

SUSTAINABILITY
REPORT 2021

Our Responsibility
for the Future

laki

lakambalaj





Our Responsibility
for the Future

baki





About Bak Ambalaj



Corporate Governance and Sustainability



Value for the Climate



Value for Nature



Value for our Business



Value for People



Value for Society



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I About the Report

At Bak Ambalaj, we continue our sustainability journey with the goal of always striving to do better. We are delighted to share the social, economic, and environmental aspects of our activities with all our stakeholders in this Sustainability Report, the first of which we have published this year. In the Bak Ambalaj Sustainability Report 2021, we present our management approach, the performance results we have achieved, our goals, future projections, and sustainability practices to our stakeholders for evaluation by adhering to the principles of transparency and accountability.

This report has been written in compliance with the GRI Standards: Core option. The report's content has been basically created in accordance with the principles specified in the GRI Standards. The priority sustainability matters that we have identified with the help of our internal and external stakeholders constitute the general framework of the report. The report also includes the Sustainability Development Goals to which we have contributed.



The scope of the report covers the activities carried out in Türkiye by Bak Ambalaj San. ve Tic. A.Ş., between 1 January 2021 and 31 December 2021.

We aim to issue sustainability reports annually in the future. Our stakeholders' feedback is very important

in that it helps us improve both our sustainability activities and our reporting processes. You can give us your opinions and recommendations regarding our sustainability activities and reporting efforts at sustainability@bakioglu.com.tr.



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Joint Message from the Chair of the Board of Directors and the General Manager



Enver BAKIOĞLU
Chair of the Board of Directors

Dear stakeholders,

We have left behind a challenging year marked by significant social, environmental, and economic changes with the effects of the pandemic still being felt on a global scale. At Bak Ambalaj, we have focused on adapting to these changes as quickly as possible with the strength we receive from Bakioğlu Holding, our parent company. We have striven to achieve the best results within our own operations by closely following global developments. Our priority at this point has been to continue our business while protecting our health. In 2021, we efficiently continued our activities without losing our focus on people.

A fierce struggle against the pandemic's negative impact on the world economy took place in 2021. Following the recession experienced prior to that, a period of recovery and normalization has begun where restrictions in the global economy are eliminated and economic activities regain speed. Furthermore, the normalization process has come with significant increases in demand and raw material prices. Increases in energy costs have posed many challenges for the packaging industry. In addition, the turbulent economic environment initiated by the pandemic has caused disruptions in the supply chain, production, and logistics processes in the packaging industry as in many other industries.



Mehmet Emin BOZDAĞ
General Manager



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Joint Message from the Chair of the Board of Directors and the General Manager

The pandemic has demonstrated just how fragile many structures, including the economy, are. It has necessitated making radical changes in lifestyles and ways of doing business. The whole world has once again been reminded of the importance of the concept of sustainability and has come to understand that sustainability is a must, and not an alternative.

In this period of intense paradigm shifts and economic fluctuations, we, at Bak Ambalaj, have left behind another successful year with our exporter identity, visionary perspective, investments, power to manage uncertainties, agile organization, and policies on sustainability. We have continued to grow by contributing value to our country's economy and our business, providing uninterrupted service to a strategic industry like the food sector.

As one of the leading flexible packaging manufacturers in our country and Europe, we operate with the goal of continuous investment. We contribute to the development of value-added products, our country's economy, and employment through our investments, which came to TL 70.7 million in 2021. We continued to enhance our leading position in the industry with our investments in R&D during the reporting period. Through our investments in this field worth TL 3.5 million, we now rank among Türkiye's top 500 companies in terms of R&D spending.

In line with our goal of contributing to the circular economy through a more strategic and systematic approach, we became a member of the Sustainable Packaging Coalition in 2021. We focus on manufacturing sustainable packages as part of our circular economy efforts, which guide our business strategies. In 2021, we used 2,351 tonnes of materials having a lower environmental impact than their counterparts.

We work to further advance the environment-oriented manufacturing approach, which our group has adopted since its establishment. We undertake studies aimed at limiting our operations' effect on the climate by reducing their carbon footprint. In 2021, we took an important step in renewable energy by starting to supply all of our facilities' electrical energy needs from I-REC-certified renewable energy producers.

Through our training activities, we equip our employees, who play the most important role in our achievements, with the qualifications of the future. In line with our vision to become a team that improves itself through continuous training, we conduct training programs designed according to employees' needs under the organization of BAK Academy. In 2021, we provided over 11 thousand hours of employee development training as part of this.

We share the social responsibility awareness of Bakioğlu Holding. We support the Aegean Forest Foundation and contribute to its afforestation work. We planted 5,936 saplings in 2021 through the sapling donations that we make regularly for our employees and their families.

The year, 2021, is especially important to us as a period when we integrated our sustainability awareness into our business strategies and proceeded toward our vision for 2025 with stronger steps. We continue our journey in the flexible packaging industry, where we pursue the goal of always doing better, with a focus on sustainability. We would like to thank our valuable employees, business partners, and all other stakeholders who have put their faith and trust in us in this journey. I wish us endless success and permanence with our principles of unity, love, determination and faith.

Enver BAKİOĞLU
Chair of the Board of Directors

Mehmet Emin BOZDAĞ
General Manager



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ABOUT BAK AMBALAJ





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Bak Ambalaj has ranked among Türkiye's leading flexible packaging manufacturers since 1973 with its strong capital structure, customer-oriented approach, and innovative practices. Established in Izmir to make printed and plain bags, Bak Ambalaj is the first Group company of Bakiöğlü Holding.

Bak Ambalaj offers the highest level of continuous and sustainable service to the leading customers of various industries with its headquarters in Izmir and activities carried out in 4 separate facilities in the Izmir Atatürk Organized Industrial Zone. With storage facilities in Europe and the United States in addition to its production facilities in Izmir, the Company is capable of ensuring the fastest delivery anywhere in the world. Bak Ambalaj Dış Ticaret A.Ş. (Bak International) was established in 2015 and supports the Group's export operations. Meanwhile, Bak Flexibles (BV), which started its activities in 2015, provides sales and logistics support services to the operations carried out by Bak Ambalaj for Western Europe.

Setting out with its principles of quality, efficiency, and customer orientation, Bak Ambalaj is fast on its way to becoming a global brand in its industry due to its production approach, emphasis placed on institutionalization and branding, and the priority it gives to consumer demands. The goal of the company, which continuously expands its production portfolio through its investments, is to gain a permanent position among industry leaders in Europe in the medium and long terms.

An integrated packaging industry

As the first Group company of Bakiöğlü Holding, we have 48 years of experience turning plastic and aluminum materials into high-quality end products. We produce healthy products and value for a healthy environment and society.

With more than 600 employees, four production facilities, and a strong sales and logistics network, we have forged strong collaboration with 200 companies in more than 40 countries. We make a substantial contribution to the country's economy by exporting more than 70% of our production.

We partner with Bakiöğlü Holding in its mission to remain "baki" ("permanent") as a respectable group of companies worldwide, contributing value to its country by achieving the "best" in all its fields of activity through continuous investment and development. Through our achievements, we contribute to Bakiöğlü Holding's goal to develop "an integrated packaging industry" from the core, as well as the Turkish Packaging industry.

We are growing with resolve, believing in the work we love, united to always to better.





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“Responsible Packaging” First

As a company operating in the packaging industry, our integrated value chain starts with design services and ends with the pretreatment of materials, the application of different printing techniques, and the production of value-added products. The quality of all these business processes and the protection of the environment are indispensable elements of our integrated value chain.

We offer high quality end-to-end packaging solutions capable of substituting imported products for the food, beverage, chemical, and hygiene products industries. We serve the leading companies of the industry with packaging solutions for the food

industry. Our products ensure that consumers are delivered products that guarantee food safety. Our packaging solutions also play an important role in keeping chemical and hygiene products sterile. We give consumers’ safe access to products by making packaging compositions and designs that best suit our customer producers.

We aim to produce and offer plastic, which has become almost indispensable and has a very broad area of use in the economy and daily life today, in the healthiest, safest, and most sustainable manner. We manage all components of the packaging ecosystem together in line with our responsible packaging

approach. We adhere to national and international standards to maintain the high quality of our packaging products and to continuously improve our products and processes.

One of the fundamental elements of our approach to responsibility is the environment. We act with the awareness of being an ethical and responsible company that values the climate and nature. We support the circular economy and limit our impact on climate change through our recycling and renewable energy efforts. It is our priority to create long-term value for our stakeholders with all these practices.





I HISTORY



1973

Bak Ambalaj, the first Group company of Bakioğlu Holding, was established in Izmir.

1988

Construction of new production facilities started on an area of 22.000 m2 in the Izmir Atatürk Organized Industrial Zone.

1996

Studies on the Quality Assurance System were completed and the ISO 9002 certificate was granted by the BVQI (Bureau Veritas Quality International).

1997

Hygiene and Food Safety certificates were granted by the AIB (American Institute of Baking).

1998

25% of Bak Ambalaj's shares went public on the "Istanbul Stock Exchange," currently named "Borsa Istanbul."

2000

Bak Ambalaj achieved USD 13.6 million in exports by exporting 45% of its production.



I HISTORY

2009

Bak Ambalaj received the TPM excellence award at the ceremony held in Japan.

2013

The European Logistics Center was established in the Netherlands to centralize logistics activities in Europe.

2017

Authorized Economic Operator certification was received with the Bak Ambalaj R&D Center.

2020

TSI COVID-19 Safe Production Certificate was received.

2021

Membership of the Sustainable Packaging Coalition (SPC) began.

The company qualified for I-REC zero carbon green electricity certification.

The first and only G7 Master Facility Colorspace Certificate in Türkiye was received.



Bak Ambalaj in Figures 2021



+600
employees



70%
Ratio of exports



32
Importing countries



3.5 million
TL R&D investments



1,353
Person-hours of OHS training



11,401
Person-hours of employee development training



0.29
GJ/Thousand TL specific energy consumption



100%
renewable energy



0.08 tons
CO₂/Thousand TL specific emission amount



0.08
m³/Thousand TL specific water consumption

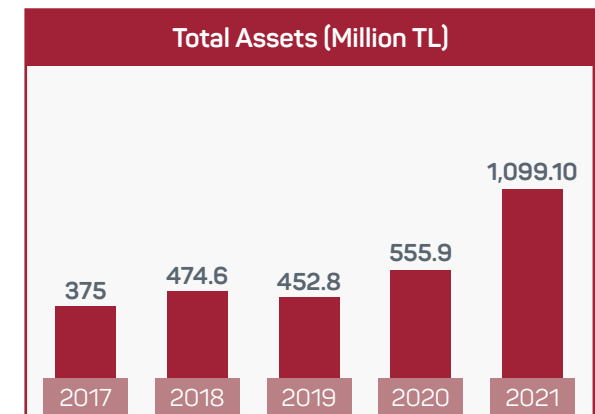
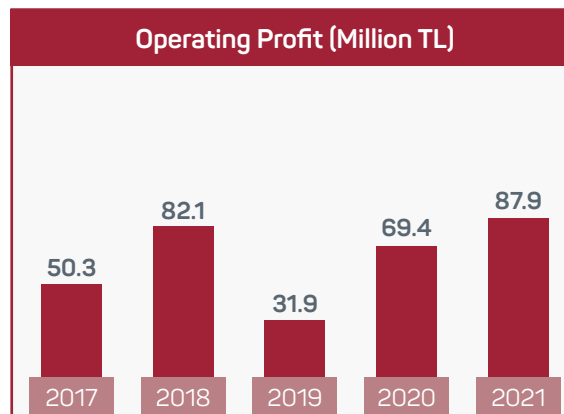
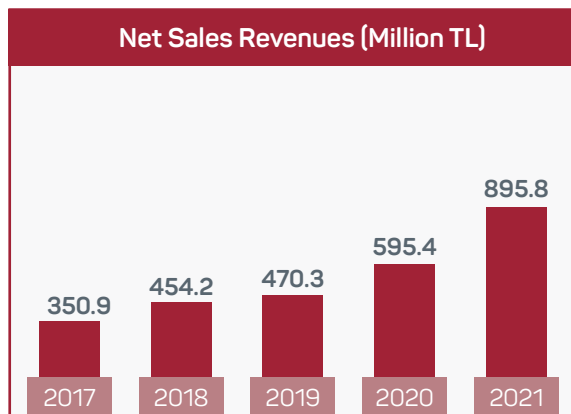


99%
waste recycling



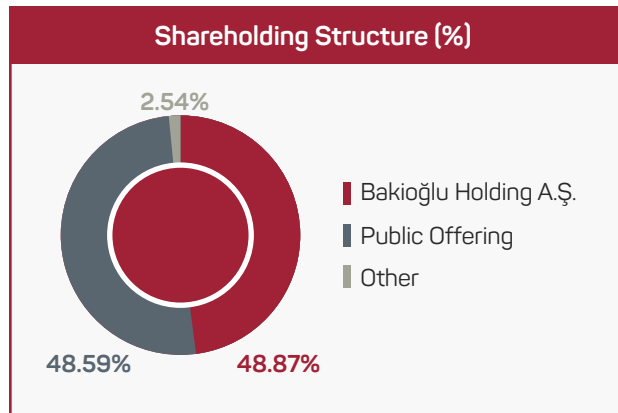
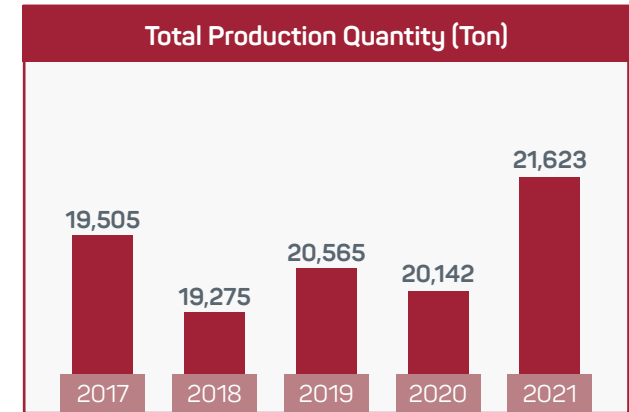
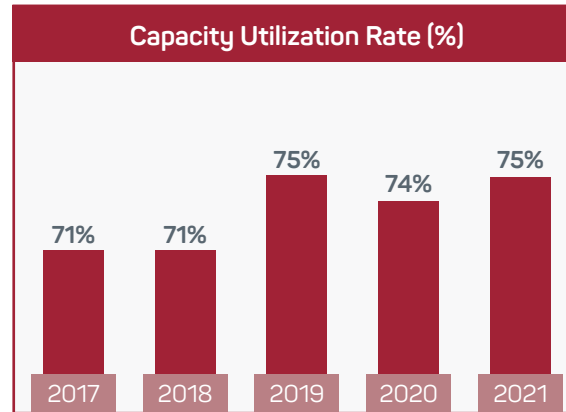
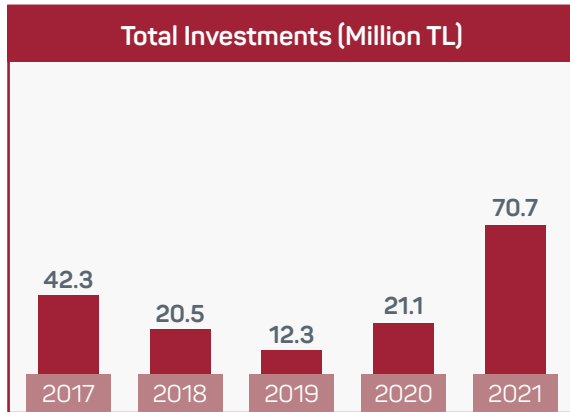


