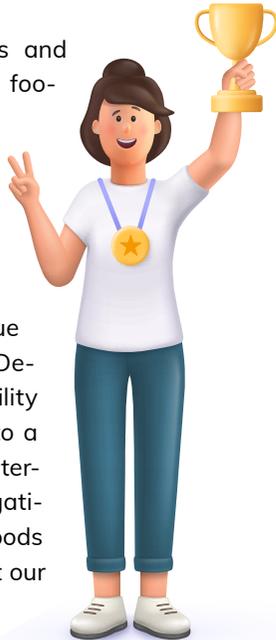


Combating Climate Change and Our Energy Management

As Migros, we are aware that climate change will substantially affect the agricultural industry with adverse consequences such as extreme weather events, water scarcity and geographical changes. The industry will be increasingly aware of the importance of climate justice every day. As the leader of the retail industry, we know that climate justice is a matter of social justice. Accordingly, we support young farmers with various practices to strengthen them. In order to ensure that the agriculture is not damaged, and our lands are used efficiently, we take actions to the combat against climate crisis.

We responsibly use our resources and work for energy efficiency, carbon footprint reduction and sustainable distribution systems to leave a livable world for the future generations. We focus on the combat climate change in our Migros Better Future Plan drawn with the motive of "a better future". We continue our work following the Sustainable Development Goals and our sustainability approach to ensure the transition to a low carbon economy and to meet international norms, national legal obligations, and principles of Consumer Goods Forum (CGF). In this context, we set our environmental goals and plans to



reduce carbon emission as per the national objectives and global initiatives, particularly the Paris Agreement, and in compliance with our sustainable ecosystem strategy. Our long-term operations are implemented around these goals. In addition, since 2015, we report our plan for the combat against climate change and our performance we achieved within the year within the scope of this plan, to the Carbon

Disclosure Project (CDP). As a result of our reporting, we ranked among the Climate Leaders of Türkiye 3 times, in 2016, 2017 and 2019, through CDP. In 2021, we got B score for our Climate Leaders report. In addition, our Bodrum Maya Migros and Alaçatı Macrocenter stores have a LEED Gold Certificate for our climate change and clean energy practices.

Performance Indicator	Target Year	Target	Performance of 2021	Status by Target	Base Year / Status
Store Electricity Consumption (kWh/m².day)	2021	2%↓	5,9% ↓ 0.842 kWh	Completed	2020/0.895 kWh
Store Greenhouse Gas Emissions (tCO₂e/m².day)	2021	2% ↓	14,5% ↓ 0.769 kgCO ₂ e	Completed	2020/0.899 kgCO ₂ e
Greenhouse Gas Emissions Per Transported Unit (kg CO₂e)	2026	2.5% ↓	0.037 kg CO ₂ e	NEW	2021/ 0.037 kg CO ₂ e
Scope 1 & Scope 2 absolute GHG emissions	2030	42%↓	4,58% ↓ 480,950 tCO ₂ e	NEW	2020/504,015 tCO ₂ e

* Defra coefficient, which is used in greenhouse gas calculations, is updated every year, and the data of base year is normalized according to the coefficient of the last year. The reduction goal is calculated among normalized data.

Assessment of Risks Related to Climate Change

We annually identify the risks and opportunities related to climate change, with the team that we constituted with our department representatives in our Sustainability Committee and make assessments within the scope of these risks and opportunities. As a result of the assessments, we identify the risks arising from the changes in the legislation and physical climate parameters and risks due to changing consumer behaviors and the company's image. We report the identified risks to the senior management for evaluation of their current and potential financial results and to develop solutions in this respect. This risk assessment is among the subjects of attention of global initiatives such as the Task Force on Climate-related Financial Disclosures (TCFD).

Our Chief Construction Officer and Group Manager of Repair and Energy Management are responsible for issues that have a significant impact on the combating climate change, such as saving on our Company's electricity, preventing gas leaks, and using next generation technologies in cooling systems. These targets, which have a share of 10-20% among all targets, directly affect the annual performance premiums.

