 461 001 5898

**HÜSNİ GİMEN**  
Bütçe ve Mali İşler Yürütme Direktörü (V)

**UZUR AKBAŞ**  
MALİ İŞLER BİRLİK BAKANI

**STATEMENT OF INDEPENDENCE**

I am a candidate to be assigned as “independent member” in Board of Directors of HEKTAŞ TİCARET T.A.Ş in scope of the criteria mentioned in Communiqué on Corporate Governance of Capital Markets Board, legislation and articles of incorporation and in this framework, I declare that:

a) I do not have a relationship between themselves, or their spouse and relatives by blood or marriage up to second degree, and the corporation, companies where the corporation holds management control or significant influence , and shareholders who hold management control of the corporation or have significant influence in the corporation, and legal entities in which these shareholders hold management control, in terms of employment at an administrative level to take upon significant duties and responsibilities within the last five years, not to own more than 5% of the capital or voting rights or privileged shares jointly or solely, or not having established a significant commercial relation,

b) I am not a shareholder (5% and more), an employee at an administrative level to take upon significant duties and responsibilities, or member of board of directors within the last five years in companies that the corporation purchases or sells goods or services at a significant level within the framework of contracts executed, especially on audit (including tax audit, statutory audit, internal audit), rating and consulting of the corporation, at the time period when the corporation purchases or sells services or goods,

c) I have professional education, knowledge and experience in order to duly fulfil the duties assigned for being an independent board member.

ç) I am not a full-time employee of public authorities and institutions after being elected, except being an academic member at university provided that is in compliance with the relevant legislation.

d) I am a resident in Turkey in accordance with the Income Tax Law dated 31 December 1960 and numbered 193.

e) I am capable to contribute positively to the operations of the corporation, to maintain their objectivity in conflicts of interests between the corporation and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders.

f) I am able to allocate time for the corporation’s business in order to follow up the activities of the corporation and duly fulfil the allocated duties.

g) I did not become a member of the board of directors for more than a period of six years within the last ten years.

ğ) I am not an independent member of the board of directors in more than three corporations where the corporation or the controlling shareholders of the corporation hold management control, and in more than five corporations admitted to trading on the exchange in total.

h) I am not registered and announced as a board member representing a legal entity.

**Mahmut Cengiz AYDIN**

29.01.2021

HEKTAŞ TİCARET T.A.Ş.  
Gebze OSB Mah. 700.Sk. No:711/1  
1400 Gebze / KOCAELİ  
Tic Sic No: 271800  
Mersis No: 081 001 8898 0001  
HÜSEYİN KEMEN  
İçişleri ve Ticaret Bakanlığı  
MALİ İŞLERİ DİREKTÖRÜ

**STATEMENT OF INDEPENDENT MEMBER OF BOARD OF DIRECTORS**

I accept, undertake and declare that I read and understand the Corporate Governance Principles included in Serial No. II-17.1 Communique on Corporate Governance of Capital Markets Board and I fully meet all criteria for being an Independent Member of Board of Directors mentioned in the principle in question and also attached to this statement. 29.01.2021

**Bülent Şamil YETİŞ**

HEKTAŞ TİCARET T.A.Ş.  
Gebze OSB Mah. 700.Sk. No:711/1  
1400 Gebze / KOCAELİ  
Tic Sic. No: 271100  
Mersis No: 083100158980001000000  
Hüseyin YİMEN  
Bütçe ve Mali İşler Direktörü (V)  
Uğur AKBAŞ  
MALİ İŞLER DİREKTÖRÜ

**STATEMENT OF INDEPENDENCE**

I am a candidate to be assigned as “independent member” in Board of Directors of HEKTAŞ TİCARET T.A.Ş in scope of the criteria mentioned in Communiqué on Corporate Governance of Capital Markets Board, legislation and articles of incorporation and in this framework, I declare that:

a) I do not have a relationship between themselves, or their spouse and relatives by blood or marriage up to second degree, and the corporation, companies where the corporation holds management control or significant influence , and shareholders who hold management control of the corporation or have significant influence in the corporation, and legal entities in which these shareholders hold management control, in terms of employment at an administrative level to take upon significant duties and responsibilities within the last five years, not to own more than 5% of the capital or voting rights or privileged shares jointly or solely, or not having established a significant commercial relation,

b) I am not a shareholder (5% and more), an employee at an administrative level to take upon significant duties and responsibilities, or member of board of directors within the last five years in companies that the corporation purchases or sells goods or services at a significant level within the framework of contracts executed, especially on audit (including tax audit, statutory audit, internal audit), rating and consulting of the corporation, at the time period when the corporation purchases or sells services or goods,

c) I have professional education, knowledge and experience in order to duly fulfil the duties assigned for being an independent board member.

ç) I am not a full time employee of public authorities and institutions after being elected, except being an academic member at university provided that is in compliance with the relevant legislation.

d) I am a resident in Turkey in accordance with the Income Tax Law dated 31 December 1960 and numbered 193.

e) I am capable to contribute positively to the operations of the corporation, to maintain their objectivity in conflicts of interests between the corporation and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders.

f) I am able to allocate time for the corporation’s business in order to follow up the activities of the corporation and duly fulfil the allocated duties.

g) I did not become a member of the board of directors for more than a period of six years within the last ten years.

ğ) I am not an independent member of the board of directors in more than three corporations where the corporation or the controlling shareholders of the corporation hold management control, and in more than five corporations admitted to trading on the exchange in total.

h) I am not registered and announced as a board member representing a legal entity.

Bülent Samil YETİŞ

29.01.2021

HEKTAŞ TİCARET T.A.Ş.  
Göztepe OSB Mah. 700.Sk. No:711/1  
1400 Gebze / KOCAELİ  
Tic Sic No: 270900  
V.D. 461 001 8888  
HÜSEYİN İMİN  
907ce ve 907ce/1 Gıdalar ve İçecekler Direktörü (V) MALİ İŞLER DİREKTÖRÜ

**APPENDIX-3 Corporate Governance Principles Compliance Report, Corporate Governance Information Form and Sustainable Principles Compliance Report****HEKTAŞ TİCARET T.A.Ş. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT****DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES**

HEKTAŞ TİCARET T.A.Ş. Is aware of its responsibilities to its stakeholders as a sector leader and one of the publicly listed companies with the most widespread sales network in the industry in Turkey. Within this framework, the Company has adopted the concepts of “equality”, “transparency”, “accountability” and “responsibility”, which constitute the basis of corporate governance, in its activities and pays utmost attention to compliance with the Capital Market Law (“CML”), as well as the secondary regulations and decisions of the Capital Market Board (“CMB”).

