

CEO Message



Dear Stakeholders,

As Migros, throughout the 67 years of our existence, we have always looked to the future. Through our employees, customers, suppliers and farmers, business partners and investors we focus on adding to the value we create for our ecosystem. We adopted and embraced the principles of providing ever higher quality and better products and services to our customers, of investing in our employees, of growing sustainably with our suppliers, of contributing to the society we live in, and of taking responsibility for the protection of our planet and its resources. In doing so, we pioneered the transformation of our sector with our innovative solutions and practices. This approach has made sustainability the natural corner stone of our vast ecosystem. Our **Migros Better Future Plan** was drawn up in line

with this approach and offered us a roadmap. In addition, with our projects and practices, our annual performance, and the ever more ambitious targets that we set for ourselves each year in line with our sustainability goals, we are giving a solemn written pledge which will become our legacy. This year, we prepared our sustainability report in Integrated Report format, a first in the food retail industry. In line with an integrated thinking approach, we have tried to present all our activities by underlining the contributions and effects of our 6 capital elements. Propelled by the strength of our ecosystem, we aim to light a path to the future with the steps we take today, the seeds we plant, the promises we make, and the targets we have set for 2030 and 2050.

Raising the bar in combating climate change: Migros sets a science-based target (SBT) compatible with the 1.5 °C scenario

Despite being primarily focused on the economy, the World Economic Forum laid out in its 2021 Global Risks Report that the greatest risks facing the World in the coming years were related to climate change and sustainability. This year, the Paris Agreement was ratified by the Turkish parliament and Türkiye declared its intention of being carbon net zero by 2053. In order to limit the negative impact of climate change, it has become essential to set a science-based target to limit global warming to 1.5 °C this century. Accordingly, we as Migros have raised the bar in our goal of reducing our own carbon footprint. We have reset our target, which we previously pursued as carbon reduction per square metre of sales area, as “a 42% absolute reduction in our Scope 1 and Scope 2 carbon emissions by 2030 compared to 2020,” and we are taking concrete steps towards carbon net zero. We will also be

applying to the SBTi (Science Based Targets Initiative) to have them certify that our target is a science-based method compatible with the 1.5 °C scenario. In pursuit of this target, we decided to roll out the use of our own patented water cooling system in our newly opened stores and distribution centres. Through the circulation of cooled water, the system replaces gas as the cooling agent thereby reducing leaks and gas usage by 90%.

The Migros Ecosystem economy approach held up as an example by the Financial Times

The phenomenon of climate change has led to the concept of climate justice being questioned and discussed all over the world. Agricultural productivity is being adversely affected by extreme weather events, by geographical changes and by difficulty in accessing water resources all of which are due to climate change. For this reason, there is an ever increasingly urgent need to encourage a new generation to take up farming and to further develop modern agricultural methods and organized agriculture. We as Migros draw up the agricultural map of Türkiye together with the country's farmers and ensure that the right produce reaches the consumer at the right time, and at a fair price. By working with agricultural credit cooperatives, we support small holders and farmers so that they are able to enter the market. In particular, we provide training courses to women's cooperatives in order to empower women farmers both in the production process and in the market, and then we carry the produce which meets Migros standards to the shelves of our stores. In addition, we have been a full and active supporter of Good Agricultural Practices (GAP), which is one of the biggest steps taken to popularize sustainable production methods and traceability among in agricultural practices in Türkiye,

