



Corporate Governance Compliance Rating Report



Pınar Su ve İçecek Sanayi ve Ticaret A.Ş.

13 November 2023

Validity Period : 13.11.2023-13.11.2024

LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for Pınar Su ve İçecek Sanayi ve Ticaret A.Ş.

has been prepared by considering Communiqué Amending the "Corporate Governance Communiqué (II-17,1) (II-17,1.a)" published in the Official Gazette No. 31262 on 02 October 2020 by the Board, as well as regulations regarding the voluntary sustainability principles compliance framework and the board decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105 in addition to the criteria specified in the "Corporate Governance Communiqué No. II-17.1" of the Capital Markets Board published in the Official Gazette dated 03 January 2014 and numbered 28871

The criteria established for the companies whose shares are traded at BIST are organized separately as First Group, Second Group and Third Group companies and investment partnerships, taking into consideration the group distinctions stated by CMB's Corporate Governance Principles in Item 2 - Article 5 of communiqué no II-17.1, published in the Official Gazette on 03.01.2014.

The Corporate Governance Compliance Rating Report issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. is based on 106 copies of documents, data and files transmitted by the concerned firm electronically, including data open to general public and examinations made by our rating experts on site.

Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. has formulated its Ethical Rules according to the Banking Act, the CMB and BRSA Directives on the Operations of Rating Companies, generally accepted ethical rules of the IOSCO and OECD including generally accepted ethical customs, which is shared with the public through its Internet website (www.kobirate.com.tr).

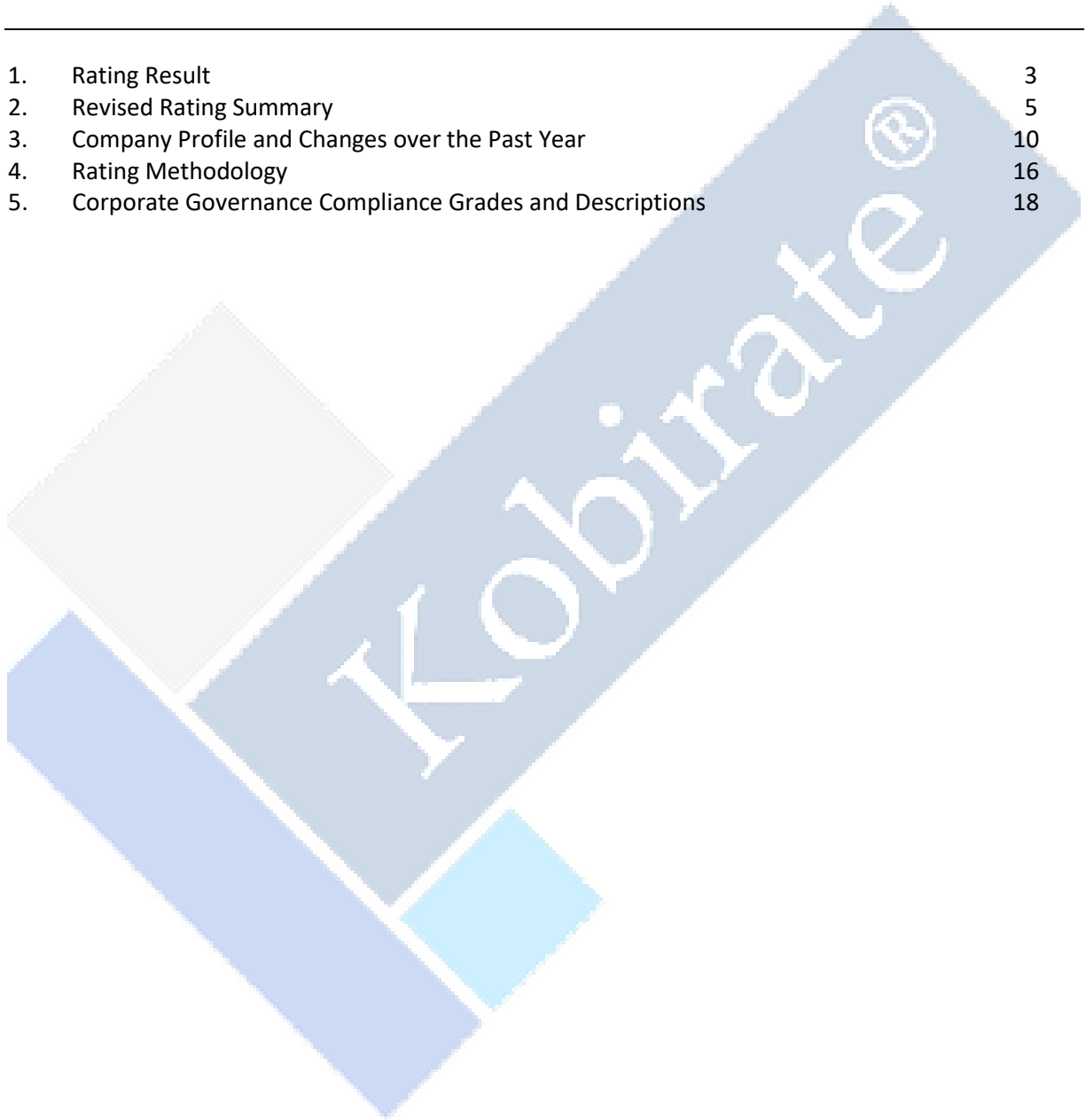
Although rating is an assessment based on numerous data, it is consequently the institutional opinion of Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. formed according to the methodology disclosed.