In this respect, in parallel with the corporate governance efforts, the corporate governance mechanisms began to be implemented within the Company in line with the principles, as of 27 February 2012.

HEKTAŞ TİCARET T.A.Ş. believes in the importance of full compliance with the Corporate Governance Principles. Our Company precisely adopted and implemented corporate governance principles which are provided in the annex to the Corporate Governance Communiqué and whose application is mandatory under the respective legislation, in the operating period ending on 31 December 2021 as well. We also pay due diligence to compliance with optional principles, which are not mandatory under the respective legislation, and no conflict of interest has arisen to date between stakeholders with respect to those which have not been fully complied with yet.

Explanations about compliance with the corporate governance principles attached to the Corporate Governance Communiqué in the operating period ending on 31 December 2021 and about those with which compliance has not been achieved yet are provided in the annual report, the Corporate Governance Compliance Report (“CGCR”) and the Corporate Governance Information Form (“CGIF”) as well as other relevant sections of the report.

We will continue the efforts to ensure better implementation of the mechanisms within the framework of the said principles and to improve our corporate governance applications including the limited number of voluntary principles not yet implemented in the company’s corporate governance applications in the future.

When there is a change in the CGCR or CGIF within the period, these changes will be presented in the activity reports of interim periods, in addition to special situation disclosures.



### Corporate Governance Compliance Report

	Compliance Status					Remarks
	Yes	Partial	No	Exempt	Irrelevant	
Corporate Governance Compliance Report						
1.1. FACILITATING THE EXERCISE OF SHAREHOLDERS' RIGHTS						
1.1.2 - Information and explanations that may affect the exercise of shareholder rights are made available to investors on the corporate website of the company.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - The company's management has refrained from taking any action that would make it difficult to carry out a special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The Company has ensured that the agenda of the General Assembly is clearly expressed and each proposal is provided under a separate title.	X					
1.3.7 - Persons who who have privileged access to partnership information have informed the board of directors that providing information about the transactions they have conducted within the scope of the company's field of activity on their own behalf in the general assembly			x			No such request has been received.
1.3.8-With respect to special issues in the agenda, members of the board of directors, other relevant persons, officials and auditors responsible for the preparation of the financial statements were present at the general assembly meeting.	X					
1.3.10-The amounts of all grants and donations as well as their beneficiaries were addressed under a separate item.	X					
1.3.11 - The General Assembly meeting was held open to the public, including the stakeholders and the press, without the right to speak.	X					
1.4. VOTING RIGHT						
1.4.1 - There are no restrictions and applications hindering the exercise of voting rights by shareholders.	X					

	Compliance Status					Remarks
	Yes	Partial	No	Exempt	Irrelevant	
1.4.2-The Company does not have any shares with privileged voting rights.		X				Owners of Founding Redemption Shares have 5% dividend rights arising from the company's articles of association.
1.4.3 - The Company has not exercised its voting rights in the General Assembly of any partnership with which it is in a mutual participation relationship that brings along a relationship of dominance as well.					X	Our Company does not have any partnerships with which it is in a mutual participation relationship.
<b>1.5. MINORITY RIGHTS</b>						
1.5.1- The Company has paid maximum attention to the exercise of its minority rights.	X					
1.5.2-Minority rights are also granted to those who have less than one twentieth of the capital under the articles of association, and the scope of minority rights has been extended by being regulated in the articles of association.			X			Although not regulated in the Articles of Association, the provisions of TCL No. 6102 and CML No. 6362 are implemented.
<b>1.6. DIVIDEND RIGHTS</b>						
1.6.1 - The dividend distribution policy approved by the general assembly has been disclosed to the public on the corporate website of the company.	X					
1.6.2 - The profit distribution policy contains the minimum information that will allow the shareholders to foresee the principles and procedures relating to the distribution of profits to be acquired by the company in the future.	X					
1.6.3 - Reasons for not distributing profits and the manner of using undistributed profits	X					
1.6.4 - The Board of Directors has reviewed whether a balance has been achieved between the interests of the shareholders and the interests of the partnership in the dividend distribution policy.	X					
<b>1.7. SHARE TRANSFER</b>						

	Compliance Status					Remarks
	Yes	Partial	No	Exempt	Irrelevant	
1.7.1 - There are no restrictions hindering the transfer of shares.	X					
<b>2.1. CORPORATE WEB SITE</b>						
2.1.1 - The corporate web site of the company includes all elements in the corporate governance principle numbered 2.1.1.	X					
2.1.2-The shareholding structure (names, privileges, number and ratio of shares of natural person shareholders owning more than 5% of the issued capital) is updated at least once in every six months on the corporate web site.	X					
2.1.4 - The information on the company's web site has been prepared in the foreign languages selected according to needs to cover exactly the same content as the Turkish ones.	X					
<b>2.2. ACTIVITY REPORT</b>						
2.2.1 - The Board of Directors ensures that the annual activity report reflects the company's activities fully and accurately.	X					
2.2.2 - The annual activity report contains all elements required in the principle numbered 2.2.2.	X					
<b>3.1. COMPANY'S POLICY REGARDING STAKEHOLDERS</b>						
3.1.1- Rights of the stakeholders are protected within the framework of relevant regulations, agreements and rules of good faith.	X					
3.1.3 - Policies and procedures regarding the rights of stakeholders are published on the company's corporate web site.		X				Ethical Rules, Disclosure Policy, Dividend Policy, Compensation Policy, Remuneration Policy, Donation and Aid Policy
3.1.4 - Mechanisms necessary for stakeholders to notify transactions that are against the legislation and ethically inappropriate.	X					
3.1.5 - The Company addresses conflicts of interest between stakeholders in a balanced	X					