Summary Financial Information Table (Million TL)					
	2017	2018	2019	2020	2021
Net Sales Revenues	350.9	454.2	470.3	595.4	895.8
Operating Profit	50.3	82.1	31.9	69.4	87.9
Total Assets	375	474.6	452.8	555.9	1,099.1
Total Investments	42.3	20.5	12.3	21.1	70.7
EBITDA	62.9	99.9	52.1	92.5	115.1
Net Payable	196.4	217.7	75.7	61.70	120.4
Return on Equity (%)	22.06%	19.23%	6.59%	13.70%	22.96%

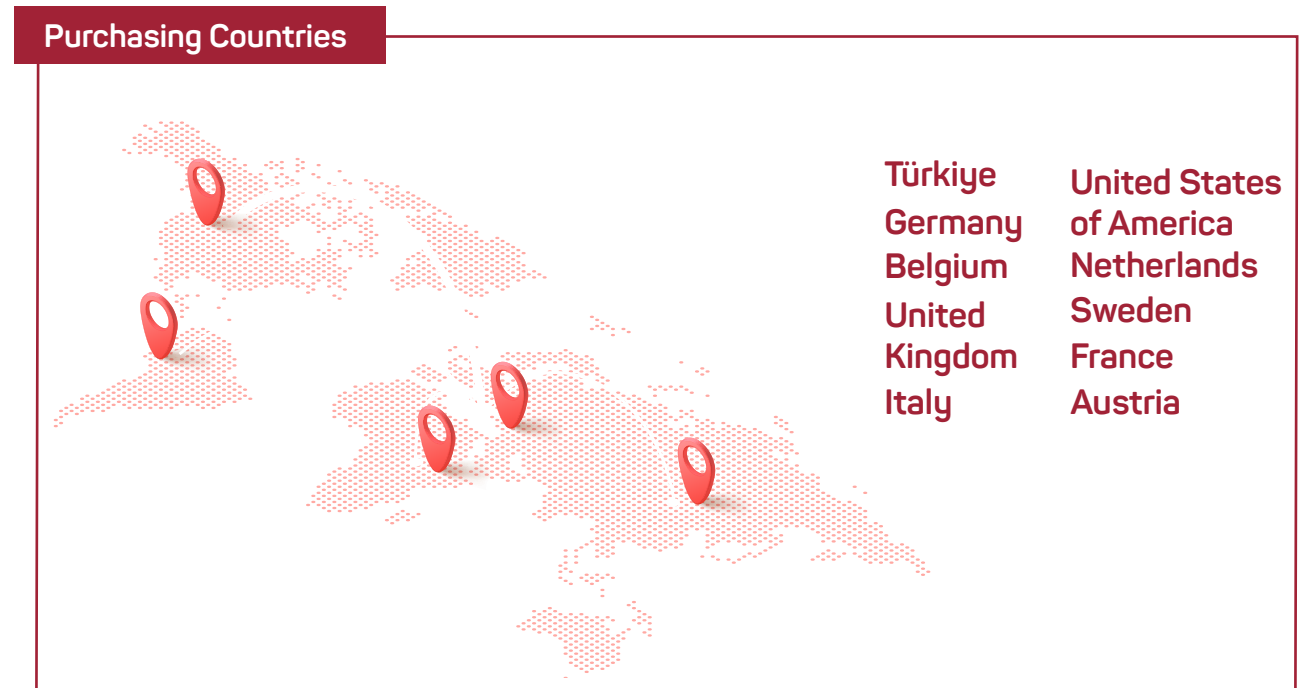




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Baki Holding A.Ş.'s shares in the Group's capital calculated on the basis of registered shares is 48.87%, whereas the shareholding calculated by adding the shares purchased from shares listed on the stock exchange is 62.66%.





I OUR MISSION, VISION, AND VALUES

As a part of Bakioglu Holding, our goal is to achieve “the best” in all our activities. We aim to add value to our country, position ourselves among international and reputable companies, and fly the flags of both our country and our Group in every corner of the world.

We invest in knowledge, innovation, technology, our human values, and our future. Our “Baki Constitution” guides our developmental journey. We strive to remain “baki” with our brand and the values we add. We take sure and certain steps toward our goals with our adopted mission and vision, as well as commitment to our corporate values.

Our Mission

***Yesterday, today, tomorrow.
We strive to remain “baki” with absolute determination.***

To remain “baki” as a respectable group of companies worldwide, adding value to its country by achieving the “best” in all its fields of activity through continuous investment and development.

Our Vision

***Our goal is 2025.
We proceed with endless faith.***

To rank among the “top 5 flexible packaging manufacturers of Europe” in 2025 while preserving our structure as a family business with national capital.



I OUR MISSION, VISION, AND VALUES

Our Corporate Values

Our corporate values, which we established with all our colleagues working with us toward the same goals with determination, love, and faith in what we do, are primarily value for people, trust, justice, quality and solution orientation, development and improvement, and social responsibility.

We value people.

Our focus is on "people." We regard people as an "asset" rather than a "resource". We prioritize people in all our activities.

We establish trust.

We develop relationships based on trust. We do what we say and remain committed to our business, our responsibilities, values, and each other. We place importance on the integrity of words and actions and we establish trust.

Justice is fundamental to us.

We act within an accountable, transparent, and fair corporate culture. We care about equal opportunities and adopt "fair approaches" in our business and human relations.

We act with a focus on quality and solution.

We take constructive steps in everything we do. We attach importance to quality and adopt solution-oriented approaches for the satisfaction and trust of both our customers and our employees. Through this approach, we create "value" in all our initiatives, both nationally and internationally, with our goal of becoming a global company.

It is our job to develop and improve.

We are aware that sustainability comes through development, change, and innovation. We invest not only in technology, production, and facilities but also in people, and we strengthen corporate memory by sharing knowledge: "We improve as we develop."

We possess an awareness of social responsibility.

We are mindful of the developments in our country and the environment and we do our duty. We are mindful of our nation, our cultural values, family and the environment.



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CORPORATE GOVERNANCE AND SUSTAINABILITY

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Business Ethics, Transparency, and
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Creating sustainable value for all our stakeholders is what underpins our notion of corporate governance. To reinforce our corporate governance, we closely follow trends in corporate governance and direct our strategic orientation and activities accordingly. We develop structures and principles that respond to our stakeholders' sustainability expectations and are in line with the company's operation. At Bak Ambalaj, we internalize corporate governance by defining our company's focal points with the Baki Constitution we have developed while complying with the Corporate Governance Principles set by the CMB. We adopt a transparent and accountable corporate governance approach that strictly adheres to the principles of business ethics, and we fully comply with legal regulations.

We transparently share our practices in the field of corporate governance with the "Corporate Governance Principles Compliance Report" every year per CMB regulations. We maintain our compliance efforts within the scope of the "Sustainability Principles Compliance Framework" published by the CMB in line with the Corporate Governance Principles. We submit our status and comments regarding compliance with these principles to our stakeholders for their evaluation through our Annual Report.

MANAGEMENT STRUCTURE OF BAK AMBALAJ

Our management structure, which has been developed in accordance with the principles of transparency and accountability of corporate governance, plays a significant role in the success of our business. Our Board of Directors is structured in line with the Principles of Corporate Governance and consists of four members in total, two of whom are independent members. The majority of the Board members are non-executive members. The Board of Directors of Bak Ambalaj is the company's top strategic decision-making body and is responsible for overseeing corporate goals, risks and opportunities, as well as determining and managing strategic orientation. The Company's strategic goals are evaluated during monthly meetings.

The Corporate Governance Committee, the Audit Committee, and the Early Detection of Risk Committee operate within the Board of Directors.

The Corporate Governance Committee presents its recommendations for the principles of remuneration for the Board of Directors' members and senior executives. Remuneration is determined based on the long-term goals of the company. The benefits provided to senior executives are disclosed in the Annual Report.

Detailed information about the Board of Directors and Board of Directors Committees is available in the 2021 Activity Report of Bak Ambalaj.



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BUSINESS ETHICS, TRANSPARENCY, AND LEGAL COMPLIANCE

The Ethical Principles and Corporate Culture Guidelines of the Bakiöğlü Group, which include the Group's ethical practices and standards on business principles, are our compass. In this respect, we approach our company, customers, suppliers, and the outside world in accordance with the principles of fairness,

transparency, libertarianism and accountability. We provide all new employees of Bak Ambalaj with corporate culture training. This training covers the topics of business ethics and anti-bribery and anti-corruption. Our training on corporate culture and ethical principles continued in 2021.

The Ethical Principles of Bakiöğlü Group are published on the corporate web site and available to the employees as well as all other stakeholders. Our basic principles that constitute the unwavering fundamental principles of the company's culture and management are:

- Working as a result-oriented team
- Trust
- Constant development
- Relentlessness
- Avoiding make-do solutions
- Sharing
- Solidarity
- Perseverance
- Open communication
- Commitment to the business as a whole
- Integrity
- Reliability
- Availability
- Social responsibility
- Diligence
- Resilience



Our Ethical Principles document is available here.





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I BUSINESS ETHICS, TRANSPARENCY, AND LEGAL COMPLIANCE

We act in all our processes in compliance with the laws and regulations of our country and other countries where we operate. We keep our records and reports in accordance with the principles of completeness, accuracy, and transparency, reflecting all our transactions truthfully. During the audits conducted by public institutions, private audit companies, or our in-house audit teams, we establish communication based on clear, accurate, and open sharing of information through our transparent and cooperative approach.

We adopt a zero-tolerance policy against discrimination, non-compliance, and violations of all the ethical principles of Bakiöğlü Holding that we have adopted as a company. In 2021, the “Ethics Committee and Ethics Hotline Regulation” began being implemented throughout the Holding. Practices regarding our Ethics Committee and Ethics Hotline Regulation, which we established for all our

employees who would like to report a situation or receive consultation if any suspicion of misconduct or corruption arises and/or a behavior or practice contrary to the rules is witnessed, are monitored by Bakiöğlü Holding’s Audit Department Directorate, which takes action when deemed necessary. Our

employees can contact the Ethics Hotline, which is managed by a third party service provider, by e-mail or by calling the telephone line specifically allocated to these matters at any time during the day. Our stakeholders may also contact the Ethics Hotline in the same way and forward their complaints.





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RISK MANAGEMENT AND INTERNAL AUDIT

At Bak Ambalaj, risk management is handled from a holistic perspective by the Early Detection of Risk Committee. The purpose of the committee is to ensure early detection of the risks that may endanger the existence and development of the company. The operational, financial, and other risks encountered by the Company while achieving its short and long-term goals are evaluated by the Early Detection of Risk Committee and the Board of Directors is informed at every stage.

Risk management includes social, economic, and environmental risks. Sustainability risks are monitored by the Sustainability Committee and Sustainability Board of Bakioğlu Group.

The internal auditing of Bak Ambalaj is carried out by the Audit Department, which has been operating under Bakioğlu Holding since 2011. Audit reviews evaluate the company's financial, operational, and IT risks and

audit the compliance of processes with the legal legislation and the company's internal regulations. The Audit Department has the right to express opinions to the Audit Committee and the Board of Directors of Bak Ambalaj. In addition to the internal audits carried out by the Holding, the company's activities are also subject to statutory external audit studies.





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I SUSTAINABILITY MANAGEMENT

The value we attach to people, the environment, our business, and society underpins the sustainability notion of Bak Ambalaj, a member of the Bakioğlu Group. Created by us to generate sustainable value in light of our mission, vision, and corporate values, our sustainability strategy is the product of the participatory organizational structure that we developed during the reporting period.

In the Bakioğlu Group companies, sustainability management is carried out by the strategic vision and bodies formed within Bakioğlu Holding with the participation of the Group companies. To that end, efforts to establish a Sustainability Management Organization were initiated in 2021 to carry out sustainability management across Bakioğlu Holding and Group companies in accordance with the principles of stakeholder participation, transparency, and accountability. Within the scope of this project, the authorities and responsibilities in sustainability management are shared in a structure that begins with the Holding's Board of Directors and extends to the

business units of Bak Ambalaj. The top decision-making body regarding sustainability throughout the Group is the Board of Directors of Bakioğlu Holding. While determining the main strategic orientation of the Holding and Group companies, the Board takes sustainability risks and opportunities into account and evaluates the company's priorities and established corporate policies.

The "Sustainability Committee" has been formed as a sub-committee to ensure efficient conduct of the work carried out under the oversight of Bakioğlu Holding Board of Directors. The Sustainability Committee consists of four members in total, including the Head of the Holding's Human Values and Corporate Development Group and the Holding Audit Director, as well as the Executive Co-Chairs of Bakioğlu Holding, who also act as the Chair and Members of the Board of Directors of Bak Ambalaj.

The Sustainability Committee is in charge of monitoring and making decisions to improve the sustainability performance of Bakioğlu Holding and

Bak Ambalaj, as all Group companies. To this end, the Committee ensures that the sustainability priorities, the company's strategy, and business goals overlap, monitors the progress achieved with respect to sustainability goals, determines the sustainability responsibilities of the company's senior management, supervises the performance, and evaluates sustainability policies, strategies, and work programs. The Sustainability Committee submits its findings to the Board of Directors of the Holding quarterly and presents the work report and findings to the annual General Assembly.

The Group Sustainability Board, whose members also include the executives of Bak Ambalaj, is the strategic decision-making body for the sustainability work carried out in the Group companies. The Group Sustainability Board answers to the Board of Directors, the Sustainability Committee, and the Executive Co-Chairs to determine and implement the company's strategies for the sustainability priorities identified in the social, economic, environmental, and governance areas.



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I SUSTAINABILITY MANAGEMENT

The Sustainability Board's responsibilities include determining and reviewing sustainability priorities, establishing corporate policies for sustainability priorities, evaluating risks and opportunities, and setting short, medium and long term sustainability goals.

There are seven sustainability working groups operating under the Sustainability Board: the Climate and Environment Working Group, the Human Values Working Group, the Occupational Health and Safety Working Group, the Business Continuity Working Group, the Circular Economy Working Group, the Value Chain Working Group, and the Business Ethics Working Group. The Working Groups, where Bak Ambalaj executives are also active, are in charge of conducting the field studies of the sustainability management

organization. To this end, the responsibilities of the Working Groups include carrying out studies to transform the strategies determined in line with the sustainability priorities into goals and action plans, monitoring the performance achieved, and laying the groundwork for good practices to be implemented at Bak Ambalaj and other Group companies.