The rating grade does not constitute a recommendation to purchase, hold, or dispose of any kind of borrowing instrument. KOBİRATE A.Ş. may not be held liable for any losses incurred or investments made to the company referring to this report.

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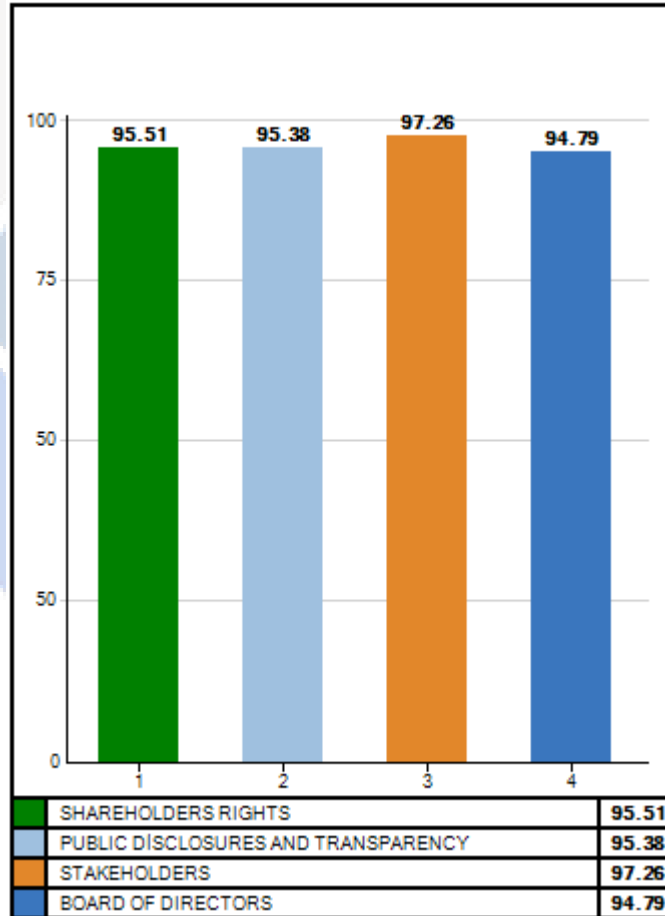
PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

1. RATING RESULT

BIST THIRD GROUP COMPANY

CMB CORPORATE GOVERNANCE
PRINCIPLES COMPLIANCE GRADE

9.55





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Corporate Governance Rating Committee

Burhan TAŞTAN

(License Number: 700545)

Can TEKİN

(License Number: 700573)

Nermin Z. UYAR

(License Number: 702999)

2. REVISED RATING SUMMARY

This report of rating of compliance of Pınar Su ve İçecek Sanayi ve Ticaret A.Ş.' with the Corporate Governance Principles is concluded through onsite examinations of the documents and information open to the public, interviews held with executives and persons involved, and of other examinations and observations. The study has been held in accordance with the Corporate Governance Compliance Rating Methodology developed by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. In the methodology and rating process, in addition to the Capital Markets Board's Corporate Governance Communiqué No. II-17.1, the Communiqué Amending the "Corporate Governance Communiqué (II-17,1) (II-17,1.a)" published by the Board has been considered in addition to the regulations regarding the voluntary sustainability principles compliance framework and the board decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105.

According to the CMB decision dated 12.01.2022, No.2/51, Pınar Su is on the list of BIST 3rd Group Companies list. The Company has been evaluated through examination of 446 criteria described in Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş.'s methodology of "BIST 3rd Group Companies". At the end of the examination of criteria under the main headings of Shareholders, Public Disclosure and Transparency, the Stakeholders and the Board of Directors, the Corporate Governance Compliance Rating Grade of Pınar Su has been revised to **9.55**.

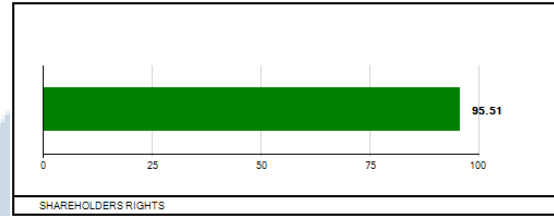
This result shows that the Company achieved great compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are established and are operational. Potential risks that the Company may be exposed to are identified and can be managed. The level of public disclosure and transparency is at a good level. The rights of the shareholders and stakeholders are treated fairly. The

composition and operational conditions of the Board comply significantly with the Corporate Governance Principles.

When the activities of Pınar Su for the last year are examined, it is seen that it has been maintaining its compliance with Corporate Governance Principles.

In conclusion, this rating indicates that the Company highly deserves to be included in the BIST Corporate Governance Index.

▪ In the shareholders section, Pınar Su's rating has been confirmed as **95.51**.



During the reviewing period, it has been observed that the company continues its activities in the field of informing the shareholders and exercising their fundamental shareholder rights with the same sensitivity and efficiency. It is understood that the harmonious cooperation of the Investor Relations Unit with the Corporate Governance Committee is effective in the correct and effective exercise of the rights of the shareholders.