	Compliance Status					Remarks
	Yes	Partial	No	Exempt	Irrelevant	
manner.						
<b>3.2. SUPPORTING THE PARTICIPATION OF STAKEHOLDERS IN THE COMPANY'S MANAGEMENT</b>						
3.2.1 - Participation of employees in the management is regulated with the articles of association or internal regulations.			X			There are no articles in the Articles of Association.
3.2.2 - Methods such as surveys, consultation, etc. have been applied to obtain the opinions of stakeholders in important decisions with consequences concerning stakeholders.		X				Demands and recommendations of clients, suppliers and shareholders are heard and recorded when necessary; no such demands were made in 2021.
<b>3.3. HUMAN RESOURCES POLICY OF THE COMPANY</b>						
3.3.1 - The company has adopted an equal opportunity employment policy and succession planning for all key managerial positions.		X				Studies carried out on the subject by the company continue.
3.3.2 - The criteria for personnel recruitment have been determined in writing.	X					
3.3.3 - The company has a Human Resources Development Policy and within this scope, trainings for employees are organized.	X					
3.3.4 - Meetings have been held to inform employees about matters such as the company's financial situation, remuneration, career planning, education and health.		X				Although briefings are made from time to time, meetings are not held as the studies continue.
3.3.5 - Decisions that may affect the employees have been notified to them and their representatives. Opinions of the relevant unions regarding these matters have also been obtained.		X				Our employees are directly notified, but there are no unions.
3.3.6 - Job descriptions and performance criteria were prepared in detail for all employees, announced to employees and used in remuneration decisions.	X					

	Compliance Status					Remarks
	Yes	Partial	No	Exempt	Irrelevant	
3.3.7 - Measures such as procedures, trainings, awareness raising, targets, monitoring and complaint mechanisms have been taken to prevent discrimination among employees and to protect employees against physical, mental and emotional ill-treatment.	X					
3.3.8 - The company supports the freedom of association and the effective grant of the right to collective bargaining.					X	Our company does not have a policy on this issue.
3.3.9 - A safe working environment is provided for the employees.	X					
<b>3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS</b>						
3.4.1-The company has measured customer satisfaction and operated with a focus on unconditional customer satisfaction.	X					
3.4.2 - If there are delays in processing customers' requests for goods and services purchased, such delays are notified to the customers.	X					
3.4.3 - The company adheres to quality standards for goods and services.	X					
3.4.4 - The Company has controls to protect the confidentiality of sensitive information of customers and suppliers within the scope of trade secrets.	X					
<b>3.5. ETHICS AND SOCIAL RESPONSIBILITY</b>						
3.5.1 - The Board of Directors has determined the Code of Ethical Conduct and published it on the corporate website of the company.	X					
3.5.2- The partnership is sensitive about social responsibility. It has taken measures for prevention of bribery and corruption .	X					
<b>4.1. FUNCTION OF THE BOARD OF DIRECTORS</b>						
4.1.1-The board of directors ensures that the strategy and risks do not threaten the long-term interests of the company and that an effective risk management is implemented.	X					

	Compliance Status					Remarks
	Yes	Partial	No	Exempt	Irrelevant	
4.1.2-Meeting agenda and minutes demonstrate that the board of directors discussed and approved the company's strategic goals, determined the resources needed, and the management's performance was supervised.	X					
<b>4.2. OPERATION PRINCIPLES OF THE BOARD OF DIRECTORS</b>						
4.2.1-The Board of Directors documented its activities and presented them for information to shareholders.	X					
4.2.2-The duties and authorities of the board of directors members are explained in the annual operating report.	X					
4.2.3 -The Board of Directors has established an internal control system in line with the company's scale and the complexity of its activities.	X					
4.2.4-Information about the operation and effectiveness of the internal control system is provided in the annual activity report.	X					
4.2.5 - Duties of the chairman of the board of directors and chief executive officer (general manager) are separated and defined.	X					
4.2.7-The Board of Directors ensures the effective functioning of the investor relations department and the corporate governance committee and has worked in close collaboration with with the investor relations department and the corporate governance committee in resolving disputes between the company and the shareholders and communicating with the shareholders.	X					
4.2.8 - The Company has taken out a director's liability insurance for an amount exceeding 25% of the capital, in relation to the damages that the members of the board of directors may cause during their duties in the company.	X					
<b>4.3. STRUCTURE OF THE BOARD OF DIRECTORS</b>						
4.3.9- The Company set a minimum women member ratio of 25% in the board of directors and has created a policy to attain this target. The structure of the board of directors is reviewed annually and the nomination process is carried out in accordance with this policy.			X			There is no policy.

	Compliance Status					Remarks
	Yes	Partial	No	Exempt	Irrelevant	
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
<b>4.4. FORM OF BOARD OF DIRECTORS MEETINGS</b>						
4.4.1 - All board of directors members physically attended most of the board of directors meetings.	X					
4.4.2 - The board of directors has defined a minimum time period for submission of information and documents about the issues in the agenda to all members before meetings.	X					
4.4.3 - Opinions of the member who could not attend the meeting, but who notified the board of directors about their opinions in writing.	X					
4.4.4 - Each member has a voting right in the board of directors.	X					
4.4.5 - The manner in which board of directors meetings will be held are put down in writing with internal regulations.	X					
4.4.6 - Minutes of the board of directors meeting demonstrates that all items in the agenda were discussed and the decision minutes are prepared by including dissenting opinions as well.	X					
4.4.7 - Members of the board of directors are restricted from taking on other duties outside the company. Duties assumed by the members of the board of directors outside the company were presented to the information of the shareholders at the general assembly meeting.			X			There are no restrictions, information was provided to the shareholders at the General Assembly Meeting.
<b>4.5. COMMITTEES ESTABLISHED WITHIN THE BOARD OF DIRECTORS</b>						
4.5.5 - Each member has a voting right in the board of directors.			X			As of the number of our Board of Directors members, one member serves on more than committee.
4.5.6-The committees have invited the persons whose opinions were considered necessary to the meetings and obtained their opinions.	X					