The company plans to establish a Stakeholder Council within the sustainability governance organization, to provide external stakeholders with the means to participate directly in the decision-making processes by presenting their expectations from Bakioglu Holding and Group companies in the social, economic, environmental and governance fields, as well as their opinions and recommendations on sustainability practices. The

Council will operate as a voluntary advisory body and is planned to consist of a minimum of three members representing suppliers, non-governmental organizations, customers, industry representatives, and similar external stakeholder groups. The Stakeholder Council is expected to present its opinions and recommendations on the Group's strategic orientation, practices, and possible areas of improvement with respect to its sustainability priorities.

The Senior Management of Bak Ambalaj is in charge of implementing the decisions of the sustainability organization, which is established at the Holding level. The corporate policies and strategies determined and the practices planned are implemented within Bak Ambalaj by allocating duties according to fields of expertise.



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The main principles to be followed in the sustainability management processes of Bakiöđlu Holding and the Group companies have been determined within the framework of the Bakiöđlu Group's Sustainability Management Policy and brought to the attention of stakeholders. The policy is binding on the executives and employees of Bak Ambalaj as well. The Presidency of the Human Values and Corporate Development Group is responsible for monitoring the policy's implementation. The findings are then reported to the Sustainability Board and the Board of Directors Sustainability Committee in addition to the Executive Management of Bak Ambalaj. Bakiöđlu Group's Climate and Environment Policy complements the Sustainability Management Policy.



Sustainability in the Value Chain

The scope of sustainability management targets the value chain in addition to the operations of Bak Ambalaj. The Sustainability in the Value Chain Working Group has been established to improve the monitoring of the practices and performances in matters regarding sustainability in the value chain, primarily the management of social and environmental risks through suppliers' working conditions, supplier supervision, supplier development and supplier product and service preferences throughout the Bakiöđlu Group, which includes Bak Ambalaj as well. The aim of this Working Group, which also includes representatives of Bak Ambalaj, is to evaluate the social, environmental, governance, and economic risks and opportunities arising from products and services across our value chain.

Bakiöđlu Group's Sustainability Management Policy is binding on the suppliers and business partners of all Group companies as well at Bak Ambalaj. Companies are thus expected to carry out practices that ensure that the principles in the sustainability policy are spread throughout the value chain.





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| SUSTAINABILITY MANAGEMENT

We have set out sustainability priorities as a result of the Bakioğlu Group Sustainability Management Program, which we carried out in 2021. Workshops to determine priorities specifically for the companies in addition to the Group's common sustainability goals have also been held as part of the program. At Bak Ambalaj, we have identified our priority subjects in light of the impacts caused by our activities.

When determining the priorities, we first established a broad set consisting of the subjects that are significant for the packaging sector. This set of subjects was established by taking into account industrial practices and competitors' practices, as well as reporting framework contents such as WEF Global Risk Reports, GRI, and SASB.

We evaluated the set of subjects consisting of 49 sustainability issues during our studies.

We also evaluated the priorities of 17 UN Sustainability Development Goals with respect to Bak Ambalaj's sustainability perspective. As part of the study, we also prioritized our external stakeholders for the sustainability studies.

We conducted a survey regarding the issues identified. This survey involved members of the sustainability working groups, the executives and employees of our company, and external stakeholders. We contacted a total of 45 working group members, Bakioğlu Holding and Group company managers, 239 Bak Ambalaj employees, and 39 external stakeholders through the survey.

A team of Bak Ambalaj executives assessed the survey results. We held a training session before the study and discussed sustainability management and

reporting. We consolidated and finalized the results obtained from the meetings.

We considered our corporate strategies and values, stakeholders' expectations, industrial requirements, corporate engagements, Sustainability Development Goals, and global sustainability trends when finalizing the sustainability priorities. Accordingly, we identified seven priority issues, namely Climate Change, Human Values, Business Continuity, Occupational Health and Safety, Circular Economy, Business Ethics, Transparency and Legal Compliance, R&D and Innovation, and related sub-topics. The priority issues identified for Bakioğlu Holding reflect Bakioğlu Group's general sustainability priorities and are binding on all Group companies as well.



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I SUSTAINABILITY MANAGEMENT

PRIORITY ISSUES	SUB-TOPICS	RELATED SUSTAINABILITY DEVELOPMENT GOAL
Climate Change	Climate Change Energy Management Emission Management Logistics Optimization	
Circular Economy	Circular Economy Packaging Optimization and Environmentally Friendly Design Recycling, Recovery, Biodegradability Hazardous Substance Management Product Life Cycle Waste Management – Product, Packaging and Industrial Wastes	
Human Values	Employee Development Equal Opportunity, Diversity and Inclusion Access to a Qualified Workforce New Working Models Talent Management	
Business Continuity	Business Continuity Emergency Preparedness Natural Disasters Extreme Weather Conditions Supply Continuity Digital Transformation	
Occupational Health and Safety	Occupational Health and Safety Epidemics	
Business Ethics, Legal Compliance and Transparency	Business Ethics and Transparency Legal Compliance Changing Legislation and Regulations	
R&D and Innovation		

The Sustainability Development Goals We have Contributed to

The Sustainability Development Goals is a call to action from the United Nations for governments, companies, and non-governmental organizations to work collaboratively and take action against global challenges for a sustainable future. At Bakioglu Holding and Group companies, we support the United Nations Sustainable Development Goals (SDGs). We consider the SDGs associated with sustainability priorities a part of the sustainability management program as well. We contribute directly to the six goals through the activities carried out by our Holding and Group companies.





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I OUR STAKEHOLDERS

We establish relationships based on mutual trust, open communication, and cooperation with our stakeholders. We care about our stakeholders' opinions, suggestions, and expectations and seek to include them in our decision-making processes. We maintain constant communication through

stakeholder communication channels. We consider the feedback received from our internal and external stakeholders via these channels.

We believe in the importance of cooperation in achieving common goals in line with sustainable

development. We support the efforts of non-governmental organizations, sustainability initiatives, or industrial organizations operating on a local, national, or international scale, as well as the initiatives organized by public institutions.

Stakeholder Group	Method and Frequency of Communication
Customers	Email (instant) Corporate websites and social media (continuous) Meetings (instant) Expos (periodical)
Employees	Intranet (continuous) SMS and email (instant) Notice boards and internal communication bulletins (monthly) Social media (continuous) Employee events and training (periodical) Meetings (instant)

Stakeholder Group	Method and Frequency of Communication
Suppliers and subcontractors	Corporate websites and social media (continuous) Face-to-face and online meetings (instant) Email (instant)
Shareholders and investors	Social media and press (continuous) Corporate web sites (continuous) Activity reports (annual)
Industry associations	Memberships (continuous) Meetings (instant) Events and sponsorships (instant) Emails, online and face-to-face meetings (instant)



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I OUR STAKEHOLDERS

Stakeholder Group	Method and Frequency of Communication
Universities and research institutions	Emails (instant) University events (periodical) Online meetings and university expos (continuous) Summits (periodical)
Non-governmental organizations	Online or face-to-face meetings (instant) Events, donations, and sponsorships (instant)
Group companies	Emails and SMS (instant) Intranet (continuous) Notice boards (continuous)
Regulatory institutions	Social media and press (continuous) Corporate web sites (continuous) Activity reports (annual)
Local governments	Projects (instant) Email (instant) Corporate web sites (continuous) Face-to-face meetings (instant) Activity reports (annual)

Stakeholder Group	Method and Frequency of Communication
Banks and finance institutions	Social media and press (continuous) Corporate web sites (continuous) Activity reports (annual)
International organizations	Social media and press (continuous) Corporate web sites (continuous) Activity reports (annual)
Independent audit and rating agencies	Social media and press (continuous) Corporate web sites (continuous) Activity reports (annual)
Society	Social media and press (continuous)
Media	Online and face-to-face meetings (instant) Email (instant)
Competitors	Social media and press (continuous) Corporate web sites (continuous) Activity reports (annual)



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I CORPORATE INITIATIVES



CDP (Carbon Disclosure Project) is the only independent international institution that globally reports how companies manage climate change risks. By disclosing greenhouse gas emissions and climate change strategies to the public and investors via the CDP, companies and governments can improve performance by setting carbon emission reduction goals. At Bak Ambalaj, we have been engaged in CDP reporting since 2010.



CEFLEX is a joint venture of a consortium of European companies and associations representing the entire value chain of flexible packaging to improve the performance of flexible packaging in the circular economy. Bringing together organizations from different fields of expertise involved in flexible packaging production processes, the initiative aims to improve the performance of flexible packaging in the circular economy, increase resource efficiency, and reduce waste. As members of CEFLEX, we take important initiatives that will contribute to the circular economy.



The Sustainable Packaging Coalition (SPC) is a US-based organization that has been carrying out activities in cooperation with public institutions, educational organizations, and businesses in the packaging industry since 2004 to increase the sustainability of packaging. As stakeholders of the Sustainable Packaging Coalition, we fulfill our responsibility for sustainable packaging production and a sustainable future.



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I CORPORATE INITIATIVES



Sedex (Supplier Ethics Data Sharing System) is one of the world's leading ethical trade membership organizations working with businesses to improve working conditions in their global supply chains. It provides an online platform, tools, and services to help businesses operate responsibly and sustainably, protect their employees, and ensure ethical sourcing. Bak Ambalaj shares information with its customers via Sedex.



Being one of the leading representatives of the Turkish Flexible Packaging Industry, FASD aims to establish the appropriate environment and conditions to improve the flexible packaging industry in Türkiye as a whole and to position the manufacturers in the industry among the leading suppliers of the global market. At Bak Ambalaj, we are a member of FASD and contribute to the development of the flexible packaging industry.



Representing more than 85 flexible packaging manufacturers operating in the fields of plastic, aluminum, and paper, Flexible Packaging Europe (FPE) aims to promote the flexible packaging industry and represent the industry's interests at the highest level in Europe. We are not only members of FPE but also play an active role in its Executive Committee.



Established to create a sustainable recycling system for the economic and regular recycling of packaging waste in Türkiye, the Çevko Foundation adopts an integrated waste management approach. It carries out studies to establish the right system to recycle glass, metal, plastic, composite, and paper/cardboard packaging wastes cleanly and healthily. As a member of Çevko, we contribute to integrated waste management.



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We are aware of the impacts exerted by climate change on the environment, human health, the economy, and natural resources. Extreme weather events caused by climate change pose vital risks for both the planet and living creatures.

The environmental, economic, and social risks that accompany climate change make it a global problem causing unprecedented effects. Measures taken today matter in terms of mitigating the current negative impacts of climate change, while enhancing the state of preparedness for possible future impacts. We believe that the industrial world will provide leverage in the fight against climate change and transition to a low-carbon economy and should therefore take a more active and leading role in this process. At Bak Ambalaj, we are aware of our responsibility in this fight.

We share the holistic approach of Bakioglu Group, which includes our company, toward climate change. We hold a holistic view on the management of climate and environmental impacts, risks, and opportunities in procurement processes, the company's operations, product and service processes. Climate change is part of our targets and business strategies as indicators of our sustainable performance.

To limit our impact on climate change, we adopt policies for transition to a low-carbon economy,

take measures to ensure energy saving and energy efficiency, and focus on using environmentally friendly technologies at all stages throughout the product life cycle. We prepare medium and long-term strategies and action plans regarding climate change, analyze relevant opportunities and risks, and identify studies that can be made. We have made it our mission to ensure that the value we contribute to the fight against climate change through our management approach, our practices and our goals is permanent.





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I CLIMATE AND ENVIRONMENT MANAGEMENT

The General Manager is the senior-most executive responsible for climate and environmental issues at Bak Ambalaj. Managing climate risks and realizing performance goals are among the main responsibilities of the General Manager. The General Manager is also a member of the Bakioğlu Group Sustainability Board. Operating under the Sustainability Board, the Climate and Environment Working Group works to improve Bak Ambalaj's practices and performances regarding climate and environmental issues, primarily climate, energy efficiency, emission management, biodiversity, and logistics optimization in line with the strategies and goals of Bakioğlu Holding and Bak Ambalaj.

The Climate and Environment Policy of Bakioğlu Group is our principal guide for climate and environment management. In line with this policy, we ensure full compliance with all legal regulations applicable to us in all regions where we operate. We closely follow the local and global agenda on climate and environmental issues, and participate in national and international sectoral or public initiatives. We implement internationally accepted principles and good practice

examples and improve our performance through continuous improvement efforts.

At Bak Ambalaj, we set specific, measurable, and realistic goals in the management of climate and environmental impacts. We include these goals in the performance assessment criteria for our employees and executives.

We carry out our environmental activities in accordance with international standards such as ISO 14001 Environmental Management System Standard, ISO 14064 Greenhouse Gas Emissions Calculation Standard, and the GHG Protocol Standard. We monitor our level of compliance through statutory audit reviews

Leaving behind a habitable and clean environment for future generations is one of our biggest goals. We accept environmental protection as the common responsibility and duty of all employees. We believe in the importance of enhancing executives' and employees' competence and awareness with respect

to the environment. To this end, we make sure that our employees participate in the environmental awareness training courses held at the Bak Academy.

Some 566 of our employees received climate and environmental awareness training in 2021. Furthermore, mechanisms for evaluating employees' and executives' recommendations about the reduction of climate and environmental impacts are in place throughout the Bakioğlu Group. Effective work and recommendations are encouraged with in-kind and financial rewards.

Our responsible approach to climate and environment is not limited to our own operations. We aim to reduce environmental impacts throughout the value chain. We expect our suppliers to adopt climate and environmental policies identical to ours and encourage them to implement similar practices. We monitor the suppliers' environmental protection practices through the audit reviews we carry out and ensure that they take action when areas for improvement are identified.



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I CLIMATE AND ENVIRONMENT MANAGEMENT



Bakioğlu Holding's Study on the Identification of Climate Risks

Climate change has the potential to pose significant financial and operational risks for our activities. As in Bakioğlu Group, we handle the climate issue with a risk and opportunity-oriented approach in Bak Ambalaj. Risks and opportunities arising from climate change are used as input when determining our corporate strategies. Climate risks and opportunities have a significant impact on our business strategy in terms of transforming our product range and compositions.

The process of identifying climate risks is carried out annually with the participation of all relevant departments. The risks under the responsibility of managers of each department are predefined. The relevant departments regularly carry out studies for mitigating such risks. As a publicly traded company, the reputation of Bak Ambalaj has a direct impact on its market value. Therefore, reputation risks, which cover climate risks as well, are primarily included in all risk assessment processes.

In addition to the studies carried out within the company, the scenario analyses conducted under the Holding organization also play an important role in identifying the risks and opportunities created by climate change. In 2021, Bakioğlu Holding conducted the Study on Identifying Climate Risks. Possible scenarios for each risk and opportunity have been evaluated through analysis studies. The responses we developed regarding the high risks based on impact level calculations, such as increase in energy and raw material costs, energy continuity, and extreme weather events, have been reviewed. Likewise, actions we can take in matters that involve opportunities for us, such as using efficient modes of transportation, efficient production and distribution processes, recycling, using low-emission energy, and developing new technologies have been identified.





