



**MiGROS**

SUSTAINABILITY  
REPORT | **2020**

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**Our Corporate  
Profile**

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# CEO Message



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Dear stakeholders,

As Migros, we have adopted offering our customers not just products and services but also ‘value’, investing in our employees and growing together with our suppliers as our principles. For this reason, we ensure that all our business decisions pass through the sustainability filter, in order to create long-term benefits for all our stakeholders, both today and in the future. Within the framework of our **Migros Better Future Plan**, we are constantly strengthening and expanding our sustainability efforts, in a way that feeds our main strategies. Pursuant to our Migros Better Future Plan, we are pursuing the goals that will make it better for our customers and stakeholders, our employees, innovative transformation and our world.

In 2020, **during the Pandemic** which has affected the entire world, we witnessed that **collective consciousness** is now **an obligation rather than a necessity**, for the sustainability of humanity and our world. Thanks to our strong logistics network and technological infrastructure, our cooperation, in constant communication with our suppliers and our

employees, who provide uninterrupted services at the forefront, **we have gone beyond commerce and taken on the role of securing and sustaining society**. Through pioneering practices, we have adapted our business models to the new era, and while managing the product supply, we have also quickly responded to the emerging needs of consumers. During these uncertain times, we have provided unlimited service, both at our stores and in our online operations in 81 provinces of Turkey.

**Combating climate change**, which forms the common agenda of the entire world, is always among our top priorities. The most important factors causing greenhouse gas emissions in our operations are refrigerant gases and electricity consumption. In order to **save electricity**, we centrally control our cooling, air conditioning and lighting systems and ensure their optimization. We also install new generation systems to **prevent gas leaks**. Among these systems, the most important is our **water-cooling system, whose patent belongs to us**. We run cold water in our store cabinets and consume gas only to cool the water, preventing leaks by 99 percent. Last year, **we exceeded our carbon emission reduction target**. This year, **we exceeded our electricity consumption reduction target**. We continue to target even more challenging goals.

**As a food retailer**, we have a greater impact area on topics such as supporting **sustainable agriculture**, **preventing wastage of food produced** with so much effort, consumers’ access to **healthy and safe food**, and **promoting healthy choices** via right information. By taking part in the relevant coalitions of the Consumer

Goods Forum (CGF), of which we are a part of the management, we lead efforts in both the national and the international arena. With our efforts in this context, we also contribute to the healthier, more sustainable and more equitable food systems goal of the **Sustainable Development Goals**.

Since its foundation, we have supported the **Good Agricultural Practices (İyi Tarım Uygulamaları - GAP)**, which is one of the biggest steps towards sustainable and traceable agriculture in our country. The amount of 'GAP fruits and vegetables' that we have sold in 10 years has reached 1 million tons. With our **Tastes of Anatolia (Anadolu Lezzetleri)** products, we ensure that endangered seeds are removed from the warehouses and reproduced with authentic recipes. As Turkey's largest fresh food seller, we will purchase 500 thousand tons of fresh products in 2021, including fruit, vegetables, red meat, fish and chicken. At the same time, we are the largest food retailer customer of **Agricultural Credit Cooperatives**. In this way, we support our small producers and farmers to find a place in the market and implement innovative solutions such as digital stations and a cash payment system. Via **Blockchain** technology, we deliver the journey of 750 kinds of fruits and vegetables sold in our stores to our consumers. When the digitalization and standardization of product data project, which we implement in cooperation with GS1, is completed, **efficiency in the data flow between the manufacturer and the retailer, and consistency and transparency in the data flow towards the consumer**, will be ensured. Consumers will be able to access such information and make their shopping decisions more consciously. Until the end of 2021, we will not be selling any product whose basic product data is not defined in the GS1 system at our stores.