	Compliance Status					Remarks
	Yes	Partial	No	Exempt	Irrelevant	
4.5.7 - Information about the independence of the person/entity from whom the committee receives advisory services is provided in the annual activity report.					x	No such advisory has been received.
4.5.8 - A report was drawn up regarding the results of committee meetings and submitted to the board of directors members.	x					
<b>4.6. FINANCIAL BENEFITS PROVIDED TO MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVES WITH ADMINISTRATIVE LIABILITY</b>						
4.6.1 - The board of directors carried out a performance assessment to evaluate whether the board of directors fulfilled its liabilities effectively.			x			Performance assessment is not performed
4.6.4 - The Company did not extend loans or borrowed money to any member of the board of directors or executives with administrative liability, nor did it extend the term or improve the conditions of a loan borrowed; it did not extend loans under the title of a personal loan through third parties, nor did it provide guarantees such as surety in their favor.	x					
4.6.5 - Remunerations paid to the members of the board of directors and directors with administrative liability are disclosed on individual basis in the annual activity report.		x				The remunerations are paid cumulatively rather than on individual basis.



### Corporate Governance Information Form

<b>1. SHAREHOLDERS</b>	
<b>1.1. Facilitation of the Exercise of Shareholding Rights</b>	
Number of investor conferences and meetings organized by the company throughout the year.	Investors' meeting held with the attendance of 44 people and the meeting held with 11 investment institutions
<b>1.2. Right to Obtain and Review Information</b>	
Number of private auditor requests	0
Number of private auditor requests approved in general assembly meeting	0
<b>1.3. General Assembly</b>	
Link to the PDP disclosure where the information demanded within the scope of the principle 1.3.1(a-d) is declared	<a href="https://www.kap.org.tr/tr/Bildirim/910597">https://www.kap.org.tr/tr/Bildirim/910597</a>
Whether the English versions of documents relating to the general assembly meeting are submitted simultaneously with the Turkish versions	No such transaction
Links of the PDP disclosures regarding transactions where there is no unanimity or approval of the majority of independent members within the scope of the principle 1.3.9	No such transaction
Links of PDP disclosures regarding the related party transactions conducted within the scope of the article 9 of the Corporate Governance Communiqué (II-17.1)	No exceeding transactions
Links of PDP disclosures regarding the common and continuous transactions conducted within the scope of the article 10 of the Corporate Governance Communiqué (II-17.1)	PDP announcement of common and continuous transactions dated 11.02.2022
Name of the section containing the policy on grants and donations on the company's corporate web site	<a href="https://hektas.com.tr/bagis-ve-yardim-politikasi/">https://hektas.com.tr/bagis-ve-yardim-politikasi/</a>
Link to the PDP disclosure containing the general assembly minutes where the policy on grants and donations is accepted	<a href="https://www.kap.org.tr/tr/Bildirim/920278">https://www.kap.org.tr/tr/Bildirim/920278</a>
Number of the article regulating the participation of stakeholders in the general assembly in the articles of association	None
Information about the stakeholders participating in the general assembly	There are no restrictions on the participation of stakeholders in the General Assembly.
<b>1.4. Voting Rights</b>	
Whether the voting rights are privileged	No.
If the votes are privileged, owners of privileged shares and the ratio of their shares	None
Shareholding ratio of the biggest shareholder	% 58.82
<b>1.5. Minority Rights</b>	
Whether the minority rights are expanded (in terms of content or ratio) in the company's articles of association	No.
Please specify the number of the articles of association article where minority rights are expanded in terms of	None

content and ratio	
<b>1.6. Dividend Rights</b>	
Name of the section containing the profit distribution policy on the corporate web site	<a href="https://hektas.com.tr/kar-dagitim-politikasi/">https://hektas.com.tr/kar-dagitim-politikasi/</a>
If the board of directors proposes the general assembly that the profit should not be distributed, the reasons for this proposal and the text of the minutes pertaining to the general assembly agenda item which specifies the manner of using the undistributed profits	Net Distributable Profits in the amount of TL 180.189.320,81 remains. In order to support our growing balance sheet in FY 2021 and considering the conditions prescribed in the company's profit distribution policy, it was proposed that the distributable profit of the period pertaining to FY 2020 should not be distributed and the amount remaining after setting aside primary reserves and the dividends to be distributed to Privileged Shareholders on 2 December 2021 should be booked under extraordinary reserves, and acceptance of the submission of the Profit Distribution Proposal as such for approval to the Ordinary General Assembly of 2020 to be held on 24 March 2021 was accepted with votes amounting to TL 137.723.873,44 against against 34 negative votes by the participants (by majority of the votes).
Link to the PDP disclosure containing related general assembly minutes if the board of directors proposes to the general assembly that profits should not be distributed	<a href="https://www.kap.org.tr/tr/Bildirim/920278">https://www.kap.org.tr/tr/Bildirim/920278</a>

### General Assembly Meetings

General Assembly Date	Number of additional disclosures requested to the company regarding the general assembly agenda	Shareholders' rate of participation in the general assembly	Ratio of shares directly represented	Ratio of shares represented by proxy	The name of the section on the company's corporate website where the minutes of the general assembly meeting are included, with the positive and negative votes for each agenda item displayed	The name of the section on the corporate website that includes all the questions asked at the general assembly meeting and the answers given to them	Article or paragraph number of the general assembly minutes regarding related parties	Number of people who have privileged access to partnership information and who report to the board of directors (Insiders list)	Link to the general assembly disclosure published on PDP
24/03/2021	0	% 60.52	% 0.0045	% 60.07	<a href="https://hektas.com.tr/">https://hektas.com.tr/</a> Investor Relations / General Assembly Meetings	General Assembly Meeting Minutes and Attendance Sheet	15-16	167	<a href="https://www.kap.org.tr/tr/Bildirim/910597">https://www.kap.org.tr/tr/Bildirim/910597</a>

