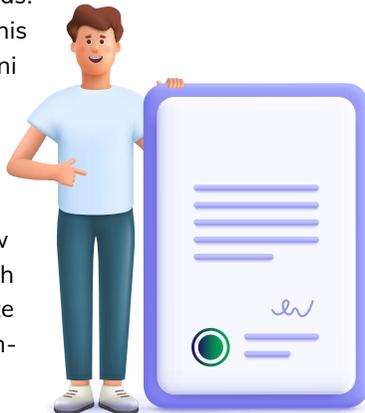


Sustainable Growth with Our Suppliers

Procuring our products and services from those companies respecting human and the environment, is the cornerstone of our responsible business approach. We identify the value, reputation, and positive and negative impacts of our suppliers in environmental, social and governance areas and support our suppliers with regard to their areas of development accordingly. We raise the level of awareness of our suppliers in this development roadmap on subjects such as human rights, ethical principles, occupational health and safety, quality standards and environmentally friendly production methods, and we develop sustainable solutions together.

As Migros, we believe that regional development depends upon supporting local production. We developed a model upon prioritization of the sales of products purchased locally, in the same region. We purchase local products from a region and bring the products again into that local economy. We give wide coverage in our stores to each region's specific products and brands. Recently, we included in this portfolio the Bozkır tathini of Konya, Turna Sunflower Seed oil of Gaziantep and İda herbal teas of Çanakkale. We encourage the creation of new production centers at such places with an appropriate capacity, such as the organic eggs base in Ordu.



Migros Supplier Academy

We provide our suppliers which supply private label products, and in line with our localization strategy, our small and mid-scale local suppliers, whose products we want to sell, with regular online training opportunity on product safety free of charge. In these trainings, we provide our suppliers with comprehensive information on rules of legislation, pest control practices, infestation removal management, labeling information, infrastructure conditions, personnel hygiene and traceability practices, in order that they can produce their products safely. In 2021, we provided training to up to 100 small and mid-scale local suppliers. **Along with the audits we carry out, we also**

follow the practices of our supplier companies in this context and monitor their developments.

You can find the number of our suppliers by year in the **'Annexes'** section of our report.



We work with our suppliers within the framework of globally accepted principles and measures, to monitor our environmental and social impact originating from the supply chain and to reduce the negative impacts that we identified.



Responsibilities We Expect from Our Suppliers

Within the framework of Migros Code of Ethics we describe in detail our working criteria that we expect our suppliers to comply, which include human rights, environment, occupational health and safety, quality standards and ethics, in **our Responsible Sourcing, Anti-Bribery and Anti-Corruption and Human Rights and Equal Opportunity Policies**. We provide all our suppliers with these policies through B2B applications named MeCom and MeMobil. The relevant suppliers are delivered the instructions and practices that mobile company personnel and stationary company personnel working in a single store should comply with.



Our “Code of Conduct”, which includes prevention of bribery and corruption, human rights and working standards, occupational health and safety and environmental protection, is covered by all the contracts we make with our suppliers for our operations in Türkiye. We make it obligatory for all our suppliers to undertake that they will comply with these rules during the contract. Within the scope of the contract, we clearly reject discrimination of religion, language, race and gender, verbal, physical and sexual violence on the employees of our suppliers, or their forced labor and child labor. We require our suppliers to respect and support the freedom of organization and right to collective agreement of their employees. In addition, in our contracts we expect suppliers to make a commitment that they will not to be involved in corruption and bribery events.

We regularly perform assessment surveys and make site visits to our suppliers during the period in which we work together. We follow up whether our suppliers provide their employees with a reliable and fair working environment regarding their working conditions, health and safety measures and remunerations paid. In addition, we monitor and report our annual targets through supply chain risk assessment.

In 2021, we didn't terminate our contract with any of our suppliers due to non-compliance with our Anti-Bribery and Anti-Corruption and Human Rights and Equal Opportunity Policies, or due to production in breach of our Responsible Sourcing Policy and legal legislation.