In line with the Sustainable Development Goal 12.3, we aim to **halve our food disposal rates by 2030** in the fight against food waste. With operational improvements, the automatic ordering system, innovative packaging systems that extend food life, and food donations, we **reduced our food disposal rates by 24 percent in two years**. However, what matters most is to spread this impact throughout our entire value chain. For this purpose, we became the first Turkish retail company to participate in the international "10x20x30" initiative, initiated by the World Resources Institute (WRI). For our 2030 Target, we have **partnered with our 23 supplier companies**, who participate in this initiative voluntarily. We conduct our **Wellbeing Journey (Sağlıklı Yaşam Yolculuğu)** program so that our customers can make their shopping decisions more conscientiously and consume more healthily. To date, 2.3 million of our customers have viewed the comparison between their shopping with the ideal consumption through our mobile application, and have been guided to a balanced diet via video messages and suggestions prepared for them. Our program has been adapted to Latin American countries, and we are still in talks with Japan. In the gender and opportunity equality field, we have signed the **LEAD Network Europe's CEO Commitment** on equality and inclusion in the business world, and promised to increase our female senior executive ratio by 5 points by 2023. We have moved our **Family Clubs**, which have provided certified training to thousands of women, to our social media and digital channels, so that they can continue to operate even when physical training is limited. We aim to establish the **Migros Women's Academy** by gathering the forces of our Family Clubs and Migros Retail Academy, and provide training to 1 million women by 2023.

Additionally, by implementing the **Migros Better Future Support Package**, we have developed various solutions for our employees, our society, our customers over the age of 65, healthcare professionals, farmers and producers, and those in need.

Furthermore, we established our **Migros Up** platform. We started to support entrepreneurs and develop collaborative efforts to provide innovative and agile responses to the changing needs and expectations of the retail industry, and to support the entrepreneurship ecosystem in our society.

I wanted to share a few examples of developments that excited us in 2020. You may find the details of all the work we carried out within the framework of our Migros Better Future Plan in our **Sustainability Report**.

I would like to take this opportunity to thank all our stakeholders for their great contribution to targeting the 'better' in our activities and creating common values. However, in this year particularly, I would like to **thank all our employees** in our supply chain, distribution centers and stores for their **work devotion**, which has made it possible for social life to continue in its normal course, especially during the Pandemic we are going through.

Best regards,

**Ö. Özgür Tort**  
Chief Executive Officer

# About the Report

As Migros Ticaret A.S., since our establishment we have been maintaining our relations with our stakeholders in line with the principles of transparency, accountability, responsibility and fairness. Accordingly, we share the values we have created in social, environmental and economic terms, as well as our sustainability performance with the public on a regular basis. Our fifth sustainability report has been drawn up adhering to our short, medium and long-term sustainability performance targets. We determine our long-term goals by considering global and mega trends and current developments in the sector we serve, and in this direction, we work hard to implement projects that serve the United Nations Sustainable Development Goals. The contents of our report have been drawn up in line with input provided by the Sustainability Committee of Migros and also by the working groups reporting to the Sustainability Committee. The data, available in our report, covers the operations carried out in Turkey **between January 01, 2020 and December 31, 2020**, and constitutes **99% of our global operations**.

This report has been prepared **in accordance with** the **GRI Standards: Core Option**.

The data regarding greenhouse gas emissions, supply chain audit results, and activities falling under the scope of human rights that we have declared for 2020, has been verified by an independent auditing firm.

Our understanding of “sustainability”, which we have adopted in line with our goal of creating value for all our stakeholders, is at the center of our business model. In this regard, receiving feedback from our stakeholders regarding our sustainability report is critical for our sustainable development.

You can access the Independent Assurance Statement in Supply Chain and in Human Rights and the verification statement obtained as a result of the audit carried out in accordance with the ISO 14064-3 Greenhouse Gas Calculation and Verification Standard in the **‘Appendix’** section of our report.

You can access the notifications reported within the scope of GRI Standards in the **‘Appendix’** section of our report.



You can forward all your feedback to the email address **surdurulebilirlik@migros.com.tr** and share your ideas and suggestions with us.

# About Migros

Migros carries its leadership in the retail sector to the future by integrating its 66 years of experience into all our business processes with digital transformation.