<b>2. PUBLIC DISCLOSURE AND TRANSPARENCY</b>	
<b>2.1. Corporate Web Site</b>	
Names of the sections containing information demanded in the corporate governance principle numbered 2.1.1. on the corporate web site	Investor Relations Department
Section of the corporate web site containing the list of natural person shareholders directly or indirectly owning more than 5% of the shares	<a href="https://hektas.com.tr/yatirimci-iliskileri/kurum-kimligi-ve-yonetimi/ortaklik-yapisi/">https://hektas.com.tr/yatirimci-iliskileri/kurum-kimligi-ve-yonetimi/ortaklik-yapisi/</a>
Languages in which the corporate web site is available	Turkish-English
<b>2.2. Activity Report</b>	
<b>Number of the pages or names of sections in the activity report which contain the information specified in the corporate governance principle numbered 2.2.2.</b>	
a) Number of the page or name of the section which contain information about the duties performed by the board of directors members and managers outside of the company and the members' declarations of independence	88-89-90-91-92-93-94
b) Number of the page or name of the section containing information about the committees established in the Board of Directors	33-34-35-36-37-38-39-40-41-42
c) Number of the page or name of the section containing information about the number of board of directors meetings within the year and attendance of members in the meetings	20
ç) Number of the page or name of the section about legislative amendments that may significantly affect the company's activities	82
d) Number of the page or name of the section containing information about the significant lawsuits filed against the company and their potential consequences	82
e) Number of the page or name of the section containing information about the conflicts of interest arising between the company and institutions from which it received services such as investment advisory and rating as well as measures taken to prevent them	83
f) Number of the page or name of the section about mutual affiliates where the ratio of direct participation in the capital exceeds 5% web site	No such situation exists
g) Number of the page or name of the section containing information about corporate social responsibility activities pertaining to employees' social rights, professional training and activities of the Company which yield other social and environmental implications	56-57,28-29-30-31-32-33

<b>3. STAKEHOLDERS</b>	
<b>3.1. Company Policy Regarding Stakeholders</b>	
Name of the section containing the compensation policy on the corporate web site	<a href="https://hektas.com.tr/tazminat-politikasi/">https://hektas.com.tr/tazminat-politikasi/</a>
Number of judicial decisions finalized against the company due to the violation of employee rights	4
Title of the authority in charge of the notification mechanism	Ethics Committee
Information on access to the company's notification mechanism	(262) 751 12 54-1610
<b>3.2. Supporting the Stakeholders' Participation in the Company's Management</b>	
Section containing information about internal regulations concerning employees' participation in management bodies on the corporate web site	None.
Management bodies where the employees are represented	None.
<b>3.3. Human Resources Policy of the Company</b>	
Role of board of directors in the development of a succession plan for key manager positions	<a href="https://hektas.com.tr/insan-kaynaklari/kariyer-planlama/">https://hektas.com.tr/insan-kaynaklari/kariyer-planlama/</a>
Name of the section containing the human resources policy that covers the criteria for personnel recruitment and equal opportunities on the corporate web site or summary of the related articles of the policy	<a href="https://hektas.com.tr/insan-kaynaklari/insan-kaynaklari-politikamiz/">https://hektas.com.tr/insan-kaynaklari/insan-kaynaklari-politikamiz/</a>
Whether there is an employee stock ownership program	None
Name of the section containing the human resources policy that covers measures to prevent discrimination and mistreatment on the corporate web site or summary of the related articles of the policy	<a href="https://hektas.com.tr/kurumsal-etik-kurallar/">https://hektas.com.tr/kurumsal-etik-kurallar/</a>
Number of judicial decisions finalized against the company due to liability for job accidents	0
<b>3.5. Ethics and Social Responsibility</b>	
Name of the section containing the ethics policy on the corporate web site	<a href="https://hektas.com.tr/kurumsal-etik-kurallar/">https://hektas.com.tr/kurumsal-etik-kurallar/</a>
Name of the section containing the corporate social responsibility report on the company's web site. If there is no corporate social responsibility report, measures taken with respect to environmental, social and corporate governance matters.	<a href="https://hektas.com.tr/kurumsal-entegre-yonetim-sistemi-politikasi/">https://hektas.com.tr/kurumsal-entegre-yonetim-sistemi-politikasi/</a>

Measures taken to combat all forms of corruption, including extortion and bribery

Unethical behaviors such as bribery, corruption, abuse of power are carefully avoided and efforts for elimination of such crimes are supported. Giving and receiving gifts, products and services which will affect decisions and activities, which aim to provide privileges and benefits not suitable for the course of the business and whose symbolic nature is doubtful are

#### 4. BOARD OF DIRECTORS-I

##### 4.2. Operation Principles of the Board of Directors

Date of the latest board of directors performance assessment	None.
Whether independent experts are involved in the board of directors performance assessment	No.
Whether all board of directors members are released	Yes
The names of the members of the board of directors to whom authorities are delegated, and the content of the said authorities.	We do not have any Executive Members with special authority.
Number of reports submitted by the internal control department to the supervisory board or other relevant committees	3
Name of the section or number of the page containing the evaluation on the effectiveness of the internal control system in the activity report	64
Name of the Board of Directors Chairman	OMSAN LOJİSTİK ANONİM ŞİRKETİ ( represented by :Musa Levent ORTAKÇIER)
Name of the CEO/General Manager	Hakkı Zafer TERZİOĞLU
Link to the PDP disclosure explaining the reason why the board of directors chairman and the chief executive officer/general manager are the same person	Not the same person
Link to the PDP disclosure stating that the damages that may be caused for the company by the board of directors members due to their faults during the performance of their duties are insured at an amount exceeding 25% of the company's capital	None.
Name of the section providing information about the diversity policy aiming to increase the ratio of women board members on the corporate web site	None.
Number and ratio of women members	1 and 14%

