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# **TFI TAB FOOD INVESTMENTS INC. AND GROUP COMPANIES SUSTAINABILITY MANAGEMENT PROCEDURE**

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## 1.0 PURPOSE

This procedure has been prepared for the purpose of developing and implementing a comprehensive and integrated sustainability strategy and regularly monitoring and evaluating the effectiveness of this strategy in order to ensure the long-term success of TFI TAB Food Investments Inc. and Group Companies by taking into account their sustainability processes, economic, environmental and social aspects. In line with this purpose, the procedure aims to guide the company in achieving its sustainability goals by defining the duties and working principles of the sustainability boards and working groups.

## 2.0 SCOPE

This procedure covers TFI TAB Food Investments Inc. and all Group Companies.

## 3.0 DEFINITIONS


**TFI:** TFI TAB Food Investments Inc.

**Group Companies:** TAB Gıda Sanayi ve Ticaret A.Ş. ("TAB Food"), Fasdat Gıda Dağıtım Sanayi ve Ticaret A.Ş. ("Fasdat Food Distribution", "Fasdat Food"), Fasdat Sebze Doğrama Paketleme Sanayi ve Ticaret A.Ş. ("Fasdat Vegetable"), Ata Sancak Acıpayam Tarım İşletmesi ("Ata Sancak"), Atakey Patates Gıda Sanayi ve Ticaret A.Ş. ("Atakey Potato Food", "Atakey"), Ekur Et Entegre Sanayi ve Ticaret A.Ş. ("Ekur Meat Integrated", "Ekur Meat"), and Ekmek Unlu Gıda Sanayi ve Ticaret A.Ş. ("Ekmek Baked Goods")

**TFI Board of Directors:** The Board of Directors consists of the Chairman, Vice Chairman and members. The Vice Chairman of the Board of Directors also serves as the CEO of TFI TAB Food Investments Inc.. TFI Board of Directors is responsible for shaping the sustainability strategies of TFI TAB Food Investments Inc. and Group Companies. It leads the entity's long-term value creation goals by considering environmental, social and governance (ESG) factors. Approval mechanism of the processes is executed by the Chairman of TFI Board of Directors, Vice Chairman of Board of Directors and the CEO.

**TFI Sustainability Coordination Board:** It acts as a strategic body formed to determine the framework of the sustainability strategy of the TFI TAB Food Investments Inc. and Group Companies, to monitor performance and to provide guidance in this regard. Decisions proposed by the Board are reported to the TFI Board of Directors and the Corporate Governance Committee by the Sustainability Coordination Board.

**Sustainability Boards of Group Companies:** Operational and practice-oriented structures formed for the purpose of implementing sustainability strategies specific to each company within the Group Companies within TFI TAB Food Investments Inc. and working in harmony with TFI Sustainability Coordination Board. Each Group Company Sustainability Board includes a manager with relevant technical expertise to enable

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that decisions are made and approved in an effective and healthy manner. The Board participates in the TFI Sustainability Coordination Board meetings twice a year and provides information.


**Working Groups:** The infrastructures that play a role in putting into practice the strategic priorities determined by the TFI Sustainability Coordination and Group Companies Sustainability Boards. These groups are practice-oriented teams that specialize in specific topics and support the achievement of sustainability goals.

All committee, board and working group members are determined according to their expertise and competence levels, and continuous improvement of their knowledge and skills is ensured in critical areas such as Carbon Footprint Management, Climate Risk Scenarios and Sustainability Financing within the scope of ESG.

#### 4.0 DUTIES AND RESPONSIBILITIES

##### 4.1 TFI Sustainability Coordination Board

- It determines the long-term sustainability vision and strategies of the TFI group, reviews them regularly and updates them if necessary.
- It determines and approves the sustainability policies, core procedures and business processes of the TFI group before submitting them to the Board of Directors for approval.
- It ensures that all Group Companies are aligned with sustainability strategies at group level.
- When deciding on investments in line with the strategy and goals, it ensures that environmental aspects such as carbon reduction, energy efficiency, circular economy and social impact aspects such as fair working conditions, social benefit, diversity and inclusion are taken into account in addition to their financial impacts.
- It assesses environmental, social and governance (ESG) risks and opportunities that Group Companies might face and recommends ESG-specific risk management policies at group level.
- TFI Sustainability Coordination Board works in integration with the Corporate Governance Committee as a priority, and also with the Early Detection of Risk Committee and the Audit Committee, in all governance processes, particularly the identification of ESG risks and opportunities. The impacts of ESG risks and opportunities on the company, their mitigation status, and relevant developments are periodically evaluated by the Sustainability Boards. The results and potential impacts of these evaluations are prepared as a report, shared with the TFI Risk Department, and submitted to the Early Detection of Risk Committee, thus ensuring that strategic actions are taken in a timely manner.
- It supports the setting of the annual targets of Group Companies and regularly monitors and evaluates the achievement rates and sustainability performance of the annual targets set by the Group Companies.