As Migros Ticaret A.Ş., we provide a wide range of products to meet different needs of our customers through our Migros stores (MigrosJet, **Migros M**, MM, MMM, 5M, Migros Toptan), **Macrocenter** stores and online channels (Migros Virtual Market, Migros Hemen, Macroonline and Tazedirekt) in **81 provinces of Turkey**. We also operate abroad, in Kazakhstan and North Macedonia, under the Ramstore\* brand name.

Being **Turkey's first and only food retailer with an R&D center**, we blend our 66 years of retail experience with digital transformation and integrate it into all our business processes. With our special expertise in fruit, vegetables, meat and poultry products, **we are the largest retailer of fresh products** of Turkey. We aim to provide basic needs of our customers with the best price and the best quality, and to provide a unique shopping experience through our pioneering practices.

In line with our continuing physical store investments, we opened **183 new stores** in 2020 and the **number of our stores reached 2,319**. At the same time, we have **529 online sales centers**.

**About 50 thousand people are employed under the umbrella of Migros** via indirect employment. We have a comprehensive and strong value chain with our farmers, suppliers and their employees.

*\*As of the end of 2020, our retail operations in Kazakhstan were terminated, our activities continue with 1 shopping mall. As of March 2021, our North Macedonia operations, were terminated. You can find detailed information in our **2020 Annual Report**.*