## Structure of the Board of Directors

Name/Surname of the Board Member	Whether they are Executive Members	Whether they are Independent Members	Date of Initial Election for the Board Date	Link to the PDP Disclosure Including the Independence Declaration	Whether the Independent Member has been Evaluated by the Nomination Committee	Whether there is a Member who is no Longer Independent	Whether they have at Least 5 Years of Experience in the Field of Audit, Accounting and/or Finance
OMSAN LOJİSTİK ANONİM ŞİRKETİ MUSA LEVENT ORTAÇIER	Non Executive	Not independent Member	19.04.2019				Yes
OYTAŞ İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ BARAN ÇELİK	Non Executive	Not independent Member	30.01.2019				Yes
OYAK PAZARLAMA HİZMET VE TURİZM ANONİM ŞİRKETİ REMZİ ER	Non Executive	Not independent Member	03.06.2020				Yes
OYAK DENİZCİLİK VE LIMAN İŞLETMELERİ ANONİM ŞİRKETİ OKAN SİVRİ	Non Executive	Not independent Member	31.03.2020				Yes
AKDENİZ CHEMSON KİMYA SANAYİ VE TİCARET ANONİM ŞİRKETİ ASLIHAN DÖĞER	Non Executive	Not independent Member	30.01.2019				Yes
KAMİL DERECE	Non Executive	Independent Member	28.03.2016	<a href="https://www.kap.org.tr/tr/Bildirim/915435">https://www.kap.org.tr/tr/Bildirim/915435</a>	Assessed	No	Yes
BÜLENT ŞAMİL YETİŞ	Non Executive	Independent Member	31.03.2020	<a href="https://www.kap.org.tr/tr/Bildirim/915435">https://www.kap.org.tr/tr/Bildirim/915435</a>	Assessed	No	Yes

<b>4. BOARD OF DIRECTORS-II</b>	
<b>4.4. Form of Board of Directors Meetings</b>	
Number of board of directors meetings held physically during the reporting period	43
Average attendance rate to board meetings	% 99
Whether an electronic portal is used to facilitate the work of the board of directors	No.
The number of days before which the information and documents are submitted to the members before the meeting as per the principles of work of the board of directors	5 days
Name of the section containing information about intra-company regulations where the manner of holding board meetings	<a href="https://hektas.com.tr/yatirimci-iliskileri/kurum-kimligi-ve-yonetimi/anasozlesme/">https://hektas.com.tr/yatirimci-iliskileri/kurum-kimligi-ve-yonetimi/anasozlesme/</a>
Upper limit determined in the policy which restricts members from assuming other duties outside of the company	None.
<b>4.5. Committees Established within the Board of Directors</b>	
Number of the page or name of the relevant section in the operating report where information about board of directors committees are provided	33-34-35-36-37-38-39-40-41-42
Link to the PDP disclosure where the working principles of the committee are declared	None.

**Board of Directors Committees-I**

Names of Board of Directors Committees	Name of the Committee Specified as "Other" in the First Column	Name-Surname of Committee Members	Whether they are a Committee Chairman	Whether they are a Board of Directors Member
Audit Committee		Kamil DERECE	Yes	Board Member
Corporate Governance Committee		Bülent Şamil YETİŞ	Yes	Board Member
Corporate Governance Committee		Kamil DERECE	No	Board Member
Corporate Governance Committee		Tuba BEKTAŞ	No	Not Board Member
Committee of Early Detection of Risk		Bülent Şamil YETİŞ	No	Board member

<b>4. BOARD OF DIRECTORS-III</b>	
<b>4.5. Committees Established within the Board of Directors-II</b>	
Please specify the section of the operating report or corporate web site where information is provided about the activities of the audit committee (page number or name of the section)	<a href="https://hektas.com.tr/yatirimci-iliskileri/kurum-kimligi-ve-yonetimi/komite-yonergeleri/">https://hektas.com.tr/yatirimci-iliskileri/kurum-kimligi-ve-yonetimi/komite-yonergeleri/</a>
Please specify the section of the operating report or corporate web site where information is provided about the activities of the corporate governance committee (page number or name of the section)	<a href="https://hektas.com.tr/yatirimci-iliskileri/kurum-kimligi-ve-yonetimi/komite-yonergeleri/">https://hektas.com.tr/yatirimci-iliskileri/kurum-kimligi-ve-yonetimi/komite-yonergeleri/</a>
Please specify the section of the operating report or corporate web site where information is provided about the activities of the nomination committee (page number or name of the section)	<a href="https://hektas.com.tr/yatirimci-iliskileri/kurum-kimligi-ve-yonetimi/komite-yonergeleri/">https://hektas.com.tr/yatirimci-iliskileri/kurum-kimligi-ve-yonetimi/komite-yonergeleri/</a>
Please specify the section of the operating report or corporate web site where information is provided about the activities of the early risk detection committee (page number or name of the section)	<a href="https://hektas.com.tr/yatirimci-iliskileri/kurum-kimligi-ve-yonetimi/komite-yonergeleri/">https://hektas.com.tr/yatirimci-iliskileri/kurum-kimligi-ve-yonetimi/komite-yonergeleri/</a>
Please specify the section of the operating report or corporate web site where information is provided about the activities of the remuneration committee (page number or name of the section)	<a href="https://hektas.com.tr/yatirimci-iliskileri/kurum-kimligi-ve-yonetimi/komite-yonergeleri/">https://hektas.com.tr/yatirimci-iliskileri/kurum-kimligi-ve-yonetimi/komite-yonergeleri/</a>
<b>4.6. Financial Benefits Provided to the Members of the Board of Directors and Directors with Administrative Liability</b>	
Number of the page or name of the section in the operating report where information is provided about operational and financial performance goals and whether they are met	None
Name of the section on the corporate website including the remuneration policy regarding executive and non-executive members	<a href="https://hektas.com.tr/ucret-politikasi/">https://hektas.com.tr/ucret-politikasi/</a>
Number of the page or name of the section in the operating report where the remuneration paid and all other benefits provided to board members and managers with administrative liability are specified	72-73,22

**Board of Directors Committees- II**

Names of Board of Directors Committees	Name of the Committee Specified as "Other" in the First Column	Ratio of Non-Senior Managers	Ratio of Independent Members in the Committee	Number of Physical Meetings held by the Committee	Number of Reports Submitted by the Committee to the Board of Directors about its Activities
Audit Committee		% 100	% 100	5	5
Corporate Governance Committee		% 33	% 66	7	1
Committee of Early Detection of Risk		% 100	% 100	6	1