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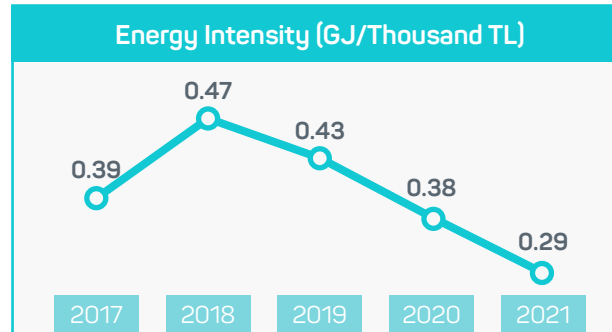
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I ENERGY AND EMISSION MANAGEMENT

One of the main causes of climate change is the impact created by greenhouse gas emissions. Energy-intensive industries are known to have a great share in the creation of carbon emissions. Companies have important responsibilities regarding the limitation of energy consumption and consequent emissions. Effective energy and emission management plays a critical role in the fight against climate change.

At Bak Ambalaj, we aim to reduce energy intensity in production through efficient consumption of energy. We establish reliable and efficient energy management systems and carry out periodic maintenance and improvement works. We take measures to prevent energy losses and leaks and create emergency plans against power cuts. As a result of our devoted efforts in this regard, we reduced our energy intensity to 0.29 GJ/Thousand TL with a 24% decline compared to the previous year.

Minimizing the damage to the environment by reducing greenhouse gas emissions is one of the most important contributions we can make for a sustainable future. Reducing the carbon footprint we leave in nature is among our priority goals. Greenhouse gas restrictions are a part of Bak Ambalaj's way of doing business. We aim to become one of our country's



leading institutions in the industry where we operate through our greenhouse gas reduction efforts.

We track the greenhouse gas emissions resulting from our activities and work to reduce our operational greenhouse gas intensity. To this end, we take an inventory of all important direct and indirect sources of greenhouse gas emissions, and we calculate and record the amount of greenhouse gas emissions on at least a yearly basis per international standards such as ISO 14064 and the GHG Protocol.

We have been reporting to the Carbon Disclosure Project (CDP), an important step for companies to share their greenhouse gas emissions and strategies regarding climate change with international corporate investors, since 2010.

The emission intensity resulting from our activities was 0.08 tonnes CO₂/Thousand TL in 2021. As a result of our energy efficiency initiatives and renewable energy usage strategy, we have achieved CO₂ emission savings of 7,431 tonnes.

In accordance with Bakioğlu Group's Climate and Environment Policy, we aim to encourage practices and investments for reducing the risks of climate change by using tools such as "internal carbon pricing" and "carbon neutralization" in our operations in the future. With respect to the reduction of greenhouse gas emissions, we aim to establish science-based target systematics that will support the "1.5° Approach."

Although it is quite difficult to reverse the global warming process, we believe that we can prevent it from progressing further. As part of our social responsibility, we lead afforestation projects, one of the most powerful ways to reduce our carbon footprint.

Detailed information about our afforestation efforts is available in the "Value for Society" section of the report.



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I ENERGY AND EMISSION MANAGEMENT



Bak Ambalaj Joins the Environmental Footprint Project

At Bak Ambalaj, we have joined the "Environmental Footprint for Turkish Enterprises" project carried out by the Aegean Forest Foundation and the Lifelong Learning Vocational Education and Development Association with Carbon Trust under the Civil Society Dialog Grant Program, breaking new ground in the industry in Türkiye. Carbon footprint per product can be calculated by using the "Flexible Packaging Carbon Footprint Calculation Tool," which was verified by the company Carbon Trust. We aim to make effective use of this calculation tool, which applies to all product groups, in the new product development process in period ahead, and develop innovative products that leave a smaller carbon footprint in nature.

Efficiency studies play a significant role in the reduction of energy consumption. We aim to reduce the electricity energy consumed through the use of digital energy management technologies. At Bak Ambalaj, we continue to work on instantly detecting and eliminating leaks and hidden faults, commissioning remote monitoring and control systems, and replacing equipment whose economic life is over with new highly efficient and energy-saving equipment.





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I ENERGY AND EMISSION MANAGEMENT

Renewable Energy

Renewable energy sources play a vital role in reducing energy consumption, ensuring energy efficiency, and reducing foreign dependence on energy. Increasing the use of renewable energy allows production activities to be carried out producing fewer emissions and less pollution. In addition, production processes can be interrupted by all kinds of disruptions resulting from physical and economic conditions in production activities that use electricity as their main source of energy. Renewable energy sources offer a considerable advantage here as well.

At Bak Ambalaj, we focus on renewable energy for a healthy environment and a healthy society. We invest in wind and solar energy. We consumed 63,356 GJ of renewable energy in 2021.

100% Renewable Energy Goal in Electricity

We are committed to increasing the use of renewable energy sources to meet our energy demand.

Consuming certified renewable electricity reduces emissions and costs and creates opportunities to secure production. To this end, we took a great step regarding renewable energy in 2021. We documented with the International Renewable Energy Certificate Standard (IRECS) that as of June 2021, all the

electricity used in our facilities is generated 100% from renewable sources. By preferring certified renewable energy, we aim to reduce the CO2 emissions caused by consuming approximately 100,000 tonnes of electricity per year.





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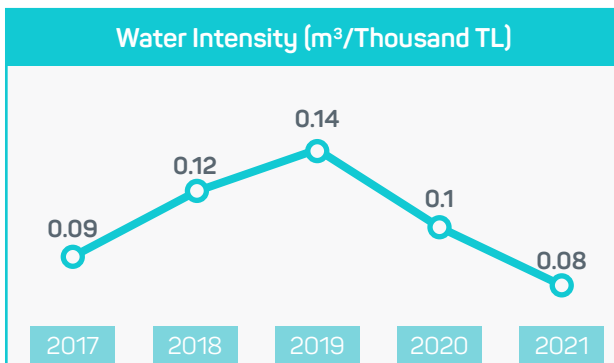
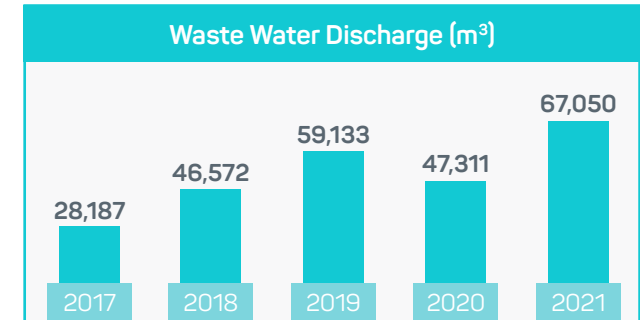
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I WATER MANAGEMENT

We attach great importance to the responsible consumption of water, which is a vital resource. The main principle we adopt in water management is to limit our consumption per production and create a minimum level of waste water. Ensuring the effective management of the waste water created is one of the fundamental elements of our circular economy understanding.

We continued the downward trend in water intensity in 2021 as well. Our water intensity, which we reduced almost by half compared to 2019, was measured at 0.08 m³/thousand TL in the reporting period.

The waste water produced by the production processes of Bak Ambalaj is discharged into waste water channels in accordance with legal requirements. In 2021, 75,035 m³ of water, all of which was tap water, was used and 67,050 m³ of waste water was discharged during our operations.





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VALUE FOR NATURE

Circular Economy

Recycling and Waste Management





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In accordance with the Climate and Environment Policy that we adopt as a part of Bakiöğlü Group, we prioritize the circular economy approach and carry out our activities with minimum impact on the natural environment. We are aware of the undeniable importance of the circular economy. We focus on the areas of opportunity offered by the circular economy and monitor the impacts on our supply chain throughout the product life cycle. Our vision to become one of Europe's top five flexible producers in 2025 is formed within this framework.

As a member of the Bakiöğlü Group, our goal is to carry out production activities by protecting nature and all our stakeholders who use our products. We strive to produce the highest quality products with the most sensitive approach to the environment and nature so that we can minimize the potential impact and harm through the quality and eco-friendliness of our products. All the raw materials used in our production are chosen from recyclable, eco-friendly raw materials capable of entering the life cycle. We prefer to use recycled, bio-based products for all stakeholders and products in our supply chain. In addition, we have been continuing to produce 100% recyclable packaging and compostable packaging, and to use the films we recycle internally for the circular economy since 2018.

As one of the leading companies in the industry, we attach importance to and work toward increasing the weight of environmentally friendly materials in packaging production. We continue our R&D efforts without interruption to ensure that the materials included in our production processes have 100% recyclable content.





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I CIRCULAR ECONOMY

The increase in population results in higher demand for raw materials. Responding to this demand makes it a fundamental necessity to ensure that procurement processes are sustainable and to focus on reusable materials. At this point, the circular economy, which is an approach based on the recovery of resources into the ecosystem, involves many opportunities.

At Bak Ambalaj, climate risks and opportunities have a significant impact on our business strategy in terms of transforming our product range and compositions within the scope of circular economy. To minimize our impact on the natural environment and meet changing customer demands, we prefer methods of production and products that are compatible with climate-friendly options and have the least environmental impact. To this end, we aim to reduce our environmental impact through recycling and optimization. We contribute to the circular economy and sustainable packaging production as stakeholders of CEFLEX and the Sustainable Packaging Coalition.

Our practices and performance in circular economy matters, primarily packaging optimization and environmentally friendly

design, recycling, recovery, biodegradability, hazardous substance and waste management and product life cycle, are monitored by the Circular Economy Working Group under the Sustainability Committee, which was established within the Holding, to improve them in line with the strategies and goals of Bakioglu Holding and Group companies.

While the construction of a circular model concerns many actors of the economy, it assigns a distinct mission to plastic producers. Designing the production and usage processes of plastic materials with attention to their environmental impacts is one of the most important responsibilities of plastic producers.

As a company with high environmental awareness and responsibility, we work for a sustainable and green future at Bak Ambalaj. We come up with different products and solutions that contribute to sustainability in various ways as a result of our studies on the demands and developments regarding circular economy. These solutions include flexible packaging recycling at various barrier levels, the use of recycled materials, biomaterials, and compostability.



In 2021, we used 2,351 tonnes of materials having a lower environmental impact than their counterparts. Moreover, we used 283.3 tonnes of biodegradable raw materials, 81.8 tonnes of environmentally friendly certified polyethylene materials and 49 tonnes of raw materials in compliance with circular economy principles as inputs in our production processes during the period.



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I R&D AND INNOVATION

We design our R&D and innovation efforts to meet the demands and needs of our customers and industry. Our R&D Center carries out its studies with the utmost responsibility and awareness, covering raw material production and end product features in all the areas of the value chain it affects.

We construct all our flexible packaging production processes "with a focus on sustainability and with respect for the environment and people." We serve the purpose of sustainability with our environmentally oriented production technologies, Solvent Recycling Facilities, and Sustainable Product Projects carried out at the R&D Center. We allocate resources to R&D studies focusing primarily on recycling, low carbon emissions, and areas of use, produce fewer fossil-sourced products, and invest accordingly.

We consider it our sectoral duty to offer recyclable packaging alternatives from bio-based materials by continually conducting R&D studies, and to carry out

studies to produce packages with lower weight and low volume. As part of our R&D studies, we develop projects for the production of 100% recyclable, bio-based and compostable paper packaging. We carry out research and investment activities to provide adequate support for the demands regarding the use of films derived from PCR granules suitable for food contact and transition to increased use of bio-based raw materials in the demands received from our customers.

At Bak Ambalaj, we continue our R&D investments and studies uninterruptedly so that we can enhance our leading position in the industry through the innovations we develop and reach our goals for 2025 in this regard. We have made R&D investments totaling TL 3.5 million in Bak Ambalaj within the period. We have implemented a total of nine R&D projects, three of which have registered patents, relating to flexible packaging production methods and measurement methods with our 32 R&D personnel.

According to the R&D 250 Research, the eighth of which was conducted this year by Turkishtime, we are one of "Türkiye's Top 250 Companies with the Highest R&D Spending."





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R&D AND INNOVATION

Bak Ambalaj R&D Center

The Bak Ambalaj R&D Center, which was certified by the Ministry of Industry and Technology of the Republic of Türkiye in August 2017 and is the first of its kind in the printed flexible packaging industry, manages its projects and activities under a single organization at the head office building.

With its investigative and creative structure and powerful equipment, BAK R&D Center employs highly-qualified experts from different disciplines. The BAK R&D Center team performs simulations ranging from structural formulation studies to product packaging processes and users' unpacking experiences at the moment when products on market shelves are opened by end consumers, and produces solutions that meet the various complex needs of users throughout the whole value chain. Know-how is developed through intensive training to provide solutions for developing and changing needs and catch up with current developments.

The Center, which can perform qualitative and quantitative analyses such as surface analysis, oxygen-moisture barrier studies, material component designation, and tensile-adhesion resilience with state-of-the-art equipment in special laboratory areas, is capable of guiding customers, business partners, and the industry by responding to the needs of the sector with its laboratory facilities.

While closely following the technological developments in the industry, BAK R&D Center also forms its projects in line with the wishes and needs of customers. As such, it provides its customers with technical support in product development,

innovation, application, production efficiency, value engineering, and savings projects, and packaging training.

Working for proactive solutions, BAK R&D Center establishes a robust communication network with its business partners. Its powerful communication network enables it to develop every idea and suggestion relating to raw materials, machines, products, or production methods.





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I R&D AND INNOVATION

R&D Collaborations

Participating in congresses and seminars with its academic publications, BAK R&D Center works in collaboration with universities, institutes, and research centers both in our country and abroad. The BAK R&D Center also plays an active role in TUBITAK, Horizon 2020, and Green Deal projects.

In 2021, we carried out the "Project on the Development and Characterization of Biodegradable PLA Films with Antioxidant and Antimicrobial Properties using Banana Peel Wastes" in collaboration with Izmir University of Economics and the "Project on the Impact of Different Packaging Materials on the Shelf Life of Powder Puddings" in collaboration with Ege University. Under the sustainability-focused Green Deal call of the Horizon 2020 Framework Program supported by the EU, we have been included in international commissions where we developed two projects and completed project applications. In addition, we completed the joint project application studies for "Bio-based Barrier Coatings for Paper Food Packaging" with the research center and companies in Poland as part of the Türkiye-Poland call supported by the European Union.

We launched one project with an industry partner as a part of inter-company R&D cooperation projects. Our R&D Center participated in various events and conferences in Türkiye and abroad, presenting publications and articles at three international congresses.

Packaging and Product Optimization

Packaging and product optimization is one of the ways we use to make the value we place on nature permanent. We ensure that our optimization efforts are integral parts of our R&D studies, rather than restricting them to production processes. Developing new products with reduced environmental impact is known to offer both financial and environmental advantages. We develop all our processes by taking into account the benefits of recycling and material optimization.