Our Supplier Selection Processes and Audits

Accompanied by independent external auditing firms, we carry out routine audits of our suppliers on their compliance with all Migros corporate policies and international food safety, ethical, social and environmental labor standards, particularly on responsible sourcing. The results of these audits are reported to the Chief Marketing Officer and Chief Supply Chain & Logistics Officer, as our senior managers in charge of the supply chain working standards. Within the scope of the audits related to the working standards, we assess the compliance with law of annual leaves, forced labor, child labor, arrangements related to working hours, discrimination and disciplinary practices, salaries and remunerations, psychological and physical pressure on employees, right to establish trade unions and right to collective agreement, working conditions of pregnant or breastfeeding mothers and maternity and breastfeeding leaves.

We carry out our audits on food-related issues, in accordance with the international standards recognized by the Global Food Safety Initiative (GFSI), which determines the food safety criteria in the world. We grant a certain time for our suppliers and nominee suppliers that we identified to be non-compliant during audits, in order that they can remedy the non-compliances, and then we carry out follow up audits. We grant a maximum of 3 follow-up audits to our suppliers that failed at the inspections. If the expected success is not achieved after our follow-up audits, we terminate the commercial relationship based on the assessment made.

We implement a rigorous audit program at the plants of our suppliers, questioning 269 criteria. We carry out compliance audits for product safety on the first day under "IFS Food Global Market" and "IFS HPC Global Market" Standards, and as "GC-Ethical Compliance" audits on the second day under two international standards using question lists. We routinely audit our supplier companies every year. The suppliers with a BRC, FSSC or IFS certificate are excluded from the Product Safety audit, and suppliers with a BSCI, Smeta Sedex, WCA (Workplace Condition Assessment) or SA8000 certificate or having less than 10 employees are excluded from the GC Ethical compliance audit.



► Product Safety Audit

Our suppliers that successfully pass our first-day audits that we carry out in accordance with the "IFS Global Market" and 'IFS HPC Global Market' audit checklist, are listed in the IFS (International Featured Standards) portal, in accordance with the standard according to which they were assessed, and their success is announced to the world.

► Ethical Compliance Audit

In the second-day audits, the impact of the suppliers on people and environment, and their sensitivity to ethical and social issues throughout their operations are audited. Accordingly, the occupational health and safety, environment, ethical and social compliance requirements of suppliers are checked with GC-Ethical Compliance audits, which include questions based on internationally recognized standards. Within the scope of GC-Ethical compliance audits, we assess all our suppliers regarding the environmental issues such as water consumption, waste management, energy use and resource use. Our suppliers which successfully pass these audits, which have an important role in sustainability efforts, are entitled to GC-Ethical Compliance certificate.

In 2020, we included questions related to Covid-19 into the supplier audit question list. We developed our communication infrastructure necessary for remote audits and continued to provide auditors with trainings on the management of the process. In 2021, we carried out our audits online and on-site.

Our New Supplier Selection Processes

We principally try to work with suppliers that share our sensitivity to human rights, ethical principles, occupational safety, quality standards and environmental awareness. We take our decision to work with all our business partners after having examined them in detail for their financial, legal and ethical risks and opportunities. In addition, we examine the trade registry of relevant companies through digital platforms, and their trade history for bribery, corruption and ethics issues through public institutions.

We put our nominee suppliers through a preliminary audit within the framework of the quality control criteria and question lists applied in the existing supplier audits. We make the decision to work with them, according to the results of the audits we carried out. Thus, we start working with companies that successfully passed the ethical, social, and environmental compliance audits and gained supplier status.