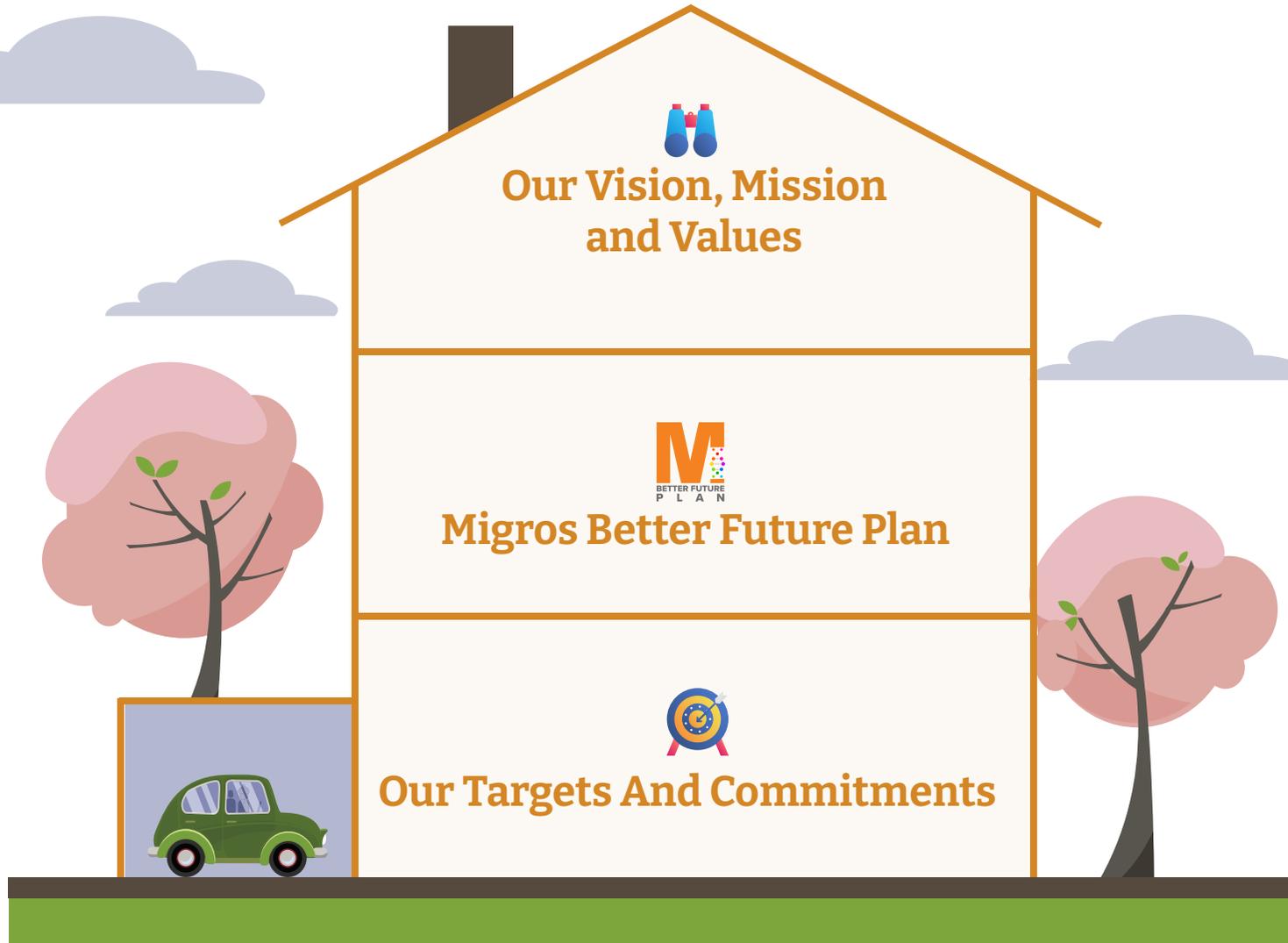




## **Our Sustainability Management**

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# Migros **Better Future Plan**



# Our Vision, Mission and Values



## Our Vision

To always be the first choice of customers by providing a unique, convenient and trustworthy shopping experience



## Our Mission

Providing a unique shopping experience through our ultimate service approach, pioneer applications, broad product portfolio and family budget friendly pricing strategy. Creating value for all our stakeholders through our eco-friendly and community-focused operational approach



## Our Strategy

- Creating a unique shopping experience
- Sustainable growth
- Improving operational efficiency
- Boosting household reach



## Our Corporate Governance Principles

Our company, the main principles of corporate management:

- Fairness
- Transparency
- Responsibility
- Accountability



## Our Values

Our corporate values that are formed with the participation of all our employees and on which everyone can depend:

- Customer Orientation
- Sensitivity
- Reliability
- Leadership
- Innovativeness
- Efficiency

# Migros Better Future Plan



## Better for Our World

### EXTENSIVE COMBAT AGAINST CLIMATE CHANGE

- \* Doing studies to measure and reduce our carbon footprint.
- \* Developing projects for the effective use of water and energy resources.

### SUSTAINABLE AGRICULTURE AND FOOD CONSERVATION

- \* To support sustainable agriculture and production and protect agriculture-oriented biodiversity.
- \* Making operational improvements, projects and collaborations to reduce food waste throughout our value chain.

## Better for Innovative Transformation

### SUPPORTING THE CIRCULAR ECONOMY

- \* Measuring, reducing, recycling our waste to support economy.
- \* To improve the life cycle of our own branded products.

### INNOVATIVE APPLICATIONS

To implement innovative practices that increase our efficiency and add convenience and speed to the lives of our stakeholders.

### TRANSPARENT AND FAST FLOW OF PRODUCT INFORMATION

To ensure the transparent, consistent and fast flow of product content and information.

## Better for Our Customers and Stakeholders

### CREATING SUSTAINABLE ECONOMIC VALUE

To create a common value by including our stakeholders in our sustainable development goals with the economic value, employment and business partnerships we create.

### SUPPORTING HEALTHY LIVING

- \* To manage the quality and control processes of products and services meticulously.
- \* Developing projects to promote a healthy life.

### RESPONSIBILITY AND AWARENESS STUDIES

To carry out social responsibility awareness-raising activities for a better world and a strong society.

## Better for Our Employees

### EMPLOYEE DEVELOPMENT AND TALENT MANAGEMENT

To support the personal and professional development of our employees, to manage their career planning in a fair and transparent way.

### HEALTH AND SAFETY OF OUR EMPLOYEES

To work to protect the physical and mental health of our employees.



# Our Targets And Commitments



## Better for Our World



- To reduce our CO<sub>2</sub> emissions and electricity consumption by **12%** in 2025 and **↓22%** in 2030 compared to 2019.