With respect to our packaging and product optimization efforts, we focus on studies to develop durable, easy-to-open, domestic, and plain packaging. We develop packaging systems capable of preventing delamination and block formation problems.

We support academic publications through various collaborations, contributing to scientific research in the field of packaging and product optimization. In the reporting period, an academic publication was prepared with the information obtained as a result of the "Project on the Conduct of Studies for Microperforated Packaging Design for Freshly Chopped (*Agaricus Bisporus*) and Shelf Life in Passive Modified Atmosphere," which we carried out with the Food Engineering Department of Ege University at Bak Ambalaj.

reborn³ Sürdürülebilir gelecek için, sürdürülebilir ürünler!

With the Reborn Product Family, we develop multiple sustainability options and offer more sustainable packaging solutions. The Reborn Coffee Package we have developed is a 100% recyclable coffee package with high barrier properties for a long shelf life.





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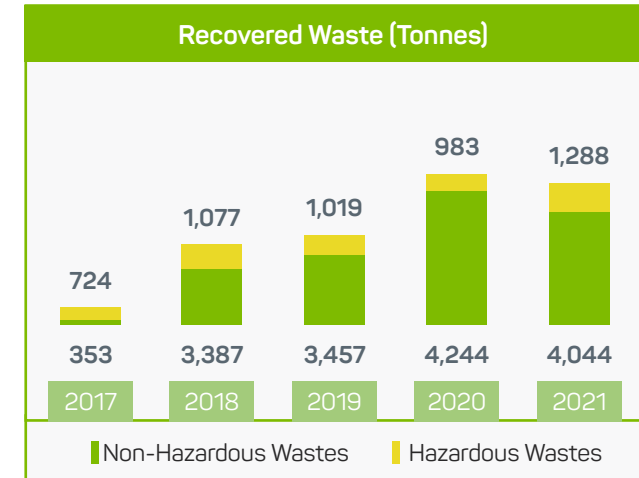


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I RECYCLING AND WASTE MANAGEMENT

As a part of Bakioglu Group, we believe in the importance of recycling and carrying out production with recycled materials to add innovation and value to our industry. To this end, we take the whole value chain into account when planning and implementing waste management, which is one of our priority issues at Bak Ambalaj. We aim to reduce and sort waste at the source using an applicable and efficient waste management procedure so that recycling and reuse options are considered first and the amount of wastes disposed of is minimized.

In 2021, 5,333 tonnes of waste, 1,289 tonnes of which was hazardous and 4,044 tonnes of which was non-hazardous, was generated within Bak Ambalaj. Our main goal is to prevent waste generation within the scope of our operations. But when waste generation cannot be prevented, the waste must be recovered. We have been recovering almost all the waste resulting from our activities for the past five years. We recovered 5,332 tonnes of waste in 2021 and our waste recovery rate is 99%.



Recovery Applications

At Bak Ambalaj, plastic caps are recycled and scrap raw materials pallets are reused. The raw material wastage that occurs during production is used to produce taps. We continuously improve our optimization processes to reduce secondary packaging raw materials, significantly reducing the use of forestry materials. We aim to fulfill our responsibilities to the environment and to minimize our footprints in the environment through innovations such as reduced packaging product layers, reduced packaging product weight, and modified material composition to use wooden pallets less, use fewer materials, and lower greenhouse emissions.



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VALUE FOR OUR BUSINESS

Digital Transformation and Automation

Operational Excellence

Business Continuity





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Our profound knowledge and robust technological platforms allow us to provide our vast customer portfolio ranging from multinational organizations to medium-sized enterprises and local companies with a passionate service. We focus on protecting our customers' products and the consumers who use them. We are aware that all efforts spent up to that time could be in vain due to possible disruptions in packaging production. Operating in such a sensitive industry requires us to adopt an equally sensitive approach to our business. We respect the processes of growing, processing, and transporting food products and have made it our primary responsibility to produce durable, sustainable, and safe packaging accordingly.

We never compromise on our quality approach to hygiene, stationery, and textile products, where sterility is particularly important. Our systems aiming to ensure product quality start at the raw material phase and extend all the way through to finished products.

We care about optimizing our activities and follow an understanding centered around transformation, continuity, efficiency, and quality. The improvements we make in our business processes and every step we take to ensure compliance with national and international standards are part and parcel of the value we place on our business.

| DIGITAL TRANSFORMATION AND AUTOMATION

The rapid progress achieved in the field of digitalization is radically changing the ways of doing business in the whole world. As all Bakioglu Group companies, we believe in the importance of adapting to changing conditions for sustainable development. To that end, we closely follow the developments with respect to digitalization and industry 4.0, and we reconstruct our business processes in accordance with current needs.

To date, we have implemented numerous digital transformation projects that support our ways of doing business and working models. We have initiated projects to boost our organization's digital competencies and created efficiency and added value in processes by adapting artificial intelligence applications to our business processes. We have continued to provide our stakeholders with uninterrupted services through our remote working infrastructure.





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I DIGITAL TRANSFORMATION AND AUTOMATION



Bakioğlu Holding E-Transformation Project

Under the E-Transformation Project, which was launched to achieve the Bakioğlu Group's goal of becoming "one of Europe's top five flexible packaging manufacturers in 2025," the E-Statement solution was first implemented in 2018. The E-Statement integration enabled the account transactions in portfolio banks to be tracked and booked via SAP ERP. Furthermore, through the E-Payment solution, banking instructions were transferred to the digital environment, transaction security was ensured, and time and labor savings were made.





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I DIGITAL TRANSFORMATION AND AUTOMATION

We utilize the IoT firewall application to take certain measures for the developing digital transformation applications, data security, and privacy. The IoT firewall began to be used to eliminate the cyber security risks that increased in parallel with the increased IoT applications in the Holding and Group companies. Data security risks are thus minimized.

We have created our first digital training, i.e. the Personal Data Protection Law (KVKK) Awareness Training, with the collaboration and expert support of the Corporate Resource and Solution Partners Department. With this training, we inform all our employees about the principles regarding the processing, storage, and control of personal data under certain conditions.



SAP S/4 Hana Transformation Project

Our transition to the SAP ERP S/4 Hana 1511 system, which was launched in November 2016 throughout the Group, went live and was made available for active use in June 2018.

In accordance with Bakioğlu Holding's 2025 vision, the infrastructure that will enable us to address steps such as the Fiori interface, which enhances user experience, integrated business planning, sales and operation planning, supply chain network, transportation management, and advanced warehouse management, in terms of effectively using information systems to support our Digital Transformation road map, has been implemented. We aim to successfully upgrade the SAP ERP system to the S/4 Hana 2020 version and activate it with 38 different modules and integration points in 2022.



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I DIGITAL TRANSFORMATION AND AUTOMATION



Automation with Baki Robot

The robotic process automation (RPA), which utilizes software robots to carry out simple, structured, and repetitive business processes such as data entry, is a vital and strategic catalyst for sustainability. RPA essentially aims to design and carry out an automatic or semi-automatic process that analyzes existing processes for opportunities to increase efficiency and accuracy and that eliminates waste in these areas. RPA is the perfect supporting technology to accelerate sustainability in the corporate world. By its very nature, it eliminates waste.

One of Bakioğlu Holding Group Companies, Baki Robot is our robotic process automation example from among the steps taken to conduct our business with zero occupational accident, zero downtime, and zero error targets and maximum efficiency, and for alignment with digitalization processes to that end. Baki Robot means a great deal to us.

With the Baki Robot initiative, RPA robots began to be used in many areas such as sales order entry, supplier invoice entry, sending documents to customers after exports, sending product analysis results to customers, eliminating waybill, invoice, and accounting receipt printouts during financial processes and archiving them in digital media, preparing and consolidating reports prior to management assessment meetings, production planning and planning actions according to quality control results. Almost 50 business processes have been standardized and operated on two robots working independently of people. Customers can thus be given uninterrupted and sustainable services. The RPA robots serving 24/7 365 days a year mean that dependency on individuals has been eliminated and processes are carried out without error, resulting in high efficiency and sustainability in the processes handled, particularly during the COVID-19 pandemic.





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I BUSINESS CONTINUITY

As a company in the Bakioğlu Group, we take all precautions against situations that could disrupt the continuity of our operations and threaten our work safety at Bak Ambalaj. Safe and reliable operations play a critical role in perpetuating our notion of service and quality. Occupational health, occupational safety, and readiness for emergencies underlie our notion of safe and reliable operation. To that end, one of our priorities is to provide a safe and healthy work environment for our employees and to be prepared for disasters and emergencies. We organize raw material suppliers from alternative locations for each raw material under the emergency plans we have prepared according to our risk analyzes.

Disaster and Emergency Management

At Bak Ambalaj, we are aware that interruptions and production losses may occur in our production processes due to natural disasters, emergencies, and adverse weather events. We have, therefore, prepared action plans for possible emergencies and disasters.

We conduct day and night emergency exercises for each shift. The exercise scenarios are selected according to the scenarios in the emergency plan, such as earthquake, fire, explosion, and chemical leakage. We publish exercise reports at the end of the exercises and monitor the actions taken. In addition, we provide regular training to refresh the knowledge and competencies of the emergency teams. We have provided nearly 500 hours of disaster and emergency training in the past three years.

Employees' trained behaviors play a key role in preventing major losses in the event of a potential fire. Therefore, we ensure that all our employees participate in the practical fire extinguishing training provided by specialist organizations.

Supply Continuity

At Bak Ambalaj, choosing nature-friendly technologies throughout our entire value chain and ensuring that we inflict minimum harm on the environment are

among our priorities. We expect our suppliers to act with the same understanding and responsibility. We also aim for security and continuity in our supply chain.

Monitoring the impacts on the supply chain plays a critical role in maintaining supply. We closely follow the technologies and innovations developed in the fields of recycling and recovery through the reduction of wastes that may result from logistics, production, transportation, storage, operation, treatment and maintenance activities in our supply chain, and select the one most suitable for the environment. For example, we focus on switching from land transportation to sea transportation to minimize possible disruptions in our logistics operations. In addition to providing cost and emission advantages, maritime transportation eliminates the disruptions encountered in land transportation, thereby enabling more efficient production and distribution processes.



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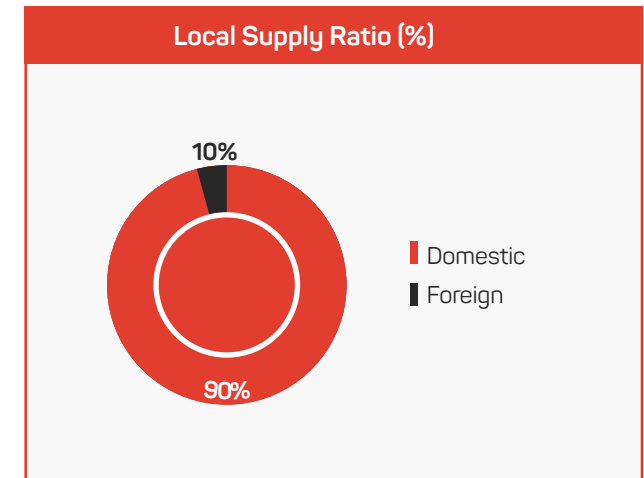
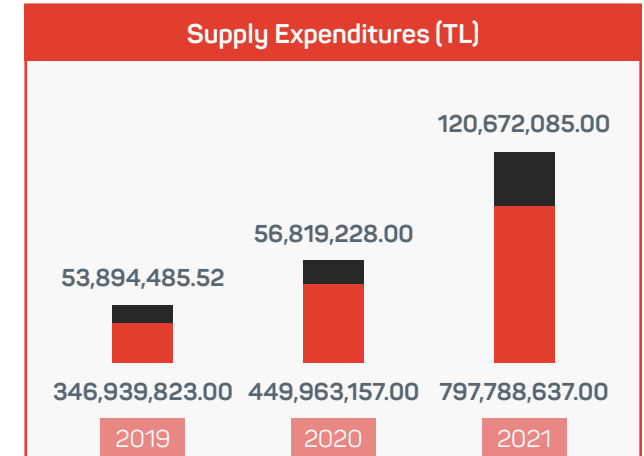
I BUSINESS CONTINUITY

We share the decisions we make regarding changes in product structures, focusing on the use of recyclable raw materials that contribute to sustainability, etc. with our suppliers and we monitor the relevant processes through confidentiality and ethics agreements, supplier surveys, and inspections. We obtain certificates of biodegradable and compostable products from our suppliers, expect the same sensitivity toward the environment and sustainability from all the suppliers we work with, and organize training to increase suppliers' awareness about these issues.

We first keep our supplier list up-to-date to minimize potential disruptions in the supply chain. We maintain the quality and continuity of our business through the supplier agreements we conclude, and perform risk analyses relating to supply diversity. This gives us the opportunity to move forward with alternative solutions for possible problems.

We ensure that our supply processes are carried out in an environmentally friendly manner through regular inspections. We prepare action plans with our suppliers to rectify the noncompliances or adverse situations detected, and monitor the relevant processes. Supplier inspections are carried out centrally for the Group Companies.

Another important constituent of supply continuity is local purchasing activities. This not only minimizes the risks arising from sources of supply but also supports the local economy. In 2021, local suppliers accounted for 87% of our purchases by expenditure and 90% of the number of suppliers. We incurred TL 915.5 million in domestic and foreign supply expenditures in the reporting period.





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I OPERATIONAL EXCELLENCE AND QUALITY

At Bak Ambalaj, we aim for operational excellence and the highest quality through continuous improvement. We adopt a proactive and preventive approach to protect and improve production integrity and the quality of systems.

At Bak Ambalaj, we are adopting the Total Productive Management/Maintenance (TPM) method in accordance with our proactive approach. Total Productive Management/Maintenance (TPM) refers to the use of machinery, equipment, employees, and supporting processes to maximize business performance, increase reliability, speed and flexibility, and prevent unexpected breakdowns and delays in production processes.

At Bak Ambalaj, we carry out robotic process automation studies in many processes for zero

malfunctions, zero errors, and zero accidents, as part of the Group's efforts to disseminate TPM. Software robots carry out such operations as processing customer order entries and export documents, preparing quality analysis documents and sending them to customers, entering purchase invoices, and creating accounting transactions.

An indispensable element of our group's TPM notion is the Kaizen philosophy, which is based on continuous improvement and learning. We aim to increase Kaizen studies, which are carried out with the mission of creating a *baki* culture to ensure sustainable growth with a zero-loss approach. During the reporting period, the Kaizen study on the Reduction of the Cerutti Machine Measurement Wait Setup Time was successfully completed in Bak Ambalaj.

We adopt a total quality approach from production through to logistics operations. We reinforce our dedication to business processes and product quality with internationally accepted standards and certifications. We continuously monitor our compliance with quality standards through regular audits.

We are the first company to obtain the "G7 Master Facility Colorspace Certificate" in Türkiye in flexo printing, by following the ISO 12646 standards during both the printing processes and Digital Proof processes before printing. We always aim to produce the "perfect package in all aspects" considering not only our customers' expectations for packaging materials but also their standards in color management.