Audits for Our Suppliers

In line with our audit efforts, we include all our nominee suppliers into the scope of audit, and we do not work with nominee suppliers who cannot successfully pass these audits. In 2021, 76% of our primary suppliers representing 80% of our total turnover were audited by onsite and online audits by an accredited independent external auditor. In 2021, we carried out 1135 supplier audits, including those out of this scope. Besides, before putting up for sale in our stores the products of our remaining suppliers, which are mostly importer companies, we checked compliance of the products with the legal legislation. The results of the audits we carried out this year are given in the 'Supplier Audit Results' table for 2021.

84.90% of our supplier companies scored 75 and above marks in IFS Food Safety audits and successfully passed the audit, and 80.45% of our supplier companies successfully passed GC Ethical and Social Compliance audits.

In 2021, we carried out 234 product safety audits to 168 nominee suppliers and 130 nominee suppliers successfully completed the audits. In addition, we carried out 108 ethical, social and environmental compliance audits to 79 nominee supplier companies in accordance with GC-Ethics and Social Compliance criteria, and decided to work with 58 suppliers which successfully completed the process.



Results of Our Supplier Audits for 2021

Type of Audit	Type of Supplier	Number of Suppliers Audited	Number of Audits	Ratio of Successful Suppliers**	Average Score	Number of Suppliers Subjected to Follow-up Audit	Number of Follow-up Audits	Success Ratio of Follow-up Audit*
Product Safety - IFS Global Market	Audited* Total Suppliers	543	665	84.90%	84.67%	59	71	88%
	Nominee Suppliers	168	234	77.3% (130 suppliers)	77.91%			
GC Ethical and Social Compliance, Environment, OHS	Audited* Total Suppliers	399	470	80.45%	80.76%	12	14	66.67%
	Nominee Suppliers	79	108	73.4% (58 suppliers)	73.11%			

*The total number of suppliers audited includes current suppliers and nominee suppliers audited, and suppliers subjected to a follow-up audit.

**Suppliers that scored IFS 75 and above are considered successful. Suppliers that scored GC 65 and above are considered successful.

In the reporting period of 2021, no supplier was identified during the supplier audits that breached the rights of organization or collective agreement, or that might be exposed to significant risks. In the reporting period of 2021, 4 child labor cases were identified during the audits of supplier companies in our domestic operations. Supplier companies were informed about the issue, and they were requested to take the necessary actions. In addition, 87 inappropriate cases that can be considered as forced labor were identified because of the audits carried out, related to the use of the right to maternity leave, breastfeeding leave, overtime pay and annual paid leave. The supplier companies were requested to act on this issue. In our supply chain, we didn't receive any unfavorable feedback from non-governmental organizations or other external organizations during the reporting year.



In the ethical and social compliance audits on 399 suppliers, we identified important non-compliances and carried out follow up audits on 57 suppliers. It was determined that 31.8% of the non-compliances were on occupational health and safety, 26.8% on environmental requirements, 12.8 on working conditions, 5.6% on resource management, 4.3% on planning, 4% on measurement analysis and development, 3.3% on discrimination, 3.0% on management review, 2.4% on social responsibility policy, 1.9% on legal and other requirements, 1.7% on forced labor and child labor, 1.1% on documentation requirements, 0.6% on working conditions, 0.5% on responsibility, authority and communication, and 0.1% on management responsibility.

Suppliers approved by Migros are assessed in three categories – “Gold”, “Silver” and “Bronze” – according to their level of success in the audits, and they get the opportunity to announce their success on the **GC Portal**.



In 2021, independent external auditors reviewed the declarations of our ethical and social audits on our suppliers for compliance with our Responsible Sourcing Policy under the criteria of discrimination, freedom of association, right to collective agreement, child labor and forced labor criteria; and the declarations verified to comply with the international ISAE 3000 (Revised) standard.

You can find the Statement of Independent Assurance in Human Rights and Supply Chain (Selected Criteria) in the **“Annexes”** section of our report.



In 2021, 65.56% of our suppliers audited were successful in both audits and were entitled to receive the “GC Migros Approved Supplier” certificate.