Changes in precipitation are the most significant risk factor for our Company caused by climate change. Since the climate events in 2021 including floods, storms, and forest fires caused a loss to our company, we included precipitation changes in our risk assessment for the next 5 and 10 years. Based on the projection we made in 2021, we anticipate that damage due to flood, snow, fire, storm and rainfall changes will increase, and the damage to our stores

may be about TRY 2.9 million in 5 years and about TRY 4.9 million in 10 years. We take out insurance for our stores as a measurement against floods and other possible natural disasters. In addition, we made an investment of TRY 119.57 million in 2021 for the combat climate change and for environmental management, including maintenance and repair.



Our Carbon Footprint

Among the sustainability issues that we address in accordance with our 'Migros Better Future Plan', combat against climate change and carbon management are of first priority for us. We set our short, medium, and long-term goals within the framework of our Company's sustainable ecosystem strategy and take actions accordingly.

In all areas of operation, we identify all the factors that might create greenhouse gases in all our stores, regional directorates, distribution centers, regional fruit and vegetable warehouses, MİGET meat processing plant and breeding farm. We identified that 54% of our Scope 1 and Scope 2 emissions caused from electricity and 44% from cooling in 2021. We don't have any manufacturing facility that emits particles causing air pollution, such as heavy metals, combustion gases, dust, volatile organic compounds, fluorine or chlorine.

Within the scope of the amendment made to ISO 14064-1 2018 Specification With Guidance At The Organization Level For Quantification And Reporting Of Greenhouse Gas Emissions And Removals, our Scope 1, Scope 2 and Scope 3 emissions were calculated in 2021 under 6 categories, and verified and documented as a result of controls carried out by BSI (British Standards Institution) based on ISO 14064-3 standard and GHG protocol. Detailed information on the amendment related to emission calculations is given under the title of Our Performance and Goals.

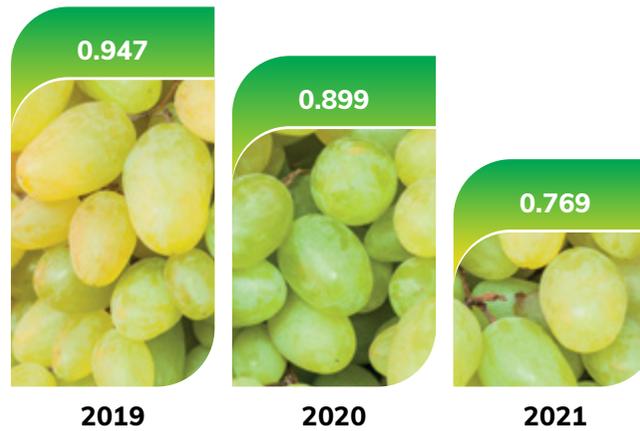
You can find the detailed report on the verification statement in the **'Annexes'** section.



Our Performance and Targets

We were following up our target of reducing our carbon footprint, in terms of “daily carbon emission equivalent per square meter of sales area (kgCO₂e)”. We achieved a reduction of 26.6% in carbon emissions in this metric from 2015 to 2019. Thereupon, we determined an additional reduction goal of 22% by 2030. Accordingly, in 2021, we achieved a reduction of 18.8% compared to the base year 2019 and a reduction of 14.5% compared to 2020. In addition, we achieved a reduction of 4.58% in 2021 compared to the previous year in our Scope 1 and Scope 2 (market-based) absolute emissions. This year, we raised the bar on our goal of reducing our carbon footprint. We updated our target “To reduce our absolute Scope 1 and Scope 2 carbon emissions by 42% by 2030 compared to 2020”. We will also apply to SBTi (Science-Based Target Initiative) to confirm that our target is science-based in accordance with the 1.5 °C scenario.

Our Daily CO₂ Emission Per m² of Sales Area* (kgCO₂e)



*CO₂ emissions of the previous years were updated as normalized using the Defra coefficients for 2021.

Our Corporate Greenhouse Gas Emissions on Scope Basis by Years*

Resource	2019	2020	2021
Scope 1 (mt CO ₂ e)	265,117	268,001	234,659
Scope 2** (mt CO ₂ e) Market-Based	244,463	236,014	246,291
Scope 2** (mt CO ₂ e) Location-Based	263,463	254,658	274,256
Scope 3*** (mt CO ₂ e)	103,923	98,561	9,567,159

*Greenhouse gas emissions of the previous years were updated as normalized using the Defra coefficients for 2021.