AGV Projects

The AGV Projects we implemented in the reporting period aim to ensure that all bobbin and pallet movements in the production area are carried out with automatically guided vehicles rather than an operator, thereby increasing labor productivity.

We always aim to produce the "perfect package in all aspects."



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I OPERATIONAL EXCELLENCE AND QUALITY

We request certificates for the raw materials for biodegradable and compostable products in our portfolio from our suppliers, which we regularly monitor. We obtain support from external laboratories for the final product tests where necessary, ensuring that products are certified under the most transparent and suitable conditions.

We maintained the high level we achieved and received an AA score for all our three facilities during the external audits conducted under the BRC Standard. This success is an indicator of our “total quality” approach.

Quality Standards and Our Certificates

ISO 9001: Quality Management System

ISO 22000: Food Safety Management System

ISO 14001: Environment Management System

BRC GS: Food Safety Standard

ISO 45001: Occupational Health and Safety Management System

I-REC: International Green Energy Certificate

ISO 14064: Greenhouse Gas and Emissions Management System

AIB International: American Institute of Baking- Food Safety Standard

ISO 27001: Information Security Management System

Halal 22: Halal Food Certificate



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VALUE FOR PEOPLE

Inclusive Workplace and Diversity

Employee Development

Employee Loyalty

Occupational Health and Safety





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We offer our employees a peaceful work environment as befits human dignity, where diversity and inclusiveness are observed and development is supported. As in Bakioğlu Group, we, at Bak Ambalaj, consider ourselves responsible for equipping our employees with the qualifications of the future, thereby contributing to qualified employment.



We regard our employees as "assets," not "resources."

In 2021, the transition process from "Human Resources Group Presidency" to "Human Values and Corporate Development Group Presidency" was initiated across Bakioğlu Holding ve Ambalaj Group Companies; furthermore, the "Employer Brand Development Project" was implemented. The project is focused on attracting and retaining qualified workforce and ensuring employee loyalty. To create the Employer Brand and employee value proposition, the Great Place to Work survey and focus group studies were conducted with the voluntary participation of all group employees, and our Employer Brand Commitment was established according to the results.





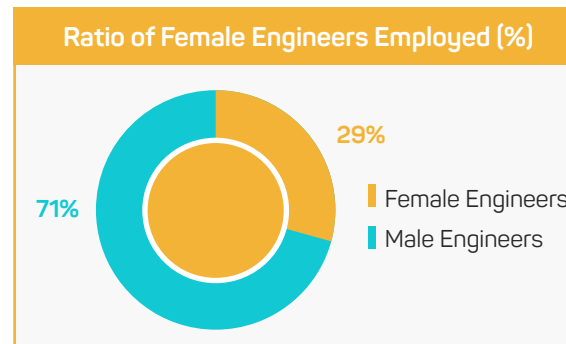
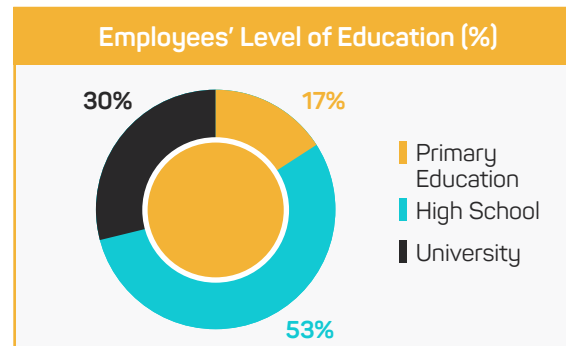
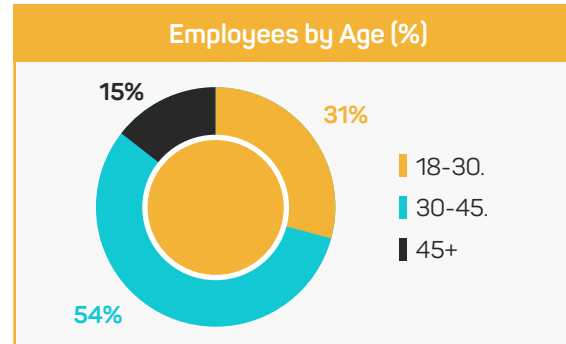
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I INCLUSIVE WORKPLACE AND DIVERSITY

Inclusiveness and diversity constitute a significant part of our employer responsibility. We care about creating an equal, fair, and safe corporate culture where all our employees feel valuable and can show their differences.

Our goal is to become a company that is preferred by a qualified workforce and has internalized universal values such as fairness, libertarianism, egalitarianism, and a participatory approach in accordance with the values of the Presidency of Human Values and Corporate Development Group of Bakioglu Holding. We strive to increase employee satisfaction and loyalty by maintaining a happy and peaceful work environment. To that end, we provide assurances of inclusivity and diversity through the company's policies and procedures and develop all processes with this in mind. In light of this information, no cases of discrimination in our company have occurred in the reporting period.

We attach importance to equal opportunity and women's employment. Women constitute 14% of our total workforce due to our primarily on-site work environment, but they constitute 58% of our office staff. Some 41% of our middle range and senior executives in Bak Ambalaj are women.



We care about the active participation of women in employment. We implement practices that facilitate our women employees' working lives during and after pregnancy to prevent them from being alienated from work life due to childbirth. All nine of our women employees who went on maternity leave during the reporting period have returned to their jobs.

Support for the employment of disabled individuals is another element of our notion of inclusiveness and diversity. There are 16 disabled employees within Bak Ambalaj. We strive to ensure that the physical conditions in the work environment are suitable for our disabled employees.



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I EMPLOYEE DEVELOPMENT

We care about improving our employees' competencies and skills. We continue our training investments with the aim of equipping our employees with the qualifications of the future. Under the individual performance system, which was constructed in line with the company's goals and strategies, we strive to give our employees the opportunity to participate in management, gain experience, and improve themselves in different areas by ensuring their professional development through realistic and sustainable feedback.

The BAK Academy was established based on a continuous development approach for this purpose and serves as an academic framework offering employees in all the Group Companies the information, skills, and development opportunities they need. Under the leadership of Bakiöğlü Holding's Human Values and Corporate Development Group Presidency, the BAK Academy identifies employees' training needs in line with the company's goals and development goals, plans and implements training, and ensures that training and development activities continue by evaluating their results. It assumes an important role in developing a common language and culture through behavioral competence development programs.

BAK Academy pursues the following goals in line with the values of the Group, the Bakiöğlü Leadership Constitution, and its competencies fed by all these:

- Focusing on continuous development within the framework of our corporate climate, which is dominated by universal values such as fairness, accountability, and transparency,
- Focusing on all of our employees on the assumption that they have high potential and performance,
- Developing our skills for our potential future needs,
- Creating a behavioral and technical competence development systematic,
- Following the development digitally,
- Supporting the development of our key employees to retain them,
- Training the "Top Managers" of the future in both professional and leadership areas,
- Being able to attract professionals with high performance and potential to our companies,
- Carrying out an effective "Human Values Planning" throughout the group,
- Being sustainable to support organizational growth and change.





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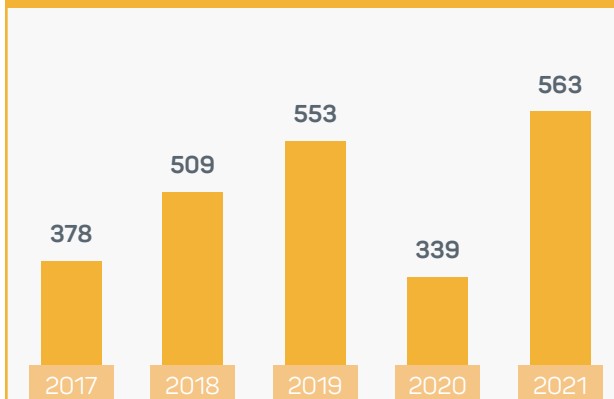
EMPLOYEE DEVELOPMENT

At the Bak Academy, training courses are delivered in different areas, namely, basic, professional, technical, and personal development. A total of 563 participants were given 11,401 person-hours of training within the period.

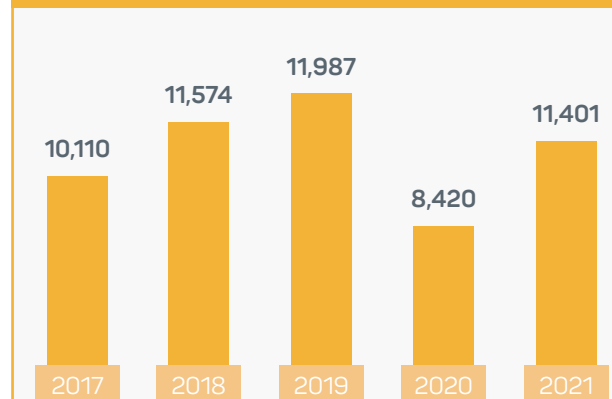
BAK Academy Training Programs:

- Core Competency Development Program
- Development in Professional Life Program
- Executive Development Program
- Foreign Language Contribution Program
- Sales Development Program
- Financial Affairs Development Contribution Program
- Human Values Development Program
- Foreman Development Program
- 360 Degree Development Evaluation Interviews
- Digital Video Learning Platform

Number of Employees Trained



Employee Training (person-hours)





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I EMPLOYEE DEVELOPMENT

Prominent Training Activities in the Reporting Period

Digital Training

The digital training system, the transition to which was accelerated due to the pandemic, was activated. The digital training series with the theme "Touches on Our Lives" covering such topics as stress management, child psychology, and physical and mental development, were offered to all employees via Bakioğlu online training management systems.

Technical Training

The "Technical Academy Project" efforts, initiated as part of the "Technical Skills Development" for developing our field teams, have continued in different phases.

Initiated at the end of 2018 at Bak Ambalaj with the title "Technical Academy," our Project is now in its

2nd Phase and will be completed in integration with the TPM efforts.

The scope of the Project covers the infrastructure studies we carry out particularly for designing the development systematics of our field teams, in line with the Technical Skill Development.

Catalog Training

Catalog Training, which the employees choose according to their development needs, continued under different topics.



Bakioğlu Holding Performance Management System

The primary purpose of the performance management system in Bakioğlu Group is to create value by increasing the efficiency and profitability of the company and to share the created value with those who contribute positively to such efforts. The prerequisite is to make employees feel as part of a "whole," in other words, to create a "team spirit," regardless of their role. Team spirit, on the other hand, can only be created if the communication channels between all the elements of the whole are open and each element mature enough to "empathize."

The Performance Management System at Bakioğlu Group aims to develop, guide, and manage the employees who will ensure that the vision is achieved in line with the company's culture and values. Each employee realizes how they will contribute to different facets of the vision.

The Performance Management System has four main aspects:

- Financial Goals: Goals regarding the financial performance
- Business Process Goals: Goals regarding operations, productivity and quality
- Customer Goals: Goals regarding customer satisfaction
- People-Related and Cultural Goals: Goals regarding the development of the company and its employees



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I EMPLOYEE LOYALTY

We believe that employee satisfaction plays a key role in establishing and reinforcing employee loyalty. As such, we are implementing practices aimed at increasing employee motivation and satisfaction. We share our corporate culture and corporate values with our employees through the internal communication activities carried out throughout the group.

We aim to increase our employees' effective communication, sharing, and motivation with various events such as the Bakioğlu Holding Family Festival, table football, football, basketball tournaments, seniority award ceremonies, anniversary celebrations, International Women's Day gifts, special practices on the October 29th Republic Day, marriage and birth gifts, retirement ceremonies, New Year's Eve celebrations, tournaments, and group-wide organized events. We observe the balance of our employees' work and private lives. We adopt flexible and remote working models to maintain the balance between work and private life, a highly effective factor in employee job satisfaction.

Employee satisfaction surveys are conducted throughout the Group to find out our employees' expectations and opinions. We carry out studies to continuously improve employee satisfaction and loyalty in light of the survey results.



“Professionals of the Future”

At Bak Ambalaj, we offer internships to high school and university students, supporting their personal and professional development. We enrich our sources of employment by providing job opportunities to those interns whom we consider “Professionals of the Future” and who successfully complete their internship. Through our internship programs, which we carry out with a sense of our social responsibility, we constantly monitor our students to ensure their development as individuals beneficial to society and provide them all kinds of support they need. New graduates with high awareness and motivation, who fulfill the main criteria of the relevant position, and fit our corporate values are hired and prepared for the future through the Bak Academy training and development programs.





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I OCCUPATIONAL HEALTH AND SAFETY

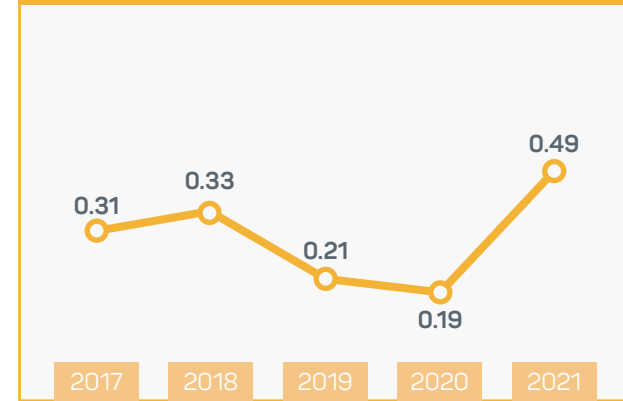
In line with the values of Bakioglu Group to which we are affiliated, we have made it our principal responsibility to ensure that our employees and the subcontractors' employees present in our activity sites work in a safe environment. Based on this approach, we act in compliance with the relevant laws and regulations in the field of occupational health and safety, as well as the Holding standards and policies. The occupational health and safety practices implemented for our employees are provided to subcontractors' employees as well.

As in all group companies, occupational health and safety practices are managed by the central Occupational Safety Department at Bak Ambalaj. The four OHS Boards operating in our Company consist of 11 employee representatives and 27 members. Convening every two months, the OHS Boards aim to spread the culture of occupational health and safety and actively involve the employees in this process.

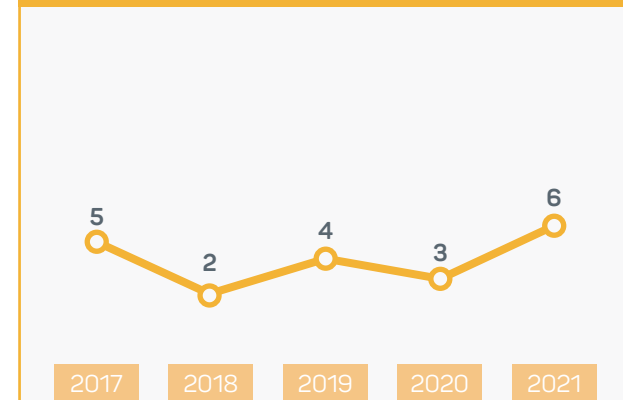
All studies to ensure compliance with the statutory legislation are completed and monitored at regular intervals to ensure they are kept up to date. Furthermore, the document system established with respect to occupational health and safety is implemented jointly throughout the group. The certification process for the facilities was completed within the scope of Occupational Health and Safety Management Systems at Bak Ambalaj.