Relations with investors and shareholders are carried out by Yaşar Holding Budget Control and Analysis Director Mr. Onur ÖZTÜRK. The Investor Relations Unit operates directly under the company's general manager. Mr. Onur ÖZTÜRK was appointed as Investor Relations Department Manager on 23.07.2015, and it was disclosed to the public through a Material Disclosure the same day. Mr. Didem ÖZEĞRİLMEZ also works as a unit employee.

Having a Corporate Governance License, Mr. Onur ÖZTÜRK was also appointed as a Corporate Governance Committee Member on the same date, which resulted in

compliance with the CMB Corporate Governance Communiqué No. II.17-1. It has been determined that the unit fulfills its duties and responsibilities in accordance with the aforementioned communiqué.

Regular reports are made to the Board of Directors and the Corporate Governance Committee regarding the activities carried out by the Investor Relations Department.

Shareholders' right to obtain information and to examine is not canceled or restricted by the Articles of Association or any department of the Company. The company carries out its disclosures to the shareholders and the public in accordance with the "Disclosure Policy". The said policy is published on the company's corporate website.

The General Assembly meeting to discuss the operations of 2022 took place on 29.03.2023. The invitation to the general assembly meeting was published on the Public Disclosure Platform (PDP), the Central Registry Agency e-general assembly system (EGAS) on 03.03.2023, and in the Turkish Trade Registry Gazette (TTRG) dated 07.03.2023 and numbered 10784. The meeting invitation was made at least 3 (three) weeks before the meeting date as stipulated by the principles.

The general assembly information document provides detailed information on the distribution of company shares, the voting rights granted by the shares and the privileges regarding voting. In addition, whether the shareholders have a request to add an item to the agenda and the information that is required to be announced to the shareholders and the public in the corporate governance principles are also included.

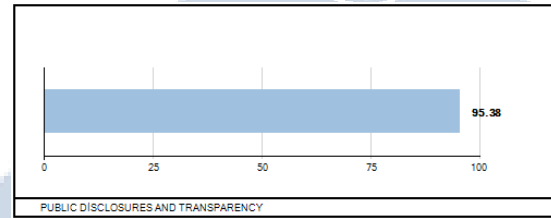
Executives and auditors who are authorized to brief participants on special subjects and answer their questions have attended the meeting. Attending top managers were Yılmaz GÖKOĞLU (Member of the Board of Directors), Mr. Hüseyin KARAMEHMETOĞLU

(General Manager), Mr. Ufuk ATİK (Financial Affairs and Finance Director) and the Independent Audit Company Representative.

Since the company has made a loss from its 2022 activities (54,272,281.-TL), it is not subject to distribution.

The profit distribution proposal of the board of directors was published on the Public Disclosure Platform on the same day as the invitation to the general assembly.

▪ In the Public Disclosure and Transparency section, the company's rating was confirmed as **95.38**.



It has been determined that Pinar Su's works on public disclosure and transparency are in compliance with legal regulations and corporate governance principles. Annual reports are rich in content and contain sufficient information about the activities.

The corporate website (www.pinarsu.com.tr) is updated regularly, and the website is being used as an active and effective platform for disclosure to the public. All information and documents that the public, investors, and other interested parties want to access are published on the corporate website of the company for the last five (5) years. It has been observed that this information is consistent with the disclosures made in accordance with the provisions of the relevant legislation and does not contain contradictory and incomplete information. The corporate website is designed as a convenient, easily accessible structure.

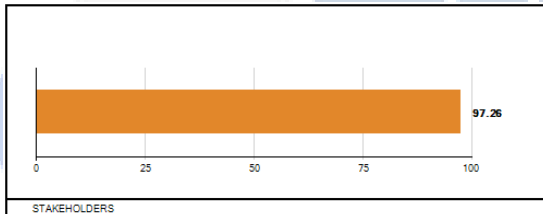
The officials in the Company who are charged with disclosures and have the authority for signature are: Mr. Koral KALPAKLIOĞLU (General Manager) and Mr. Ufuk ATİK (Financial Affairs and Finance Director). The named persons have been assigned to

maintain and monitor all kinds of issues related to public disclosure.

The independent external audit for 2022 was carried out by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. There are no cases where the independent audit avoided expressing opinion, expressed opinion with conditions or avoided signature in the reports. It has been learned from company officials that no event took place with the independent audit company or with its auditors that could damage this company's independence and there was no legal conflict with it.

For the independent external audit of the accounts and transactions of the 2023 operating year within the framework of the Capital Markets legislation, the Turkish Commercial Code and the relevant legislation, KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. was elected as the independent auditor with the recommendation of the audit committee and the approval of the general assembly dated 31.03.2022.

▪ In the Stakeholders section, the company's rating has been revised to **97.26**.



It is concluded that Pınar Su protects stakeholders' rights, which are specified in regulations and mutual contracts. The impression is that in case of lack of any regulation, the company respects stakeholders' rights within goodwill rules and the company's reputation. It has been observed that many internal regulations were prepared to this end.

The Compensation Policy for employees has been prepared and disclosed on the corporate website.