**Market-based calculation methodology relies on the use of the emission factor based on the supplier from which electricity is purchased. The location-based calculation methodology relies on the use of the average emission factor associated with the grid where energy consumption occurs.

***Scope 3 emissions include emissions in 2019 and 2020 from Flights, Wastes, Transport, Sanal Market Vehicles, Personnel Shuttles Customer Shuttles and out of scope energy consumption. It includes emissions that originated in 2021 from the products sold to these accounts, due to the use by the end user of the products sold as well as the disposal/processing of its wastes.



Our Corporate Greenhouse Gas Emissions by Category*

Following the transition period which was granted within the framework of ISO 14064-1 2018 standard which was updated in 2018, starting from 2021, we started to calculate our emissions also according to Category 1-6 defined in ISO 14064:1 2018 standard, in addition to the Scope 1, 2 and 3 classifications given in the GHG protocol and GRI standards.

Resource	Total Emission in 2021 (mt CO ₂ e)	Resource	Total Emission in 2021 (mt CO ₂ e)
Scope 1	234,659	Category 1	Direct GHG emissions and removals
Scope 2 (Market-Based)	246,291	Category 2	Indirect GHG emissions from imported energy Purchased Electricity (Market-Based)
Scope 2 (Location-Based)	274,256	Category 2	Indirect GHG emissions from imported energy; Purchased Electricity (Location Based)
Scope 3	9,567,159	Category 3	Indirect GHG emissions from transportation
		Category 4	Indirect GHG emissions from products used by organization
		Category 5	Indirect GHG emissions associated with the use of products from the organization
		Category 6	Indirect GHG emissions from other sources
Total (Market-Based)		10,048,108	
Total (Location-Based)		10,076,074	

*Total emissions under the category were calculated as per the revision of ISO 14064:1 2018.

You can find details of Our Category Based Scope 3 Emissions, in the **'Annexes'** section.



Our Environmentally Friendly Cooling Systems

Since a large part of the greenhouse gas emissions in the food retail industry arises from cooling systems, we particularly pay attention to preferring efficient natural coolers and next generation systems to reduce our greenhouse gas emission. In this context, we don't use hydrofluorocarbon (HFC) in the cooling systems in our distribution centers

and stores. We have a patented water-cooling system where we ensure cooling by circulated cold water, instead of gas, in the cooler cabinets in our stores. By launching innovative practices in our cooling systems, such as water-cooling systems, we work for the use of natural coolers and environmentally friendly systems that can operate in harmony with the "climate of our country".



Accordingly,

- In 2015, we started our first works for the use of a natural cooler system and tried to use glycol instead of HFC-R404a gas. Then we tried to cool the cooler cabinets by circulating cold water using glycol-propane, which is a natural cooler, to cool the water used. We have a patent for this cooling system, which has a Utility Model Certificate. Currently, we have 21 stores and 4 distribution centers where our water-cooling system is used, and we continue with our efforts to make the use of our system widespread in other locations as well.
- In the cooling systems in MİGET meat processing plant, we use ammonia as a natural cooler instead of HFC.

In 2021, we achieved 7,317 MWh of energy saving with our energy saving practices. Thus, we prevented an emission of 21,820 tCO₂e and derived a cost reduction of TRY 7.2 million in 2021.

Our Energy Efficiency Projects in 2021	Energy Conservation (MWh)
Savings achieved by replacing old and expired air conditioners in 36 stores	285
Savings achieved with lighting, air conditioning and cooling automation works in 225 stores	1,835
Transformations of frozen cooler cabinets in 28 stores and the energy/gas saving achieved	355.4
Savings achieved through conversions made with the next generation lighting system in 50 stores	4,482
Glass-door cabinet transformation system in 5 stores and energy (gas and electricity) savings to be achieved	330
Energy saving achieved by turning off the lights on floors on lunch break	30.4

Our Sustainable Distribution Systems

Within the framework of our energy consumption arising from our distribution and logistics activities, we carry into effect various practices to achieve saving. In addition to this, we carry out efficiency efforts to reduce our greenhouse gas emission arising from our activities.