We carry out robotic process automation studies in many processes with the goal of zero malfunctions, zero errors, and zero accidents. We organize training to make all our employees aware of the TPM Mater Plan and Kobestsu Kaizen. In the reporting period, 437 individuals received 1,353 person-hours of OHS training at Bak Ambalaj.

Ratio of Lost Days at the Group



Injury Rate





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I OCCUPATIONAL HEALTH AND SAFETY

Fight against COVID-19

The Business Continuity Plan (COVID-19 Scenario Study) and Emergency Action and Business Recovery Plans have been implemented as part of risk management activities, to execute managerial measures faster in Bakioğlu Group companies. Production at Bak Ambalaj continued with minimal losses and downtime during the COVID-19 pandemic. As part of the efforts to fight COVID-19, the following actions were taken throughout the Group:

- Emergency plans were updated and procedures and instructions for managing the pandemic were established during the pandemic.
- Masks were procured and distributed to all employees throughout the group.
- The necessary arrangements in line with the hygiene and social distancing rules were made per the publications of the Ministry of Health.
- Cases were followed up and contact tracking studies were conducted by the workplace doctors and the Health Department.
- Antigen tests were performed with regular screenings and vaccination rates were monitored.
- Employees awareness of the pandemic was raised with additional training and visual studies.
- Employees were informed weekly by the senior management via e-mail about the number of cases and precautions.





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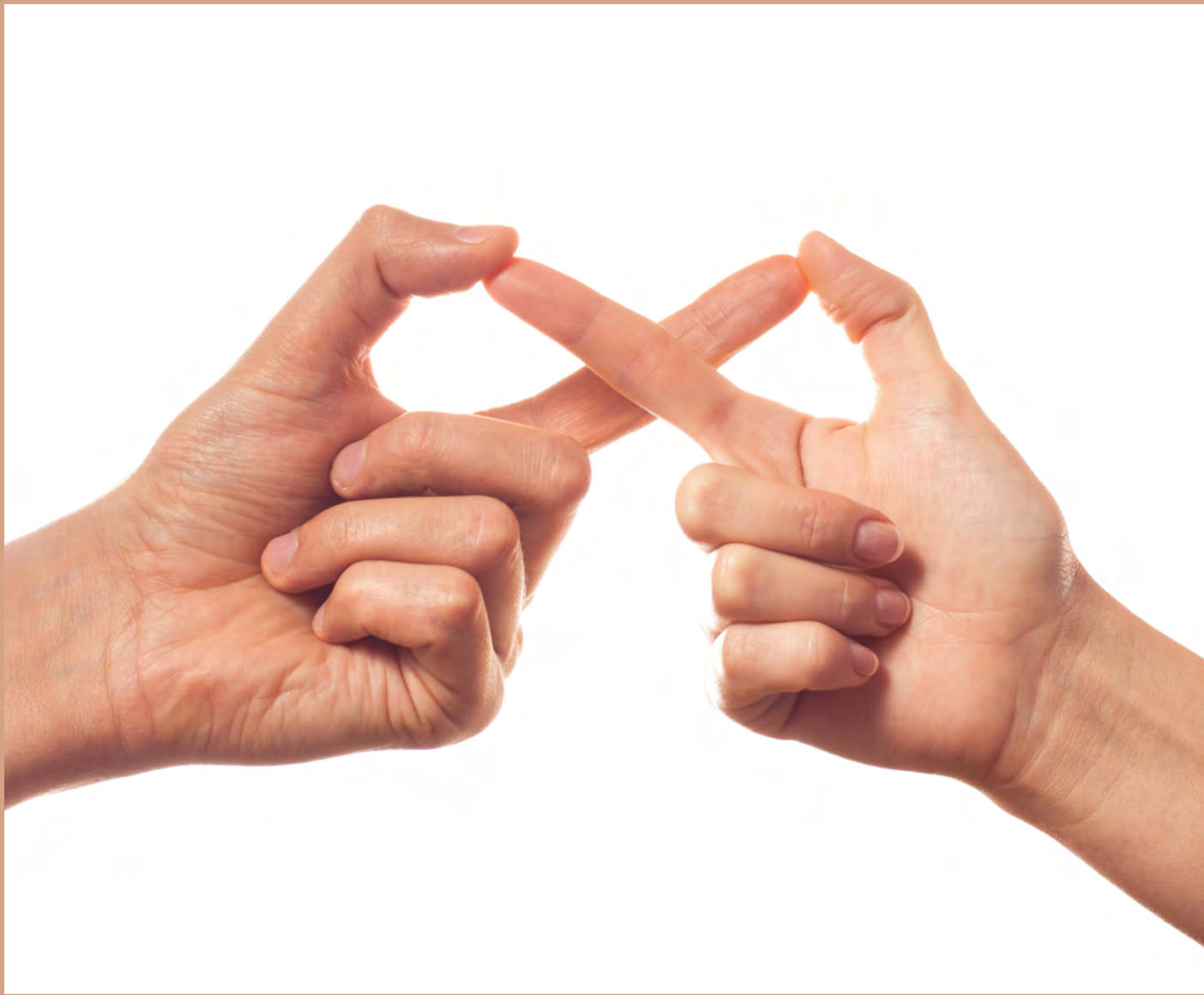
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VALUE FOR SOCIETY

From Sapling to Forest: Aegean
Forest Foundation

Support for Qualified Employment





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We believe in the necessity to create value for our stakeholders and society so that we can carry out our business properly. Our goal is to contribute to sustainable development and a safe life for future generations by working with non-governmental organizations, public institutions, and organizations in the areas where we are active. We conduct projects and sponsorship applications primarily and mainly in the areas of environment, education, and health in the social responsibility projects, which we consider a fundamental responsibility.

In 2021, we donated to the Aegean Forest Foundation and Lösev, which operate with a transparent and reliable approach in environment and health-related issues in line with the principle of sustainable social responsibility. We donated to education through the ITU Artificial Intelligence Engineering Scholarship and the assistance provided to the Anatolian Scholars of Koç University. We have allocated TL 193,228 in resources to grant and donation activities in 2021.

FROM SAPLING TO FOREST: AEGEAN FOREST FOUNDATION

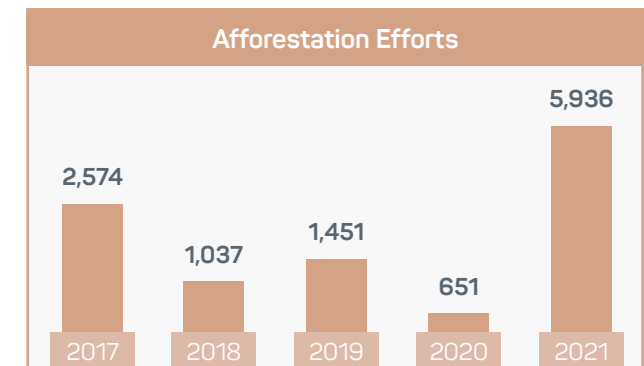
The story of the Aegean Forest Foundation started with the Bakioğlu Forest, which was created with 70 thousand saplings planted around Izmir Airport in 1995 with the contribution of Bakioğlu Holding and Group companies. The Aegean Forest Foundation was established under the leadership of Cem Bakioğlu in the belief that protecting existing forests and planting new forests is every individual's duty to their nation and the humanity, rather than only a duty of the state.

Having planted more than 8 million saplings in and around Izmir to date, the Aegean Forest Foundation is a reliable solution partner for organizations in the creation of Carbon Forests, which will remedy the climate change caused by carbon dioxide emissions.

We create carbon sink areas with the cooperation of forest villagers as a part of our afforestation projects, which we consider our greatest strength in the fight against climate change. In addition, we support the Aegean Forest Foundation, which contributes to

solving the problems that threaten our world with a sustainable approach, and reduce our carbon footprint by planting new forests every year.

We are involved as stakeholders in many projects conducted in collaboration with the Aegean Forest Foundation. We contribute to the activities of non-governmental organizations, including the afforestation and awareness-raising activities carried out by the Foundation. We regularly donate saplings under various different projects for our employees and their families. We planted 5,936 saplings at Bak Ambalaj in 2021.





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I SUPPORT FOR QUALIFIED EMPLOYMENT

We embrace the importance attached by Bakiöğlü Holding to continuous development and to education so that future generations are raised in the best way. We conduct projects and carry out joint studies with the academy to ensure that our youth, the representatives of our future, receive the correct education and are employed in the correct fields.

Lifelong Learning Association

The Lifelong Learning Association was established in 2014 through the convention of the Members of the Board of Directors of Bakiöğlü Holding, Bakiöğlü Holding Packaging Group companies, Baknet, the Aegean Forest Foundation and other founding members. The goal of the association is to organize educational activities for

vocational training and professional development in line with the principle of lifelong learning based on national and international professional standards.

The Lifelong Learning Association conducts research and projects relating to professional development in line with the Sustainability Development Goals in many areas, primarily environment, agriculture, forestry, energy, information-communication technologies, flexible packaging, and printing sectors. The Association organizes training to increase social awareness in collaboration with national and international organizations.

At Bak Ambalaj, we support successful students from poor backgrounds who study at certain universities such as Koç University and ITU through our scholarship

program. In the reporting period, we held the second "Talents Meet Professionals" program, the first of which took place in 2020 and which brings together students and our employees. In this program, we bring together university students and employees of the departments where they aim to start a career or which are related with their areas of study in online meetings, creating the opportunity to discuss the industry, the future, and their career plans. Under the "Bilkent University Industry-Oriented Graduation Projects," which we participated in during the period, our OPEX Department and the Bak Ambalaj Supply Chain Department worked with the students and academics of the Bilkent Industrial Engineering Department.



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I PERFORMANCE TABLES

Economic Performance Data

	2017	2018	2019	2020	2021
Net Sales Amount (TL)	350,865,870	454,241,489	470,253,872	595,400,826	895,822,327
Capacity Utilization Rate (%)	71%	71%	75%	%74	75%
Total Production (Tonnes)	19,505	19,275	20,565	20,142	21,623
Operating Profit (TL)	50,264,010	82,096,364	31,862,027	69,436,294	87,891,289
EBITDA (TL)	62,858,475	99,861,541	52,074,655	92,527,047	115,056,763
Net Payable (TL)	196,347,403	217,652,464	75,741,278	61,699,480	120,362,916
Return on Equity (ROE) (%)	22.06%	19.23%	6.59%	13.70%	22.96%
Total Assets (TL)	374,959,114	474,593,852	452,816,583	555,936,871	1,099,085,938
Total Investment Amount (TL)	42,268,921	20,450,640	12,319,952	21,075,174	70,661,840
R&D	2017	2018	2019	2020	2021
Number of R&D Employees (individuals)	29	35	31	29	32
Total R&D Expenditure Amount (TL)	458,582	602,801	1,338,826	2,012,038	3,508,900
Number of Total Patent Applications (units)	3	1	0	0	0
Number of Total Registered Patents (units)	1	0	5	0	2
Number of Total R&D Projects (units)	8	15	6	7	9
Amount of Social Aid Donations (TL)	224,340	164,425	293,578	528,919	193,228
Supplier Structure		2019	2020	2021	
Local Supply Expenditures (TL)		346,939,823	449,963,157		797,788,637
Foreign Supply Expenditures (TL)		53,894,486	56,819,228		120,672,085
Number of Local Suppliers		736	736		754
Number of Foreign Suppliers		89	72		84



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I PERFORMANCE TABLES

Environmental Performance Data

	2017	2018	2019	2020	2021
Total Direct Energy Consumption (GJ)					
Diesel consumption	-	468	462	110	1,195
Gasoline consumption	0	0	0	0	610
Natural gas consumption	73,458	129,566	122,420	138,452	158,240
Total Direct Energy Consumption (GJ)	64,455	84,764	79,392	89,924	98,813
Total Renewable Energy Consumption (GJ)	-	-	-	-	62,356
Energy Consumption per Production (GJ/Thousand TL)	0.39	0.47	0.43	0.38	0.29
Total Direct GHG Emissions (Scope 1) (tonnes CO2)	-	-	-	-	9,449
Total Indirect GHG Emissions (Scope 2) (tonnes CO2)	-	-	-	-	4,344.00
Total Indirect GHG Emissions (Scope 3) (tonnes CO2)	-	-	-	-	61,180
Greenhouse Gas Emissions Per Production (Tonnes CO2/Thousand TL)	-	-	-	-	0.08
Total Greenhouse Gas Reduction (tonnes CO2)	-	-	-	-	7,431
Water Withdrawal by Source (m³)					
Tap water	33,150	52,276	66,199	58,254	75,035
Well water	0	0	0	0	0
Water Consumption per Production (m³/Thousand TL)	0.09	0.12	0.14	0.10	0.08
Total Waste Water Discharge (m³)	28,187	46,572	59,133	47,311	67,050
Total Waste Quantity (Tonnes)	1,077	4,464	4,475	5,231	5,333
Recycled (R-coded) non-hazardous waste (tonnes)	353	3,387	3,457	4,244	4,044
Recycled (R-coded) hazardous waste (tonnes)	724	1,077	1,019	983	1,288
Disposed of (D-coded) non-hazardous waste (tonnes)	0	0	0	0	0
Disposed of (D-coded) hazardous waste (tonnes)	0.000	0.000	0.008	0.007	0.017
Other hazardous waste sent to intermediate storage (tonnes)	0.0	0.0	0.0	3.2	0.4
		2019	2020	2021	
Total Raw Material Usage (Tonnes)		22,983	25,572		28,102
Usage of raw material usage with lower environmental impact than equivalents (Tonnes)		101.8	160.4		283.3
Use of bio-based raw materials with eco-friendly certificate (Tonnes)		0.1	15.8		81.8
Use of raw materials in line with the principles of circular economy (Tonnes)		0.5	2.7		49



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Social Performance Data

	2017	2018	2019	2020	2021
Employee Training - Number of Participants (individuals)	378	509	553	399	563
Female Office Employees	76	77	77	75	94
Female Field Employees	1	5	8	4	7
Male Office Employees	66	69	66	59	63
Male Field Employees	235	358	402	261	399
Employee Training - Total Hours (person-hours)	10,110	11,574	11,987	8,420	11,401
Female Office Employees	3,650	4,245	3,763	3,824	3,766
Female Field Employees	41	50	117	23	99
Male Office Employees	3,895	3,501	3,538	3,042	2,972
Male Field Employees	2,524	3,778	4,569	1,531	4,565
Injury Rate	5	2	4	3	6
Rate of Lost Days	0.31	0.33	0.21	0.19	0.49
Rate of Professional Diseases	0	0	0	0	0
Number of Fatal Occupational Accidents	0	0	0	0	0
OHS Training Given to Employees - Number of Participants	381	367	505	1296	437
OHS Training Given to Employees - Total Hours (person-hours)	2,522	1,422	3,088	2,762	1,353
Number of Participants in Disaster and Emergency Training	94	446	311	114	27
Total Hours of Disaster and Emergency Training (person-hours)	96	446	314	114	27
Proportion of Entry Level Wages to the Minimum Wage (%)					
Female Employees	148%	148%	144%	140%	138%
Male Employees	143%	142%	137%	136%	136%
Total Employee Wage Payment by Gender (TL)					
Total Wage of Female Employees in the Field	-	-	38,041	43,368	55,492
Total Wage of Female Employees in the Office	-	-	539,887	653,298	821,846
Total Wage of Male Employees in the Field	-	-	2,236,015	2,551,124	3,242,205
Total Wage of Male Employees in the Office	-	-	649,075	691,283	849,154
Median Level of Wages by Gender (TL)					
Median Wage of Female Employees in the Field	-	-	4,755	5,421	6,166
Median Wage of Female Employees in the Office	-	-	8,058	9,074	11,911
Median Wage of Male Employees in the Field	-	-	4,871	5,595	6,537
Median Wage of Male Employees in the Office	-	-	10,469	12,344	15,163