Recruitment, wage, health, leave rights, promotions, appointments, discipline, dismissal, death, resignation, and retirement procedures have been determined and it is thought that these procedures are adhered to in practice. Both during the development of the policies and in practice, we got the impression that equal opportunity is given to individuals under equal conditions.

It has been seen that the Basic Human Resources Policy that Pınar Su has already disclosed to the public, aims to create employees who are in line with contemporary norms, focused on performance, successful, loyal, and highly motivated.

It has been determined that the Company runs training programs to increase the knowledge, talents, and experience of its employees and that it has prepared training policies.

As of 2022, an average of 424 people are employed at Pınar Su.

Employees of Pınar Su, a Yaşar Group Company, are obliged to act in accordance with the Yaşar Group Business Ethics Rules, like all other group company employees. Business Ethics Rules have been prepared in detail under 8 main headings and disclosed on the corporate website. It is our impression that activities are conducted within the framework of these rules.

On the other hand, the policies concerning the shareholders and all stakeholders are disclosed to the public on the corporate website of the company.

Information about the company's contribution to the social development and welfare of society can be found in the annual reports and on the corporate website.

Sustainability;

After Yaşar Holding signed the United Nations Global Compact (UNGC) in 2007, Pınar Su ve İçecek also participated in the reports prepared on the basis of the basic criteria of

the Global Reporting Initiative GRI, in which it published its sustainability performance as of 2009, with its information and data.

In the Yaşar 2021 Sustainability Report, which is the eleventh sustainability report of Yaşar Group and published with the theme "For a better life, under the guidance of nature," the sustainability model and performance results that direct Yaşar Group's sustainability strategy and way of doing business are presented under the headings "taking good care of business," "taking good care of employees," "taking good care of society," "taking good care of business partners" and "taking good care of the environment."

Yaşar 2021 Sustainability Report and all Yaşar Holding's Sustainability and Global Compact reports can be accessed from the "sustainability" section on the institution's website (www.yasar.com.tr).

Yaşar Holding has a Sustainability Committee, a Climate Crisis Working Group structured under the committee, and a "We Live Equal" ("Eşit Yaşar'ız") Gender Equality Working Group. Yaşar Holding Sustainability Committee, where all Group companies are represented by Sustainability Leaders, ensures coordination throughout the Group in the field of sustainability, monitors the progress towards achieving sustainability targets and leads the development of sustainability throughout the Group.

Pınar Su also carries out its sustainability efforts within the framework of determined priorities under the coordination of the Sustainability Committee, which was established with the participation of company employees, and the Company Climate Crisis Working Group and Company Gender Equality Working Group affiliated with the committee.

The employees working in the Sustainability Committee are shown on page 13 of our report.

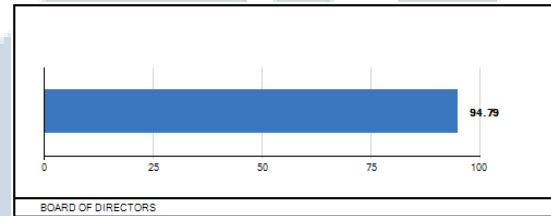
The Company also discloses the "Sustainability Principles Compliance Report"

in accordance with the voluntary sustainability principles compliance framework format specified in the Communiqué Amending the "Corporate Governance Communiqué (II-17,1) (II-17,1.a)" prepared by the Capital Markets Board and published in the Official Gazette No. 31262 on October 2, 2020, to the public in its annual activity reports.

The reason for the increase in the score under the Stakeholders heading is the company's effective and determined work on sustainability, as seen in the explanations above.

Pınar Su is not yet included in the Sustainability Index.

- In the Board of Directors section, Pınar Su's rating was confirmed as **94.79**.



In the interviews with the relevant officials and as a result of the examinations made on some selected board decisions, it was determined that the board continues its work actively, effectively, and regularly.

The Board of Directors has described the corporate strategic objectives and determined necessary human and financial resources.

The duties of the chairman of the board of directors and general manager are carried out by different persons, and the authorities of each are defined.

The board of directors consists of 7 (seven) members, all of whom are non-executive members.

On the other hand, 2 (two) members are independent within the framework of the criteria listed in the Corporate Governance Principles. The Corporate Governance Committee (in the capacity of the Nomination

Committee) evaluated the candidate proposals for independent membership, taking into account whether the candidate met the independence criteria, and submitted its evaluation in a report to the approval of the Board of Directors.

Independent members of the Board of Directors have given their written declarations to the Board of Directors that they are independent within the framework of the criteria in the legislation, articles of association, and principles, and these declarations have been made available to the public in the annual report.

There are 4 (four) female members on the Board of Directors. This structure complies with the "not less than 25%" criterion determined by the CMB as the rate of female members in the board of directors.

The Audit, the Corporate Governance, and the Early Detection of Risk Committees, which are stated in the principles, have been established. Separate Nomination and Remuneration Committees haven't been established because of the Board's structure. These duties are carried out by the Corporate Governance Committee as well. The duties, working principles and the members of the committees have been determined by the Board of Directors, approved as written documents, announced to the public and published on the corporate website of the company. All chairmen of all three committees are independent board members. In addition, only in the Corporate Governance Committee, as per Communiqué No. II.17.1, the Investor Relations Unit Manager acts as a committee member. The company's general manager has not been appointed within the committee structures.