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- It determines key performance indicators (KPI) at the group level and monitors the performance within a framework to be presented to the Corporate Governance Committee.
- It reports regularly to the Corporate Governance Committee on sustainability strategies, performance and relevant developments.

#### 4.2 Group Companies Sustainability Board


- It regularly reviews sustainability strategies, targets and policies at company level and makes recommendations to TFI Sustainability Coordination Board when necessary.
- It sets sustainability targets that fit to the company's field of activity, ensures that these targets are compatible with group strategies and puts them into practice.
- It determines sustainability priorities in line with local regulations and sector dynamics and integrates these priorities into company strategies.
- It proactively manages risks in social, environmental and corporate governance issues, identifies risks and opportunities and reports them to TFI Sustainability Coordination Board.
- It develops preventive and remedial measures to ensure the implementation of sustainability principles.
- In order to effectively track the performance of ESG processes and take action when necessary, it regularly reports KPG data including the following topics to TFI Sustainability Coordination Board twice a year.

##### Environmental KPIs

- Annual carbon emission reduction (%)
- Annual reduction from energy saving projects (kWh)
- Renewable energy usage rate (%)
- Emissions from transport and logistics activities (CO<sub>2</sub>e)
- Total waste amount (tons) and rate of recycled waste (%).
- Safe disposal rate of hazardous waste (%).
- Water recovery rate (%).
- Wastewater treatment rate and its conformity with standards (%).
- Environmentally friendly raw material and packaging usage rate (%).
- Initiatives for reducing natural resource use (e.g. reuse projects).

##### Social KPIs

- Work accident rate
- Annual occupational health & safety training hours per employee
- Employee satisfaction survey score (%)
- Employee turnover rate (%)
- Total annual training hours per employee

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- f) Budget allocated to social benefit projects (£/year)
- g) Number of local community collaboration projects
- h) Rate of compliance with social responsibility standards among suppliers (%)
- i) Customer satisfaction survey score (%)
- j) Resolution time of complaints (days)

#### **Governance KPIs**

- a) Annual number of ethics violations
  - b) Annual hours of training on ethics and compliance per employee
  - c) Usage rate of digital systems used to monitor ESG performance (%)
- It organizes sustainability awareness activities among employees and other stakeholders.
  - It participates in meetings on sustainability and represents the relevant company.
  - It coordinates the working groups.


#### **4.3 Working Groups**

- It plans and implements thematic operational activities in line with the sustainability strategy determined by the Sustainability Coordination Board and the Group Companies' sustainability boards.
- It transforms sustainability goals into business plans, and structures and tracks their implementation processes.
- It creates concrete action plans for the goals set, determines resource needs, details the implementation process and reports to the Sustainability Boards.
- It develops and implements projects in relevant sustainability areas and reports their results.
- It monitors and implements sustainability efforts carried out at operational level and takes preventive/remedial actions when necessary.
- It monitors and analyses performance data on sustainability activities that fall under the operational control of the working group and regularly reports them to the Sustainability Board.
- It develops solution recommendations for difficulties encountered in operational activities that fall under the operational control of the working group and presents them to the Sustainability Board.
- It participates in Working Group meetings regularly.
- It takes action on the issues determined at meetings.

### **5.0 IMPLEMENTATION and WORKING PRINCIPLES**

#### **5.1 Meeting Frequency:**

- TFI Sustainability Coordination Board meets at least twice a year. Meeting outcomes are presented as a report to the Corporate Governance Committee.

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Decisions that pass the preliminary evaluation of the Committee are presented to the Board of Directors.


- Sustainability Boards of Group Companies meet at least twice a year. Meeting outcomes are compiled into a report and necessary topics are presented at TFI Sustainability Coordination Board meetings.
- Working Groups meet at least 4 times a year (quarterly meetings). Meeting outcomes are compiled into a report and presented to the sustainability board of the relevant Group Company.
- Meeting frequencies mentioned are not limited to these periods and can be increased according to need.
- Meetings may be held face-to-face or online.

## 5.2 Board Structures:

- **TFI Sustainability Coordination Board:** TFI Sustainability Coordination Board consists of the Group Head of Sustainability at TFI TAB Food Investments Inc. and Group Companies, the TFI Sustainability Director, and the TFI Deputy Sustainability Manager. The TFI Sustainability Coordination Board functionally reports to the Corporate Governance Committee. The Corporate Governance Committee ensures the strategic management of the process by conveying the decisions taken and actions determined based on meeting outcomes to the Board of Directors.
- **Group Companies Sustainability Board:** The Group Companies within TFI TAB Food Investments Inc. include representatives of the members consisting of the departments that manage activities covering Environmental, Social, Financial and Governance issues. Board members should be trained on general sustainability issues, and each committee should include at least one ESG expert. If necessary, the level of expertise can be increased through independent sustainability consultants or internal training. In this context, the board consists of representatives with different areas of expertise such as Sustainability, Finance, Human Resources, Production, Operation, Occupational Health and Safety, Supply Chain, Quality and Environment, and Risk Management. Each Group Company has at least one manager representing the relevant company on its board. Representatives communicate the meeting outcomes and decisions made to the TFI Sustainability Coordination Board.
- **Working Groups:** These are subgroups formed by representatives of the departments of the Group Companies with relevant responsibilities, at least on the following topics or on topics determined according to the results of the materiality analysis of that year. Members of these groups are persons who have internal company responsibilities on the same topic.