SUSTAINABLE PRINCIPLES COMPLIANCE REPORT						
Principles	Compliance Status					Remarks
	Yes	Partial	No	Exem pt	Irrelev ant	
A. GENERAL PRINCIPLES						
A1. Strategy, Policy and Targets						
The Board of Directors has identified Environmental, Social and Corporate Governance (ESG) related material issues, risks and opportunities.	X					Process-based risk analyzes have been carried out in our company. Within the framework of business ethics rules, there are regulations regarding relations with shareholders, stakeholders and the public. Integrated Management Systems Policy and Work Ethics principles are in place. A risk inventory has been established within the framework of the Corporate Risk Management.
An ESG policy has been established by the Board of Directors.	X					The ESG policy is specified in the Integrated Management Systems Policy and announced on our website.
For purposes of effective implementation of ESG policies, documents such as intra-corporate directives, business procedures, etc. have been prepared.	X					Internal procedures have been established and implemented in order to effectively implement the Integrated Management Systems Policy. There are also corporate governance, audit committee and early detection of risk regulations.
ESG policies have been decided by the Board of Directors and disclosed to the public.	X					Corporate Governance Committees have been formed and disclosed to the public.
A Partnership Strategy has been determined in accordance with ESG policies, risks and opportunities.		x				Studies carried out on the subject by the company continue.
In accordance with the partnership strategy and ESG policies, short and long-term targets have been determined and disclosed to the public.		x				Studies carried out on the subject by the company continue.

A2. Implementation/Monitoring						
Committees and/or units responsible for the implementation of ESG policies have been identified and disclosed to the public.		x				With respect to Corporate Governance, Early Detection of Risk, Audit and Corporate Governance Committees were established and disclosed to the public.
The committees and/or units that were identified have reported their activities within the scope of ESG policies to the Board of Directors at least once a year and in any case within the maximum periods determined in the relevant regulations of the Board of Directors for the disclosure of annual activity reports to the public.		x				Corporate Governance, Early Detection of Risk and Audit Committee decisions were taken with respect to Corporate Governance and specified in the annual report.
In line with the short and long term targets determined, implementation and action plans have been created and disclosed to the public.			x			Studies carried out on the subject by the company continue.
ESG Key Performance Indicators (KPI) have been identified and the indicators have been disclosed comparatively on yearly to the public.		x				KPIs regarding ESG have been determined and the KPIs have been assigned on the basis of departments and employees.
KPIs are presented together with local and international sector comparisons (in case of verifiable data).			x			Studies are ongoing.
Innovation activities that are carried out with respect to business processes or products and services in order to improve sustainability performance have been disclosed.	X					Issues such as Seed Breeding, Safe Food platform, Smart assistant mobile application are announced on the corporate website. In addition, information about R&D projects is provided at sector fairs. R&D studies are also announced to the stakeholders with the Smart Agriculture magazine.
A3. Reporting						



Sustainability performance measures have been disclosed to the public, if verified by independent third parties (independent sustainability assurance to the public.			x			Information has not been shared within this scope.
<b>B. ENVIRONMENTAL PRINCIPLES</b>						
Policies and practices, action plans, environmental management systems (ISO 14001) and programs created within the scope of environmental management have been disclosed.	x					Our Company has an ISO 14001 certificate. All policies, procedures and instructions have been prepared within the scope of the environmental management system.
Compliance with the environment and related laws and other relevant regulations has been achieved and the studies carried out have been disclosed.	x					The list of external documents and the legislation to be followed have been determined and a system that monitors the changes in legislation on a daily basis has been established. All procedures and instructions have been prepared on the basis of relevant legislation.
The report prepared within the scope of Sustainability Principles includes information about the environmental report's limits, reporting period, reporting date, data collection process and reporting conditions.		x				The relevant compliance document is shared in the Annual Report. Efforts to improve the process continue.
The individual of the highest rank who is responsible for environment and climate change issues and the relevant committees and duties have been disclosed.		x				Responsibilities related to the environment are specified in the Environmental Management Plan.
Incentives offered to employees within the scope of the management of environmental issues, including the achievement		x				Partially disclosed in the Personnel Regulation. Studies are ongoing.

of targets, have been disclosed.						
How environmental issues are integrated into business goals and strategies has been disclosed.		x				Environmental priorities and sensitivities are embedded in business strategies. Improvement studies are ongoing.
Sustainability performances for business processes or products and services and activities to improve these performances have been disclosed.		x				Performance criteria regarding energy consumption, production performance monitoring and waste management are determined.
The manner of managing environmental issues, not only in terms of direct operations, but also throughout the partnership's value chain and how suppliers and customers are integrated into the strategies have been disclosed.		x				Suppliers are selected according to the supplier evaluation procedure and the suitability of suppliers is checked through audits. Efforts to improve the process continue.
Whether it is involved in policy making processes on environmental issues (sectoral, regional, national and international); associations joined regarding the environment, collaborations with related organizations and non-governmental organizations and duties undertaken, if any, as well as the activities supported have been disclosed.			x			There is no organization that we collaborate with regarding the environment.
Information on environmental impacts have been reported periodically on a comparative basis, in the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other	x					Data on energy, water, wastewater and waste management are collected and reported.

indirect)), air quality, energy management, water and wastewater management, waste management, biodiversity impacts)						
Details of the standard, protocol, methodology, and base year used to collect and calculate data to the public.		x				They will be disclosed in the environmental management plan. Studies are ongoing.
The status (increase or decrease) of environmental indicators for the report year is disclosed comparatively with previous years.		x				Studies are ongoing.
Short and long-term targets have been determined to reduce environmental impacts, and these targets (it is recommended that targets be determined based on scientific methods as suggested by the United Nations Conference of the Parties on Climate Change ) have been disclosed. If there is progress achieved in the report year compared to the previously determined targets, information has been given on the subject.			x			No disclosure has been made in this regard.
The strategy and actions to combat the climate crisis have been disclosed.	X					A study for determining climate risks has been carried out. All risks identified have been added to the Corporate Risk Inventory. Action plans regarding the risks have been created.
The programs or procedures established to prevent or minimize the potential adverse impact of the products and/or services offered have been disclosed; actions to			x			No disclosure has been made in this regard.