The Board of Directors convened 29 (twenty-nine) times in 2022 and 36 (thirty-six) times as of September 2023. The secretariat of the Board is carried out by Yaşar Group Board of Directors General Secretary and Company Board Member Mr. Yılmaz GÖKOĞLU.

The Audit Committee held 9 (nine) meetings in 2022. As of the end of September 2023, it held 5 (five) meetings. In the same period, it submitted a number of reports to the board of directors about its work in accordance with the number of meetings.

The Corporate Governance Committee convened 4 (four) times in 2022 and as of the end of September 2023. In the same period, the committee submitted a number of reports to the board of directors about its work in accordance with the number of meetings.

The Early Detection of Risk Committee held 6 (six) meetings in 2022 and as of September 2023. It submitted reports on its work to the board of directors in accordance with the number of meetings in the mentioned periods.

The secretariat of the Board Committees is carried out by the Investor Relations Department under the coordination of the General Secretariat of the Yaşar Group Boards of Directors.

In the examinations made on the documents, it was observed that the meeting records of both the Board of Directors and the Committees were kept regularly.

Remuneration Principles for the Members of the Board of Directors and Senior Executives have been determined and disclosed to the public on the Company's corporate website. Fees and benefits given to the board of directors and directors with administrative responsibilities are not disclosed on an individual basis.

The damages that may be caused to the company by the faults of the members of the board of directors during their duties were insured, but no PDP statement was made on the subject.

The Board of Directors does not yet have the practice of making performance evaluations on both board and member basis and rewarding or dismissing the Members based on these evaluations.

3. COMPANY PROFILE AND CHANGES OVER THE PAST YEAR

A. Company Profile:



Company Name	: Pınar Su ve İçecek Sanayi ve Ticaret Anonim Şirketi
Company Address	: Kemalpaşa Mah. Kemalpaşa Cad. No: 262 Bornova/ İZMİR
Company Phone	: (0232) 436 5250
Company Fax Number	: (0232) 436 5204
Company's Web Address	: www.pinarsu.com.tr
E-mail Address	: info@pinarsu.com.tr
Date of Incorporation	: 24/03/1982
Trade Registry Number:	: İzmir - 45707-K-2016
Paid-in Capital	: 94,762,708.45 - TL
Company's Field of Activity water	: Filling and sales of natural spring water and natural mineral water
Sector in which it operates	: Manufacturing / Food, Beverage, and Tobacco

Company's Representative in Charge of Rating:

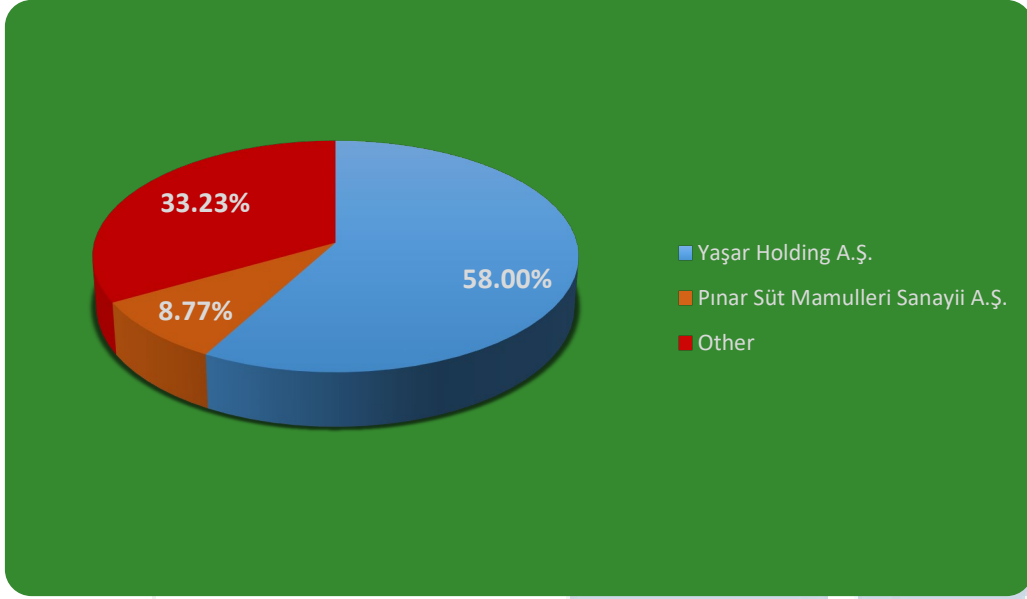
Onur ÖZTÜRK

Investor Relations Department Manager

yatirimciiliskileri@pinarsu.com.tr

(0232) 436 5250

Shareholder Structure (as of date of this report)



Shareholder Name	Share (TL)	%
Yaşar Holding A.Ş.	54,960,343.68	58.00
Pınar Süt Mamulleri Sanayii A.Ş.	8,314,575.66	8.77
Other	31,487,789.11	33.23
Total	94,762,708.45	100.00

Source: www.kap.org.tr

Yaşar Holding A.Ş. Quality of Shareholder Structure

Shareholder Name	Share (TL)	%
Hedef Ziraat Tic. ve San. A.Ş. (*)	151,529,465.79	67.06
Yaşar Birleşik Paz. Dağ. Tur. Tic A.Ş.	13,326,851.23	5.90
Other	61,091,712.68	27.04
Total Capital	225,943,161.00	100.00

Source: Pınar Su ve İçecek Sanayi ve Ticaret A.Ş.