### Relevant Topics;


- **Environmental:**
  - **Energy Efficiency** Energy types used, total energy consumption and renewable energy usage metrics

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- **Carbon Footprint:** Greenhouse gas emissions and efforts carried out to reduce these emissions
- **Waste Management:** Waste production, waste management metrics, waste disposal efforts and circular economy practices
- **Water Management:** Total water consumption, water efficiency improvement efforts
- **Biodiversity and Ecosystem Protection:** Efforts for the protection of species and habitats
- **Social:**
  - **Employee Rights and Occupational Health and Safety:** Number of employees, working conditions, occupational health and safety data, wage policies and employee satisfaction
  - **Diversity and Inclusion:** Diversity and equality policies and efforts that cover differences such as gender, age and ethnicity in the workplace
  - **Social Contribution:** Social projects and investments in this regard, social responsibility activities, relations with local communities and practices of respect for human rights.
  - **Customer Relations:** Efforts for customer satisfaction and feedback mechanisms
- **Financial:**
  - **Financial Performance:** Revenue, profit margins, returns on investment and sustainable investments.
  - **Supply Chain Management:** Ethical supplier management, transparency and sustainable sourcing rates.
  - **Investor Relations:** Informing investors about sustainability goals and performance
- **Governance:**
  - **Audit and Control:** Auditing and reporting of sustainability practices by independent auditors. It also includes auditing the accuracy of financial reporting, the effectiveness of internal control systems and the legal compliance.
  - **Communication with Stakeholders:** Interaction with stakeholders and tracking their expectations and needs to achieve our sustainability goals.
  - **Code of Ethical Conduct:** Establishing and implementing the company's ethical rules for doing business, anti-corruption, anti-bribery policies and ethical conduct rules, and a code of conduct for employees.
  - **Risk Management and Transparency:** The methodology for managing the company's sustainability risks, ensuring the transparency, and early identification, assessment and management of strategic, operational, financial and legal risks that may endanger the company's existence. Gathering the findings and reports of all committees within an integrated risk management system and assessing the risks within a holistic framework.

### 5.3. Agenda and Decision Making

- The organization of TFI Sustainability Coordination Board is carried out by TFI Sustainability Department. The sustainability representative of the relevant company is responsible for the

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organization of the Group Companies Sustainability Boards, and the representative elected in each working group is responsible for the organization of the working groups.

- The agenda is communicated to the board members by the persons responsible for the organization at least 5 working days before the meeting. This rule applies to boards, and working groups may determine this period according to their own functioning.
- Decisions are made by majority vote; in case of a tie, the vote of the chairman/leader/responsible person is decisive.
- Annual periodic meetings of the Sustainability Boards of the Group Companies is attended also by the TFI Sustainability Department.
- The decisions made are recorded and followed up by those responsible for coordination.

## 6.0 ENTRY INTO FORCE

This procedure enters into force after approval by TFI TAB Food Investments Inc. Board of Directors. The policies and other documents created within the framework of this procedure are published on the websites of TFI TAB Food Investments Inc. and Group Companies.


TFI Sustainability Coordination Board is responsible for the implementation of the procedure.

Necessary revisions are reviewed and made once a year.

## 7.0 Annexes

- Sustainability Management Organization Chart
- Sustainability Policy
- Human Resources Policy
- Corporate Social Responsibility Policy
- Global Anti-Corruption Policy
- Ethics and Whistleblowing Policy
- Code of Ethical Conduct
- Relevant Policies and Guidelines



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## **ANNEX – 1: Details of Sustainability Boards and Working Group Structures**

### **TFI Sustainability Coordination Board Members:**

- Group Head of Sustainability at TFI TAB Food Investments Inc. and Group Companies
- TFI Sustainability Director
- TFI Deputy Sustainability Manager

### **TAB Food Sustainability Board:**

It consists of the following department managers.

- TAB Food Finance Department
- TAB Food Operations Department
- TAB Food Quality Assurance and Product Development Department
- TAB Food Human Resources Department
- TAB Food Marketing Department
- TAB Food Investor Relations Department
- TAB Food Corporate Communications
- TFI Sustainability Department
- TFI Internal Control, Compliance and Risk Management Department
- Fasdat Supply Chain Management Representative

### **Atakey Sustainability Board:**

It is managed by the CEO / Senior Management Representative and consists of the following department managers.

- Atakey Finance Department
- Atakey Factory Management
- Atakey Agriculture Directorate
- Atakey Quality Department
- Atakey Human Resources Department
- Atakey Customer Relations / Marketing Department
- Atakey Investor Relations Department
- TFI Sustainability Department
- TFI Internal Control, Compliance and Risk Management Department
- Fasdat Supply Chain Management Representative