since its inception in 2010. To date, we have sourced and supplied 1 million tons of GAP fruit and vegetables, and in 2022, we aim to increase our annual supply tonnage by 20%. We have started to work on reducing carbon emissions of regenerative agriculture and agricultural produce. We prioritise the sourcing of local produce or produce from nearby regions in our stores as well as giving wide exposure to local brands, which is an important step in reducing the carbon footprint of our food transportation. In line with Sustainable Development Goals 12.3, we are targeting a 50% reduction in food waste by 2030. We are already got nearly halfway to our target by achieving a 22% reduction in our food waste rates in just 3 years, with practices such as operational streamlining, automated ordering, innovative packaging systems that extend the life of food, consumer awareness activities, obtaining energy from organic waste and the donation of food. In order to reflect the impact we have achieved on our entire value chain, we have participated in the international "10x20x30" initiative carried out by the World Resources Institute (WRI) together with 23 of our suppliers. On the sustainability platform of the Financial Times (Sustainable Views), Migros has been held up as a global example due to our ecosystem economy approach, our cooperation with farmers and women's cooperatives, our contribution to biodiversity and our efforts to combat food waste.

A fast and fully-comprehensive solution to meet the varying needs of our customers with prices that are kind on the pocket.

While reducing our environmental footprint with our focus on digitalization and innovative practices, we ensure the fast and transparent flow of information to our customers and stakeholders. With our multi-channel approach, we grow our physical and online channels in unison, offering the same service quality at each point. In cooperation with our suppliers, we work hard to offer the best possible prices and relieve the pressure on the customer's budget. In order to simplify the online shopping experience for our

customers, we have brought Migros Sanal Market, Migros Hemen (super-fast grocery delivery), Migros Ekstra (telephones, computers, appliances etc) and, as our latest venture, Migros Yemek (online food delivery services) all onto the same application. At the same time, we continue to offer an exclusive service to customers seeking gourmet tastes with Macroonline and organic and natural flavours with TazeDirekt. In order to better target our focus on online and make our decision processes more agile, we combined all our online sales channels under the roof of a separate subsidiary. Meanwhile, to speed up our product picking and delivery processes, we have recently started to use TARO, our human-supported robot. As well as being the first of its kind, TARO has brought about a five-fold increase in our product collection speed for online orders. In addition, we launched our MoneyPay app which enables contactless payment and allows our customers to perform their financial transactions quickly, easily and securely. We launched Mimedat, Türkiye's first retail media company, which is a wholly owned subsidiary of Migros. By bringing together retail data and media channels, we provide an opportunity for brands to get in touch with consumers. Another recent venture is the establishment of Migros Up, a platform which creates innovative and agile responses to the ever-changing needs and expectations of our industry and facilitates entrepreneurial collaborations. Through Migros Up more than 50 start-ups got the chance to meet up with various Migros business units and in around 3 months we have already entered into and completed joint innovation projects with 4 of them.

Investing in our employees who play a key role in driving our progress

All my colleagues working under the umbrella of Migros are the driving force that enables Migros to stand out in the sector and play a key role in our progress. This year, we supported the professional and personal development of our employees by providing more than 3 million employee-hours of training. Within the framework of our

Kariyer Tarifleri (Career Paths), we recruited 98% of our managerial positions internally, in a transparent promotion process carried out in accordance with the principles of equal opportunity. We continued to take strides in support of gender equality within our company as well as in every section of the wider community. We reassessed and raised our target to increase the ratio of women in executive positions to at least 35%. Our ultimate goal is to have at least one female manager in each of our stores. We have moved our Family Clubs, which have provided certified trainings to thousands of women, to our social media and digital channels so that they can continue even when off-line training is limited. In 2021, we established the Migros Women's Academy by combining the forces of our Family Clubs and Migros Retail Academy, and we aim to train 1 million women by 2024.

Adorning our first Integrated Report with a pledge to the future

I wanted to share with the reader a few examples of developments that filled us with excitement in 2021. In our first Integrated Report details can be found of all our activities carried out within the framework of the Migros Better Future Plan. While conveying details of the work and initiatives we have carried out so far, we have tried to colour in our picture of the future of the world and we sincerely want this report to be a written pledge to the future from Migros, a pioneer in sustainability in the retail industry. Finally, I would like to thank all the stakeholders in our ecosystem for their trust and the strength they have given us to continually aim higher and better.

Kind regards,



Ö. Özgür Tort
Chief Executive Officer