(*) The ultimate main partner of Hedef Ziraat is Yaşar Family.

Real and Legal Persons Owning the Capital Indirectly

Shareholder Name	Share (TL)	%
Hedef Ziraat Tic. ve San. A.Ş.	20,661,322.26	46.07

Source: www.kap.org.tr

Board of Directors

Name/ Surname	Title	Executive/Non-Executive
Emine Feyhan YAŞAR	Chairman	Non - Executive
İdil YİĞİTBAŞI	Deputy Chairman	Non - Executive
Yılmaz GÖKOĞLU	Member of Board of Directors	Non - Executive
Hakkı Hikmet ALTAN	Member of Board of Directors	Non - Executive
Hüseyin KARAMEHMETOĞLU	Member of Board of Directors	Non - Executive
Nalan ERKARAKAŞ	Independent Member of Board of Directors	Non - Executive
Damla TOLGA BİROL	Independent Member of Board of Directors	Non - Executive

Source: www.kap.org.tr

Top Management of the Company

Name/ Surname	Title
Koral KALPAKLIOĞLU	General Manager
Ufuk ATİK	Financial Affairs and Finance Director

Committees Formed Within Board of Directors

Corporate Governance Committee

Name/ Surname	Title
Nalan ERKARAKAŞ	Independent Member of Board of Directors - Chairman of the Committee
Damla TOLGA BİROL	Independent Member of Board of Directors - Member
Yılmaz GÖKOĞLU	Member of Board of Directors - Member
Onur ÖZTÜRK	Investor Relations Unit Manager-Member

Audit Committee

Name/ Surname	Title
Nalan ERKARAKAŞ	Independent Member of Board of Directors - Chairman of the Committee
Damla TOLGA BİROL	Independent Member of Board of Directors - Member

Early Detection of Risk Committee

Name/ Surname	Title
Damla TOLGA BİROL	Independent Member of Board of Directors / Chairman of the Committee
Nalan ERKARAKAŞ	Independent Member of Board of Directors - Member
Hakkı Hikmet ALTAN	Member of Board of Directors - Member

Investor Relations Unit

Name Surname	Title	Contact
Onur ÖZTÜRK	Investor Relations Manager	(0-232) 436 5250 yatirimciiliskileri@pinarsu.com.tr
Didem ÖZEĞRİLMEZ	Investor Relations Officer	(0-232) 436 5250 yatirimciiliskileri@pinarsu.com.tr

Sustainability Committee

Position within Committee	Name Surname	Unit	Title
Company Leader	Meltem Çamalan PEKER	Quality Assurance Directorate	Quality Assurance Manager
Company Leader	Serkan AKYAMAN	Machinery Maintenance Directorate	Machinery Maintenance Manager
Member	Necla YAĞCIOĞLU	Human Resources Directorate	HR Manager
Member	Abdullah DOĞAN	Purchasing and Logistics Directorate	Purchasing Team Leader
Member	Burcu Günel EMİR	R&D Directorate	R&D Manager
Member	Barış MERT	Purchasing and Logistics Directorate	Logistics Team Leader

Comparison of some items of the Company's Summary Consolidated Balance Sheet for the last two years and 9 months (TL)

	2021/12 (TL)	2022/12 (TL)	Change %	2022/09 (TL)	2023/09 (TL)	Change %
Current Assets	135,270,026	215,667,384	-12.48	238,108,935	371,396,564	55.98
Trade Receivables	45,489,103	62,938,464	-2.56	85,053,115	155,140,671	84.40
Inventories	34,015,370	50,962,127	8.68	69,261,905	82,894,634	19.68
Fixed Assets	531,660,186	760,914,203	10.58	518,723,777	728,783,224	40.50
Total Assets	666,930,212	976,581,587	-1.40	756,832,712	1,100,179,788	45.37
Short-Term Liabilities	325,342,636	483,345,980	9.03	481,394,935	613,647,750	27.47
Long-Term Liabilities	114,588,996	130,280,635	-21.34	82,852,442	124,079,093	47.76
Paid-in Capital	94,762,708	94,762,708	-	94,762,708	94,762,708	-
Equity	226,998,580	362,954,972	0.04	192,585,335	362,452,945	88.20

Source: Pınar Su ve İçecek San. ve Tic. A.Ş. Independent Audit Report 31.12.2022-30.09.2023

Comparison of some items of the Company's Summary Consolidated Income Statement for the last two years and 9 months (TL)

	2021/12 (TL)	2022/12 (TL)	Change %	2022/09 (TL)	2023/09 (TL)	Change %
Revenue	323,176,965	579,509,304	5.74	443,560,030	729,409,685	64.44
Cost Of Sales	(199,484,201)	(336,376,807)	35.15	(251,204,443)	(372,888,621)	48.44
Operational Profit / Loss	(2,183,134)	6,184,646	-46.50	11,547,821	57,544,361	398.34
Profit/Loss Before Tax	(65,916,477)	(57,236,038)	-47.80	(34,945,476)	(397,820)	- 98.86
Profit/Loss for the Period	(63,782,890)	(54,272,281)	-34.50	(32,968,235)	1,251,754	- 96.20