reduce third parties' greenhouse gas emissions have been disclosed.						
The total number of the actions taken and projects and initiatives carried out to reduce the environmental impacts and the environmental benefits/gains and cost savings they provide have been disclosed.	X					Investments reducing environmental impact are monitored and reported. They are reported in line with OYAK Sustainable Development Purposes Compliance and Contribution Report.
Total energy consumption data (excluding raw materials) is reported and energy consumption figures are presented in the report as Scope-1 and Scope-2.		x				Total energy consumption data is monitored monthly and reported within the company. They are reported in line with OYAK Sustainable Development Purposes Compliance and Contribution Report.
Information on the data pertaining to the electricity, heat, steam and cooling produced and consumed in the reporting year has been provided.		x				Electricity, natural gas and water consumption are reported monthly within the company. They are reported in line with OYAK Sustainable Development Purposes Compliance and Contribution Report.
Studies on increasing the use of renewable energy and transition to zero or low carbon electricity have been carried out and these studies have been disclosed.			x			We do not have any studies within this scope.
Data on renewable energy production and use have been disclosed.			x			We do not have any studies within this scope.
Energy efficiency projects have been carried out and the energy consumption and emission reduction amount gained through these studies has been		x				Energy efficiency is increased through projects on monitoring and implementing new technologies.

disclosed.						
The amount of water drawn from underground or above ground, used, recycled and discharged, as well its sources and procedures (Total water draw by source, water sources affected by the draw; percentage and total volume of recycled and reused water, etc.) have been reported.				x		Water is not drawn from underground or above ground.
Whether operations or activities are included in any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax) to the public.					x	The Company is not within the scope of the relevant legislation and initiative due to its activity.
Information and details of carbon credits accumulated or purchased during the reporting period have been disclosed.					x	The Company is not within the scope of the relevant legislation and initiative due to its activity.
If carbon pricing is applied within the partnership, the details of this application have been disclosed.					x	The Company is not within the scope of the relevant legislation and initiative due to its activity.
All mandatory and voluntary platforms where environmental information is disclosed have been disclosed.			x			No disclosure has been made in this regard.
<b>C. SOCIAL PRINCIPLES</b>						
<b>C1. Human Rights and Employee Rights</b>						
The Corporate Human Rights and Employee Rights Policy, where full compliance with the Universal Declaration of Human Rights, ILO Conventions ratified by		x				Principles of Business Ethics have



Turkey and the legal framework and legislation regulating human rights and working life in Turkey is undertaken has been created. Roles and responsibilities related to the said policy and its implementation have been disclosed to the public.						been determined. A disclosure regarding the matter has been made on the corporate web site.
Equal opportunity is provided in the recruitment processes.	x					Hektaş Ticaret T.A.Ş. They are included in the Principles of Business Ethics.
Measures taken to protect health and to be protected in occupational accidents and accident statistics have been disclosed.		x				Accident statistics are kept and reported regularly. Our Company has an ISO 45001 certificate.
Policies for the protection of personal data and data security have been established and shared with the public.	x					Forms for our internal and external customers have been created within the scope of KVKK and announced to the relevant parties. Disclosed on our corporate web site.
The ethics policy (including business, work ethics, compliance processes, advertising and marketing ethics, open disclosure, etc.) has been created and shared with the public.	x					Hektaş Ticaret T.A.Ş. Business Ethics Principles are available and have been announced on our website.
Studies within the scope of social investment, social responsibility, financial inclusion and access to financing have been disclosed.			x			No disclosure has been made in this regard.
Informative meetings and training programs regarding ESG policies and practices have been organized for employees.		x				Trainings are organized for employees.

<b>C2. Stakeholders, International Standards and Initiatives</b>						
Activities in the field of sustainability are carried out by taking into account the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society and non-governmental organizations).	x					Contribution is made to OYAK's Sustainability Strategy and prioritization studies. Studies are carried out by taking the priorities determined annually into account.
A customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and disclosed to the public.		x				The process has been defined with the Customer Complaints Process.
Communication with stakeholders is carried out continuously and transparently.	x					Internal communication is carried out with internal customers through the Hekinnova internal communication portal. All information pertaining to the company are shared within the public transparently.
With which stakeholders, for what purpose, on what subject and how often communication is carried out as well as developments in the sustainability activities have been disclosed to the public.		x				All related parties and respective issues have been determined and communication is carried out in line with the company's procedure instructions.
The international reporting standards (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Climate-Related Financial Disclosures Task Force (TCFD, etc.) adopted by the company have been disclosed		x				GRI standards are used as basis in line with OYAK Sustainable Development Purposes Compliance and Contribution Report.

to the public.						
International organizations or principles (Equator Principles, United Nations Environment Program Finance Initiative (UNEP-FI), United Nations Global Compact (UNGC), United Nations Principles for Responsible Investment (UNPRI) etc.) of which the company is a member or signatory and the international principles (International Capital Market Association (ICMA) Green/Sustainable Bond Principles etc.) adopted by the company have been disclosed to the public.			x			No disclosure has been made in this regard.
Concrete efforts are made to be included in Borsa Istanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, etc.).	x					A work group has been established regarding the issue.
<b>D. CORPORATE GOVERNANCE PRINCIPLES</b>						
Maximum effort is made to comply with all Corporate Governance principles, as well as the Corporate Governance principles that must be complied with under the Capital Markets Board's Corporate Governance Communiqué numbered II-17.1.	x					
The company considers the issue of sustainability, the environmental effects of its activities and the related principles while determining its corporate	x					

governance strategy.						
As stated in the Corporate Governance Principles, necessary measures are taken to comply with the principles regarding stakeholders and to strengthen communication with stakeholders.	x					
Opinions of stakeholders are sought in the determination of measures and strategies in the field of sustainability.	x					
Efforts are made to raise awareness on the issue of sustainability and the importance of sustainability through social responsibility projects, awareness events and trainings.	x					The social responsibility projects are implemented on the basis of sustainability and are shared with the public through different communication channels (website, social media, press release, etc.). Agricultural and environmental sustainability is emphasized and the importance of sustainability is explained in the communication works, discourses, press releases and projects.
Efforts are made to become a member of international standards and initiatives on sustainability and to contribute to relevant studies.	x					Studies are continued based on GRI standards in line with OYAK Sustainable Development Purposes Compliance and Contribution Report.
Policies and programs regarding the fight against bribery and corruption and the principle of integrity in terms of taxation are disclosed.	x					Hektaş Ticaret T.A.Ş. They are included in the Principles of Business Ethics.