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I PERFORMANCE TABLES

Employee Demographics

	2020	2021
Total Workforce (Number)	632	652
Direct Employment	632	652
<i>Women</i>	78	92
<i>Men</i>	554	560
Direct Workforce (Number)	632	652
Office Employees	128	145
<i>Women</i>	70	84
<i>Men</i>	58	61
Field Employees	504	507
<i>Women</i>	8	8
<i>Men</i>	496	499
Direct Workforce by Type of Contract (Number)		
Indefinite Term Employment Contract	632	652
<i>Women</i>	78	92
<i>Men</i>	554	560
Direct Workforce by Level of Education (Number)	632	652
<i>No education</i>	0	0
<i>Primary school</i>	136	108
<i>High School</i>	322	348
<i>College and Higher</i>	174	196

	2020	2021
Direct Workforce by Age Group (Number)	632	652
Women	78	92
<i>18-30.</i>	24	30
<i>30-45.</i>	45	52
<i>45+</i>	9	10
Men	554	560
<i>18-30.</i>	163	169
<i>30-45.</i>	306	302
<i>45+</i>	85	89
Senior Management Structure (Number)	12	12
Women	5	5
<i>18-30.</i>	0	0
<i>30-45.</i>	4	4
<i>45+</i>	1	1
Men	7	7
<i>18-30.</i>	0	0
<i>30-45.</i>	4	5
<i>45+</i>	3	4

	2020	2021
Mid-Level Management Structure (Number)	16	17
Women	5	7
<i>18-30.</i>	0	0
<i>30-45.</i>	5	7
<i>45+</i>	0	0
Men	11	10
<i>18-30.</i>	0	0
<i>30-45.</i>	10	9
<i>45+</i>	1	1
New Recruits (Number)	85	90
<i>Female office employees</i>	8	24
<i>Male office employees</i>	3	10
<i>Female field employees</i>	0	0
<i>Male field employees</i>	74	56
Resigned Personnel (Number)	51	79
<i>Female office employees</i>	10	12
<i>Male office employees</i>	5	7
<i>Female field employees</i>	0	2
Number of Employees on Maternity Leave	7	9
Number of Employees Returning from Maternity Leave	7	9
Number of Employees who did not Quit Work for the Last 12 Months After Returning from Maternity Leave	7	9
<i>Women</i>	3	2
<i>Men</i>	12	14



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**MATERIALITY
DISCLOSURES SERVICE**

2022

Explanation	Disclosures and Page Numbers
GRI 101: Core 2016	
GRI 102: General Explanations 2016	
Corporate Profile	
102-1.	About the Report, page: 2
102-2.	About Bak Ambalaj, page: 6-7.
102-3.	Contact, page: 76
102-4.	About the Report, page: 2; About Bak Ambalaj, page: 6-7.
102-5.	About Bak Ambalaj, page: 12
102-6.	About Bak Ambalaj, page: 12
102-7.	About Bak Ambalaj, page: 6- 7; Bak Ambalaj in Figures, page: 10-11, Economic Performance Data, page: 67
102-8.	Value for People, page: 56; Employee Demographics, page: 70
102-9.	Supply Continuity, page: 50-51; Economic Performance Data, page: 67
102-10.	GRI Content Index: No significant change has occurred in the company's operational or financial structure and supply chain in the reporting period.
102-11.	Risk Management and Internal Audit, page: 19; Fight against COVID-19, page: 62
102-12.	Corporate Initiatives, page: 28-29.
102-13.	Our Sustainability Priorities, page 23: Corporate Initiatives, page: 28-29
Strategy	
102-14.	Joint Message from the Chair of the Board of Directors and the General Manager, page: 3-4.
102-15.	Risk Management and Internal Audit, page: 19; Climate and Environment Management, page: 35; Disaster and Emergency Management, page: 50
Ethics and Integrity	
102-16.	Business Ethics, Transparency, and Legal Compliance, page: 17-18.
102-17.	Business Ethics, Transparency, and Legal Compliance, page: 18
Governance	
102-18.	Management Structure of Bak Ambalaj, page: 16
102-19.	Management Structure of Bak Ambalaj, page: 16; Sustainability Management, page: 20-22.

As part of the Materiality Disclosures Service, the GRI Services Unit concluded that the GRI Content Index was clearly presented and that explanations 102-40 and 102-49 were given in the appropriate sections of the report. This service was provided using the Turkish version of this report.



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102-20.	Sustainability Management, page: 20-22.
102-21.	Our Stakeholders, page: 26
102-29.	Our Sustainability Priorities, page: 23
102-30.	Risk Management and Internal Audit, page: 19; Climate and Environment Management, page: 35
102-31.	Sustainability Management, page: 20-22.
102-32.	Sustainability Management, page: 20-22.

Stakeholder Participation

102-40.	Our Stakeholders, page: 26-27.
102-41.	GRI Content Index: There are no collective bargaining agreements at Bakiöğlü Holding.
102-42.	Our Stakeholders, page: 26-27.
102-43.	Our Stakeholders, page: 26-27.
102-44.	Our Sustainability Priorities, page: 23; Our Stakeholders, page: 26-27.

Reporting Practice

102-45.	About the Report, page: 2
102-46.	About the Report, page: 2
102-47.	Our Sustainability Priorities, page: 25
102-48.	GRI Content Index: Bak Ambalaj Sustainability Report 2021 first report.
102-49.	GRI Content Index: Bak Ambalaj Sustainability Report 2021 first report.
102-50.	About the Report, page: 2
102-51.	GRI Content Index: Bak Ambalaj Sustainability Report 2021 first report.
102-52.	GRI Content Index: Reporting is made annually.
102-53.	About the Report, page: 2
102-54.	About the Report, page: 2
102-55.	GRI Content Index, page: 71
102-56.	GRI Content Index: External audit has not been received.



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Material Topics		
Standard	Explanation	Disclosures and Page Numbers
Business Ethics, Legal Compliance, and Transparency		
GRI 103: Management Approach 2016	103-1 Explanation of Material Topic and its Boundary	Sustainability Management, page: 20-22; Our Sustainability Priorities, page: 23- 25; Business Ethics, Transparency, and Legal Compliance, page: 17-18.
	103-2 Management Approach and its Components	Sustainability Management, page: 20-22; Our Sustainability Priorities, page: 23- 25; Business Ethics, Transparency, and Legal Compliance, page: 17-18.
	103-3 Evaluation of the Management Approach	Sustainability Management, page: 20-22; Our Sustainability Priorities, page: 23- 25; Business Ethics, Transparency, and Legal Compliance, page: 17-18.
GRI 201: Economic Performance 2016	201-1 Economic value created	About Bak Ambalaj, page: 10-12.
	201-2 Risks and opportunities arising from climate change	Climate and Environment Management, page: 33
GRI 205: Anti-bribery and Anti-corruption 2016	205-1 Operations considered in terms of corruption-related risks	Business Ethics, Transparency, and Legal Compliance, page: 17-18; Risk Management and Internal Audit: Page: 19
	205-2 Communication practices regarding anti-corruption policies and procedures	Business Ethics, Transparency, and Legal Compliance, page: 17-18; Risk Management and Internal Audit: Page: 19
	205-3 Confirmed cases of corruption and measures taken	GRI Content Index: No such penalty was imposed in the reporting period
Climate Change		
GRI 103: Management Approach 2016	103-1 Explanation of Material Topic and its Boundary	Sustainability Management, page: 20-22; Our Sustainability Priorities, page: 23-25; Value for the Climate, page: 31-37.
	103-2 Management Approach and its Components	Sustainability Management, page: 20-22; Our Sustainability Priorities, page: 23-25; Value for the Climate, page: 31-37.
	103-3 Evaluation of the Management Approach	Sustainability Management, page: 20-22; Our Sustainability Priorities, page: 23-25; Value for the Climate, page: 31-37.
GRI 302: Energy 2016	302-1 Energy consumption in the organization	Environmental Performance Data, page: 68
	302-3 Energy intensity	Energy and Emission Management, page: 34; Environmental Performance Data, page: 68
	302-5 Reduction of the energy consumption for products and services	Environmental Performance Data, page: 68
GRI 303: Water and Waste Management Approach 2018	303-1 The water policy and management approach of the company	Water Management, page: 37
	303-2 Management of the impacts related with water discharge	Water Management, page: 37
	303-3 Water withdrawal	Water Management, page: 37; Environmental Performance Data, page: 68
	303-4 Water discharge	Water Management, page: 37; Environmental Performance Data, page: 68
	303-5 Total water consumption	Water Management, page: 37; Environmental Performance Data, page: 68



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GRI 305: Emissions 2016	305-1 Direct greenhouse gas emissions (Scope 1)	Environmental Performance Data, page: 68
	305-2 Indirect energy (Scope 2) greenhouse gas emissions	Environmental Performance Data, page: 68
	305-3 Other Indirect energy (Scope 3) greenhouse gas emissions	Environmental Performance Data, page: 68
	305-4 Intensity of GHG emissions	Energy and Emission Management, page: 34; Environmental Performance Data, page: 68
Circular Economy		
GRI 103: Management Approach 2016	103-1 Explanation of Material Topic and its Boundary	Sustainability Management, page: 20-22; Our Sustainability Priorities, page: 23-25; Value for Nature, page: 39-44.
	103-2 Management Approach and its Components	Sustainability Management, page: 20-22; Our Sustainability Priorities, page: 23-25; Value for Nature, page: 39-44.
	103-3 Evaluation of the Management Approach	Sustainability Management, page: 20-22; Our Sustainability Priorities, page: 23-25; Value for Nature, page: 39-44.
GRI 301: Materials 2016	301-1 Raw materials used	Circular Economy, page: 40; Environmental Performance Data, page: 68
	301-2 Recycled raw materials used	Circular Economy, page: 40; Environmental Performance Data, page: 68
GRI 306: Waste Management Approach 2016	306-1 Wastes and elimination methods	Recycling and Waste Management, page: 44; Environmental Performance Data, page: 68
	306-2 Management of significant impacts relating to waste	Recycling and Waste Management, page: 44
	306-3 Wastes generated	Recycling and Waste Management, page: 44; Environmental Performance Data, page: 68
	306-4 Wastes recovered	Recycling and Waste Management, page: 44; Environmental Performance Data, page: 68
Business Continuity		
GRI 103: Management Approach 2016	103-1 Explanation of Material Topic and its Boundary	Sustainability Management, page: 20-22; Our Sustainability Priorities, page: 23-25; Value for our Business, page: 46-53.
	103-2 Management Approach and its Components	Sustainability Management, page: 20-22; Our Sustainability Priorities, page: 23-25; Value for our Business, page: 46-53.
	103-3 Evaluation of the Management Approach	Sustainability Management, page: 20-22; Our Sustainability Priorities, page: 23-25; Value for our Business, page: 46-53.
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure works supported	R&D and Innovation, page 41-43; Operational Excellence and Quality, page: 52-52; Value for Society, page: 64-65.
GRI 204: Supply Practices 2016	204-1 Amount of the local supply budget and its ratio to the total supply budget	Supply Continuity, page: 51; Economic Performance Indicators, page: 67



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Human Values

GRI 103: Management Approach 2016	103-1 Explanation of Material Topic and its Boundary	Sustainability Management, page: 20-22; Our Sustainability Priorities, page: 23-25; Value for People, page: 55-62.
	103-2 Management Approach and its Components	Sustainability Management, page: 20-22; Our Sustainability Priorities, page: 23-25; Value for People, page: 55-62.
	103-3 Evaluation of the Management Approach	Sustainability Management, page: 20-22; Our Sustainability Priorities, page: 23-25; Value for People, page: 55-62.
GRI 202: Markets 2016	202-1 Ratio of standard entry level wages to the minimum wage	Social Performance Data, page: 69
GRI 401: Employment 2016	401-1 Employee turnover	Employee Demographics, page: 70
	401-3 Maternity leave	Inclusive Workplace and Diversity, page: 56; Employee Demographics, page: 70
GRI 405: Diversity and Equal Opportunities 2016	405-1 Diversity of management bodies and employees	Inclusive Workplace and Diversity, page: 56; Employee Demographics, page: 70
	405-2 Base salary and wage ratio between women and men	Social Performance Data, page: 69
GRI 406: Anti-Discrimination 2016	406-1 Discrimination cases	GRI Content Index: There have not been any discrimination cases in the reporting period.
GRI 404: Employee Development 2016	404-1 Training hours per employee	Employee Development, page: 58; Social Performance Data, page: 69
	404-2 Skill management and lifelong education programs	Employee Development, page: 58-59.

Occupational Health and Safety

GRI 103: Management Approach 2016	103-1 Explanation of Material Topic and its Boundary	Sustainability Management, page: 20-22; Our Sustainability Priorities, page: 23-25; Occupational Health and Safety, page: 61-62.
	103-2 Management Approach and its Components	Sustainability Management, page: 20-22; Our Sustainability Priorities, page: 23-25; Occupational Health and Safety, page: 61-62.
	103-3 Evaluation of the Management Approach	Sustainability Management, page: 20-22; Our Sustainability Priorities, page: 23-25; Occupational Health and Safety, page: 61-62.
GRI 403: Occupational Health and Safety Management Approach 2018	403-1 Occupational Health and Safety Management System	Occupational Health and Safety, page: 61; Social Performance Data, page: 69
	403-2 Definition of OHS risks	Occupational Health and Safety, page: 61
	403-5 OHS training provided to the employees	Occupational Health and Safety, page: 61; Social Performance Data, page: 69
	403-6 Encouragement of occupational health	Occupational Health and Safety, page: 61-62.
	403-9 Occupational Injuries	Occupational Health and Safety, page: 61; Social Performance Data, page: 69
	403-10 Occupational diseases	Performance Tables, page: 98



About Bak
Ambalaj



Corporate Governance
and Sustainability



Value for the
Climate



Value for
Nature



Value for our
Business



Value for
People



Value for
Society



Annexes

102-3.

I CONTACT

You may contact us to obtain more detailed information about Bak Ambalaj Sustainability Report 2021 and give us your recommendations.

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