The aim is to ensure that at least 3 of our distribution centers that we will open by 2025 have level B or higher-level energy performance certificates. Accordingly, our Avrupa Distribution Center and Tuzla HUB Distribution Center, which we opened in 2021, have level B Energy Performance Certificates.

Accordingly,

- › We measure the distance covered between our distribution centers and stores every year and open our new distribution centers to strategically most efficient points by making periodical distance and route optimizations to prevent covering of extra distance.
- › In 2021, we opened Avrupa Distribution Center and Tuzla HUB Distribution center to provide operational efficiency and road advantage and optimized our capacity.
- › We transport 80% of our products to our stores with fully loaded trucks in parallel with our central distribution strategy.
- › We have 10 electric vehicles and 49 electric bicycles in our Migros Sanal Market vehicle fleet.

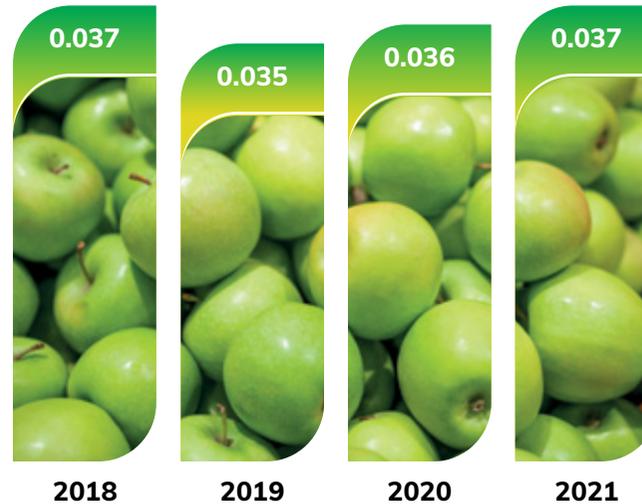
- › By directing the products that will be sold in our stores to their own distribution centers, we reduce the truck traffic by up to 30 times.
- › We use efficient and foldable boxes for multiple use in our fruit, vegetable and red meat shipments and in our distribution centers.
- › Thanks to our collaboration with Palex, it became possible to save 77 tons of CO₂e emissions with collection of pallets from our distribution centers.
- › It was possible to save 759 tons of CO₂e because of our collaboration with Chep, and 8,226 tons of CO₂e as a result of our collaboration with IFCO.

Our Performance and Targets

To reduce our environmental impact arising from our distribution center shipments, we aim to “reduce our CO₂ emission per transported unit”. In 2020, we had the goal of reducing our CO₂ emission per transported unit by 5% by 2025 compared to 2018. Emission per unit increased in 2021 compared to 2020, because of the obligation to make shipments with insufficient truckload due to the workload due to Covid-19 and because of making shipments from distant distribution centers due to weather conditions. Due to this circumstance, we updated our goal to a reduction of 2.5% by 2026 compared to 2021.

Route optimization and efficiency issues in the supply chain are among the goals of our Chief Supply Chain & Logistic Officer and our Supply Chain Solutions Director. These targets, which have a share of 10-20% among all targets, directly affect the annual performance premiums.

CO₂ Emission Per Transported Unit From Distribution Center Shipments* (kgCO₂e)



* Emission values of the previous years were recalculated based on the current emission factor.

Our Energy Management and Efficiency Works

We increase our operational efficiency with the energy saving efforts to combat climate change. In this context, we prefer “varied current-control” and “high automation-efficient” systems for air conditioning and industrial cooling systems in our newly opened and renovated stores.

We measure our energy consumption daily, weekly and monthly with our energy monitoring system. In parallel, we take the necessary measures to reduce our energy consumption and greenhouse gas emissions. We monitor our cooling, air conditioning and lighting systems centrally on our automation system that tracks our energy consumption.

We established daylight lighting in our stores where efficient to benefit from daylight maximally. In order to prevent formation of heat islands, we prefer on our roofs dyes that reflect sun beams and provide heat insulation. In addition, we use lighting units with motion sensor in the warehouses of our stores.

Our total energy consumption in 2021 was 556,602 MWh; renewable energy is not included in the consumption values given in the table below. 94.9% of this consumption was from electricity use. We didn’t consume or sell heating, cooling, and steam as secondary energy sources.