Source: Pınar Su ve İçecek San. ve Tic. A.Ş. Independent Audit Report 31.12.2022-30.09.2023

Subsidiaries, Financial Fixed Assets and Financial Investments(*)

Company name	Company's Line of Business	Paid in/Issued Capital	Company's Share in Capital (TL)	Company's Share in Capital (%)
DESA Enerji Elektrik Ür. A.Ş.	ENERGY	23,200,000	300,000	1.29
YAŞAR Dış Ticaret A.Ş.	IMP. EXP.	66,272,613.62	616,623.05	0.93

Source: www.kap.org.tr

(*)Viking Kağıt ve Selüloz A.Ş., one of the subsidiaries of the company, was transferred to Yaşar Dış Ticaret A.Ş on May 16, 2023, for a price determined based on the share price on the stock exchange on transaction day.

The Market where the Capital Market Instrument is Traded and the Indexes that the Company is Included

BIST Code : PINSU

Market where the Capital Market Instrument is Traded : BIST MAIN

Indices in which it is included : BIST 500 / BIST CORPORATE GOVERNANCE / BIST INDUSTRIALS / BIST ALL SHARES / BIST MAIN / BIST IZMIR / BIST FOOD, BEVERAGE / BIST ALL SHARES-100

The Peak and Bottom Closing Values of the Company's Stock in the BIST in the Last One Year Period (13.11.2022-13.11.2023)

Bottom (TL)	Peak (TL)
5.76 (08.02.2023)	10.49 (13.11.2023)

Source: Pınar Su ve İçecek San. ve Tic. A.Ş.

B. Changes in the Company in the Last Year:

i. Changes in Capital and Articles of Association

There were no changes in the company's capital and articles of association during the reviewing period.

ii. Profit Distribution:

The company's activities in 2022 resulted in a loss of (54,272,281.-TL). Regarding the issue, the decision of the Board of Directors dated 03.03.2023 and numbered 2023/10 is as follows;

“It has been decided that the decision not to distribute profits due to the fact that the activities of 2022 have resulted in a loss will be submitted to the approval of the Ordinary General Assembly.”

The proposal of the board of directors on profit distribution was submitted for information and approval of the shareholders as the 12th item on the agenda at the ordinary general assembly meeting held on 29.03.2023.

iii. Policies:

No changes were made in company policies (Disclosure Policy, Dividend Distribution Policy, Remuneration Policy, Compensation Policy, Human Resources Policy, Donations and Aid Policy, Ethical Rules, and Working Principles) during the reviewing period. The aforementioned policies are disclosed to the public on the corporate website of the company.

iv. Management and Organization:

Changes in the Company's senior management during the reviewing period;

- At the ordinary general assembly meeting held on 29.03.2023, Ms. Nalan ÖZKARAKAŞ and Ms. Damla TOLGA BİROL were re-elected.
- According to the Material Disclosure dated 12.04.2023,

At the ordinary general assembly meeting held on 29.03.2023, Mr. Mehmet AKTAŞ, who was elected as a Member of the Board of Directors to serve for 1 year, resigned from his position. To complete the remaining term of the Board Membership and to serve until the first general assembly meeting, Company General Manager Mr. Hüseyin Karamehmetoğlu was elected.

Mr. It has been decided to appoint Ms. Koral KALPAKLIOĞLU to the "General Manager" position vacated by Hüseyin Karamehmetoğlu.

No other changes were made in the board of directors and senior management during the reviewing period.

v. Changes in Group Companies, Subsidiaries and Affiliates:

Viking Kağıt ve Selüloz A.Ş., one of the subsidiaries of the company, was transferred to Yaşar Dış Ticaret A.Ş. on May 16, 2023, for a price determined based on the share price on the stock exchange on transaction day.

4. RATING METHODOLOGY

The Corporate Governance Compliance Rating is a system that audits whether or not the firm's management structures and management styles, the arrangements for shareholders and stakeholders, and the process of informing in transparency and accuracy are performed in accordance with modern corporate governance principles and which assigns a grade corresponding to the existing situation.

Organization for Economic Cooperation and Development (OECD) established a working group in 1998 to assess member countries' opinions on corporate governance and to prepare some non-binding principles.

The fact that principles are open to change in time was also accepted in this work. Although at first, these principles were focused on the companies whose shares were quoted on the stock exchange, it was emphasized by OECD that it would also be useful to implement these principles in public enterprises and companies whose shares were not quoted on the stock exchange.

In 1999, OECD Corporate Governance Principles were approved at the OECD Meeting of Ministers and published. Since then, these principles have been regarded as international references for decision-makers, investors, shareholders, companies, and stakeholders throughout the world.

Since their approval, these principles have kept the concept of corporate governance on the agenda and have become guidelines for the laws and regulations in OECD members, as well as other countries.

According to OECD Corporate Governance Principles, corporate governance is based on four basic principles, which are fairness, transparency, accountability, and responsibility.

Turkey has been closely monitoring these developments. A working group established

within TUSIAD in 2001 prepared the guide titled "Corporate Governance: The best implementation code". Then, CMB issued "Capital Market Board Corporate Governance Principles" in 2003 and updated it in 2005, 2010, 2012, 2013 and 2014 according to international developments in this field.