- To reduce our daily water consumption by **4.5%** in 2025 and **↓10%** in 2030 compared to 2019.



- To reduce our CO<sub>2</sub> emissions per unit carried in transport by **↓5%** in 2025 compared to 2018.



- To reduce the ratio of our food disposal tonnage to our food sales tonnage by **↓50%** in 2030 compared to 2018.



- To reduce **493 tons** of plastic packaging as a result of our commitments to the Business Plastics Initiative (IPG). ↓

## Better for Innovative Transformation



- Ensuring that all products on sale until the end of 2021 are registered in the GS1 Barcode Verification system.



- Develop a digital platform to ensure traceability of food until 2023.

## Better for Our Customers and Stakeholders



- To achieve **10%** annual turnover increase in locally sourced organic products until 2026.



- To convert **760** hectares of land for organic farming by 2026.



- To train **1 million** women with Migros Women's Academy until 2023.

## Better for Our Employees



- To increase our female manager ratio to **↑31%** percent by 2025.



- To increase our ratio of directors and higher female executives to **↑23%** by 2023.



- Reducing our work accident / lost day weight rate by **↓1%** until 2025 compared to 2020.



# Our Sustainability Approach

We take various actions, develop projects and create innovative solutions together with our stakeholders in line with the short-, medium- and long-term goals we have set for our sustainability focus.

As Migros, we have been carrying out all our activities with a focus on responsibility, sensitivity and efficiency since the day we were founded. In the meantime, 10 years ago, we redefined our growth target as **sustainable growth**, and adopted it as one of our 4 main strategies, and put our sustainability approach at the center of our way of doing business.

By determining our economic, social and environmental priorities in the areas we directly affect with our activities, we measure our current situation and set ourselves development targets. We transparently share our roadmap in the field of sustainability with our **short (0-1 year), medium (2-5 years) and long-term (6-10 years)** goals within the framework of our Migros Better Future Plan.

We aim to sustain the benefit we provide today and here, regardless of time and place, and to create sustainable economic value for all our stakeholders with the positive transformation we trigger. While making all our business decisions, we pass through our sustainability filter and plan our business processes and resources to be used effectively and efficiently. With our sustainability approach, which is the main responsibility of all our employees, besides evaluating the impact of our own operations, we also contribute to our stakeholders on environmental and social issues and contribute to their development.



## OUR SUSTAINABILITY COMMITTEE

The management, implementation, follow-up and measurement of our sustainability studies are carried out by our Sustainability Committee, with the assignment of our Chief Executive Officer. The committee, where discussions are held on the basis of equal participation, includes representatives covering all departments of our company. Our Chairperson of the Sustainability Committee, who is not affiliated with any of our departments, has special authority for a supra-departmental position to manage our company's work in the field of international relations and sustainability.