In addition to this, we procured from renewable sources 60,000 MWh of electricity corresponding to 10% of our electricity consumption in 2021 and received the I-REC International Renewable Energy Certificate, which was developed by the Netherlands-based International Renewable Energy Certificate Standard (IRECS) and is given to promote renewable energy investment and use among businesses and consumers. In addition to these efforts, we conduct feasibility studies on renewable energy.

You can find the number of stores with an automation system in the **“Annexes”** section of our report.



Our Energy Consumption by Resource (MWh)

Resource	2019	2020	2021
Electricity	565,249	506,359*	528,407*
Natural Gas	7,956	14,890	12,681
Diesel	15,025	11,050	11,398
Gasoline	788	3,129	4,116
Total	589,018	535,428*	556,602*

*Renewable energy use is not included.

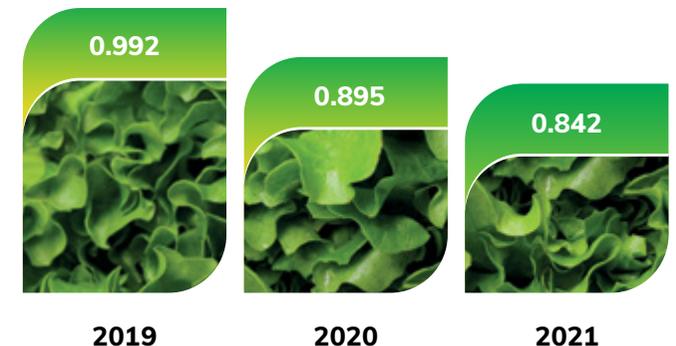
Our Performance and Targets

We were calculating our target that we set for electricity saving and energy efficiency, in “daily electricity consumption per square meter of sales area”. We managed to reduce our electricity consumption in this metric by 24.2% from 2013 to 2020. Then we set our new goal as a reduction of 22% by 2030 compared to 2019. Accordingly, in 2021, we achieved a reduction of 15.2% compared to 2019 and a reduction of 5.9% compared to 2020. As we updated our carbon emissions reduction target in accordance with science-based methodology, we decided not to determine an additional electricity reduction target.

Between January and April 2021, our electricity consumption decreased by 28,500 kWh as a result of operational restrictions due to the Covid-19 pandemic.



Daily Electricity Consumption per m² of Sales Area (kWh)