Obligation to comply with CMB's Corporate Governance Principles, based on the principle of "comply or explain", and to declare it became part of companies' lives in 2004. Putting the Declaration of Compliance to Corporate Governance in the annual reports became obligatory the following year.

The principles are grouped under four main headings, namely: the Shareholders, Public Disclosure and Transparency, Stakeholders, and the Board of Directors.

The Corporate Governance Compliance Rating Methodology has been prepared by Kobirate A.Ş. for companies whose shares are traded on BIST, banks, investment partnerships and non-quoted companies.

It has been prepared by taking into account the criteria specified in the Corporate Governance Communiqué of the CMB, numbered II-17.1, published in the Official Gazette dated 03 January 2014 and numbered 28871, as well as the decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105.

In this analysis, the full compliance of workflow and analysis techniques with KOBİRATE A.Ş.'s Ethical Rules is considered.

456 criteria are used in the rating process for BIST 1st Group Companies in order to measure the compliance of firms with corporate governance principles. These criteria are transformed into "Corporate Governance Rating Question Sets" through Kobirate A.Ş.'s software.

The weighting scheme for the four main sections in the new Corporate Governance Compliance Rating, determined by CMB's memorandum dated 12.04.2013 and numbered 36231672-410.99 (KBRT)-267/3854, is applied completely by Kobirate A.Ş. The weightings are as below:

Shareholders 25 %

Public Disclosure and Transparency 25 %

Stakeholders 15 %

Board of Directors 35 %

CMB decision dated 01.02.2013 and numbered 4/105 states that in case the minimum requirements of corporate governance principles are met, 85 % of full points can be given at most for that principle and it is required to add new questions/methods into the methodology in order to ensure that good corporate governance principles, which go beyond meeting the minimum requirements are included in the rating grade. Our company has been informed about this requirement by CMB notification dated 19.07.2013 and numbered 36231672-410.99 (KBRT) 452.

In the 2014/2 revised corporate governance compliance rating methodology created by our company, the grade that can be given to a related criterion in that subsection for meeting minimum requirements of corporate governance principles, stated by CMB Communiqué of Corporate Governance published on 03.01.2014 is restricted to 85 % of the full points. A rating is made with a system that completes the section grades up to 100 by the company's compliance and implementation of the corporate governance practices, which include the good implementation and internalization of the criteria determined in the corporate governance principles, and the different good corporate governance practice criteria determined by our company.

The grade to be assigned to the firm by the Corporate Governance Rating Committee ranges between 0 and 10. In this scale of grade,

"10" points mean excellent, full compliance with CMB's Corporate Governance Principles, while grade "0" means that there is no compliance with CMB's Corporate Governance Principles, in any sense, in the existing weak structure.

**5. KOBİRATE ULUSLARARASI KREDİ DERECELENDİRME VE KURUMSAL YÖNETİM HİZMETLERİ A. Ş.
CORPORATE GOVERNANCE RATING GRADES AND DESCRIPTIONS**

GRADE	DEFINITIONS
9-10	The Company achieved substantial compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are established and are operational. Any risks to which the Company might be exposed are recognized and controlled effectively. The rights of the shareholders are impartially taken care of. The level of public disclosure and transparency is high. The interests of the stakeholders are fairly considered. The structure and the working conditions of the Board of Directors are in full compliance with the Corporate Governance Principles. The Company is eligible for inclusion in the BIST corporate governance index.
7-8.9	The Company complied considerably with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place and operational, although some improvements are required. Potential risks to which the Company may be exposed are identified and can be managed. The rights of the shareholders are impartially taken care of. Public Disclosure and transparency are at high levels. The interests of the stakeholders are fairly considered. The composition and operational conditions of the Board comply with the Corporate Governance Principles. Some improvements are needed in compliance with the Corporate Governance Principles, even though they do not constitute serious risks. The company is eligible for inclusion in the BIST Corporate Governance Index.
6-6.9	The Company has moderately complied with the Corporate Governance Principles issued by the Capital Market Board. Internal Control systems at a moderate level have been established and operated. However, improvement is required. Potential risks that the Company may be exposed are identified and can be managed. The interests of the shareholders are taken care of, although improvement is needed. Although public disclosure and transparency are taken care of, there is a need for improvement. The benefits of the stakeholders are taken care of, but improvement is needed. Some improvement is required in the structure and working conditions of the Board.

GRADE	DEFINITIONS
4-5.9	<p>The Company has minimum compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place at a minimum level but are not full and efficient. Potential risks that the company is exposed to are not properly identified and are not under control. Substantial improvements are required to comply with the Corporate Governance Principles in terms of the benefits of both the shareholders and stakeholders, public disclosure, transparency, and the structure and working conditions of the Board. Under the current conditions, the Company is not eligible to be listed in the BIST Corporate Governance Index.</p>
< 4	<p>The Company has failed to comply with the Corporate Governance Principles issued by the Capital Market Board. It also failed to establish its internal control systems. Potential risks that the company might be exposed to are not identified and cannot be managed. The company is not responsive to the Corporate Governance Principles at all levels. There are major weaknesses in the interest of the shareholders and the stakeholders, public disclosure, transparency, structure and working conditions of the Board and they are at a level that might cause the investor to incur material losses.</p>