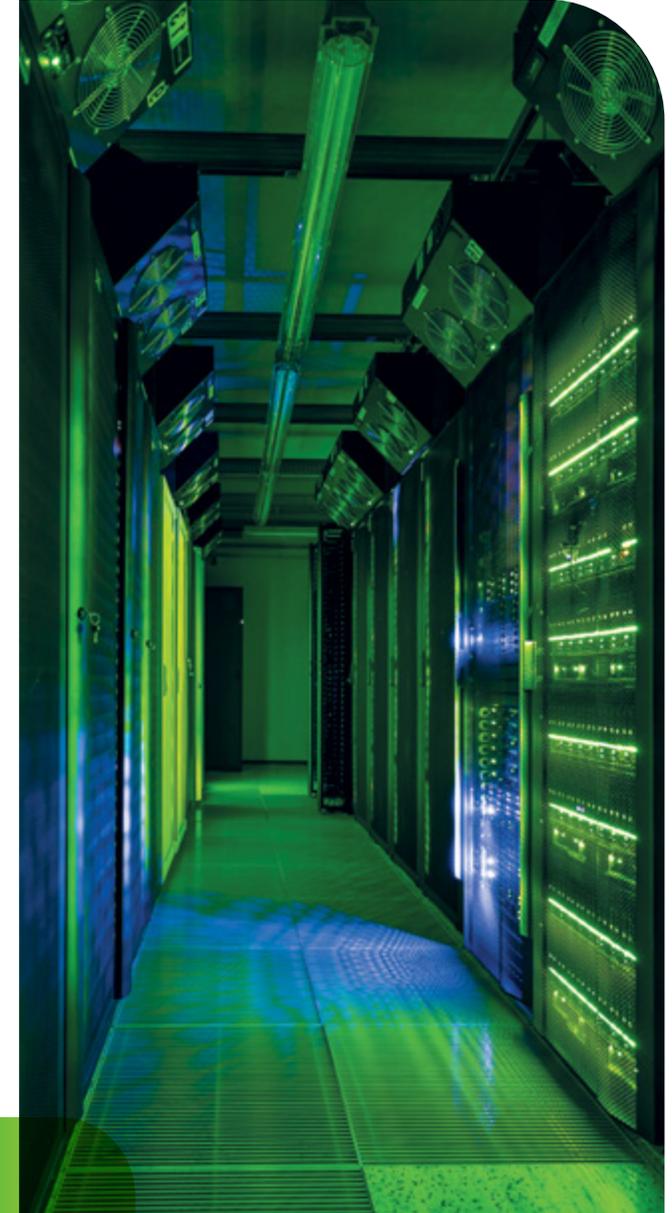
Our Green IT Practices

Having a Green Information Technologies (IT) approach, we perform many activities for years to achieve energy saving, such as installing next generation monitors in our stores and setting up new systems within our Company.



- We virtualize our traditional server infrastructure by replacing 80% of it with next generation hyper-integrated servers and make an energy saving of 80% by transferring it to cloud systems. In this regard, we virtualized 68 physical servers and achieved a total of 7.2 kWh of saving. Our rate of virtualizing our servers is 98%.
- We aim to increase our IT continuity level to 99.99% in a way to operate our critical data and applications through our Disaster Data Center (Felaket Veri Merkezi), and with the contribution of 7x24 monitoring/response teams.
- While we increase IT continuity with our 7x24 Security Systems Monitoring and Response Center, we also minimize cyber risks.

- To carry out the business processes completely through online systems, we set up new systems for our head office and administrative department employees. Accordingly, 95% of more than 500,000 meetings held within the year on online systems, were held in digital environment.
- We selected the equipment to be purchased (network, server, storage etc.) considering their energy consumption.
- We prepared energy saving plans for air conditioning and improving the environment and structured smart energy consumption systems with our Data Center.
- We started to use 242 Thin Clients in 4 newly opened and 8 existing distribution centers, and up to 600 of them in 308 newly opened stores. Thanks to the use of Thin Client, which consumes 55-60% less energy compared to PC, we have saved approximately 30,000 kWh.
- We closed 130 virtual servers and made available 600 CPU 2 TB source Memories.
- We set up 215 virtual machines, 180 in Ataşehir and 35 in Izmir.
- With the transition to next generation cash register system, copies of cash register receipts are kept in electronic environment. With this procedure, 2,750,000 cash register rolls were used and 155 million meters of roll paper waste was prevented in 2021.
- We deliver for recycle 65 tons of the devices replaced within the scope of Green IT.



Our Green Office Implementations



Our efforts in our office during the year within for the Green Office Certificate:

- › We removed the table dustbins in our office for plastic bag saving and we saved 10,000 plastic bags corresponding to 2.5 tons.
- › To point out the climate change, we organized a Sweater Wearing Day and reduced the office temperature by 2 degrees for 1 week.
- › We conducted an online training named "What is Compost? How to Make Compost at Home?" with the Buğday (Wheat) Association for Supporting Ecological Living, with the participation of 50 people.
- › We started to carry out the internal audits of our stores online and saved 22,500 papers only in two audits.
- › We canceled 91 lighting armatures to the window side in the Head Office and saved TRY 9,000 of energy.
- › We track the number of printouts in periods of 4 months and send an e-mail to those who printed out most. We warn our employees who want to take color printouts saying that "For saving on toner, please do not take color printouts unless necessary."



Our Bicycle-Friendly Stores

As a part of our combat against climate change, we widespread our practice of "Bicycle-Friendly Stores" intended to contribute both the health of our customers and nature. To encourage the use of bicycle, we increased the number of our stores having a bicycle park area to 170 in 30 provinces. We aim to increase the number of our stores having a bicycle park area to 400 in 2022. In order to support the sustainable reduction of carbon emissions by encouraging environmentally friendly transportation, 25 stores of us have electric vehicle charging stations for our customers using electric bicycles and special vehicles. Within the scope of our world bicycle day event, we rewarded our customers who came to our stores with bicycle. In addition, the survey on bicycle use of our employees showed that 8,000 employees use bicycle.