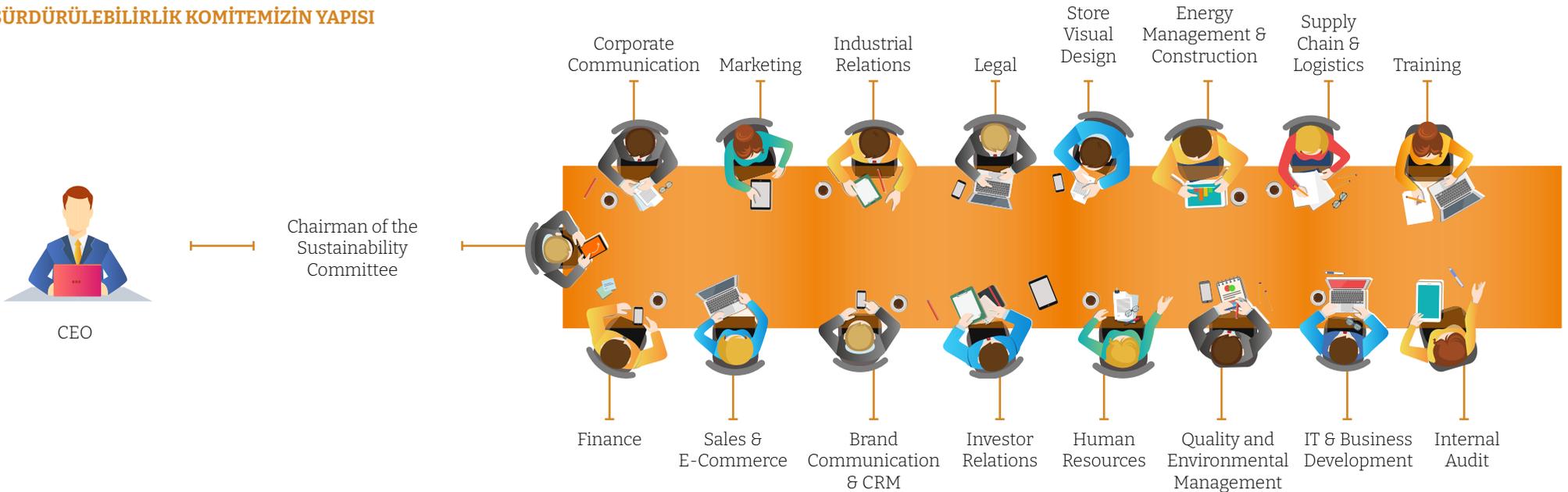
Our Sustainability Committee meets twice a year and holds a large evaluation meeting. In addition,

subcommittees on identified issues are established, and projects and work are carried out in smaller groups, which report to the main committee. Process and result analyses are reported to our Chief Executive Officer and senior management four times a year on a quarter-based basis. Information on priority issues is transferred to the Board of Directors by our Chief Executive Officer on an annual basis. At least one of the annual targets of all the primary functions of our company is in the field of sustainability, and the activities made in this field directly affect the annual performance premium. Department managers who make up our committee carry out the request and follow-up processes regarding our corporate policies, which we expect to be followed by all our employees.

## Assignments of Our Sustainability Committee:

- Assessment of legal, physical, operational, socio-economic and environmental risks and opportunities that may arise in relation to the company,
- Annual audit of the competence and effectiveness of our **“Environmental”, “Human Rights and Equal Opportunity”, “Anti-Bribery and Anti-Corruption”** and **“Responsible Sourcing”** policies,
- To follow up and analyze the issues in the field of sustainability in the international and national arena,
- Determining development targets in priority areas, developing projects for targets and reporting in accordance with performance.

## SÜRDÜRÜLEBİLİRLİK KOMİTEMİZİN YAPISI



# Our Value Creation Model



## Social and Relationship Capital

- Our voluntary memberships to NGOs and umbrella organizations
- Donations, sponsorships, collaborations
- Our customer communication channels
- Our Brand & Customer Research
- Our social media channels
- Our 15,000 farmers, 1,878 suppliers
- Our Money loyalty program
- Our approach to human rights and equal opportunity

- Quality and control process management of products and services
- Execution of projects in cooperation with brands
- CSR projects that support healthy life
- Social gender equality studies
- Supplier selection and audit processes
- Trainings given to suppliers
- Accessibility practices

- Employment created for 50,000 people in total
- Access to 85% of households in Turkey
- Discount for 14 million individual customers with Money card
- 963,414 tons of GAP-certified product supply in 10 years
- 324 product safety audits for 285 suppliers
- 297 GC Ethical and Social Compliance, Environment, OHS Audits for 279 suppliers
- Access to 2.3 million customers in 2.5 years with the Wellbeing Journey program

## Human Capital

- Our expert employees
- Migros Retail Academy
- Our company culture and values
- Our governance approach
- Our management systems and programs
- Our employee health and safety programs

- Total of TRY 14 million investment in employee development
- A total of TRY 12.2 million investment in OHS studies and training
- Fair and transparent performance and career management
- Gender equality studies within the company
- Flexible fringe benefits program
- Communication and satisfaction surveys with employees

- 1,259,900 (employee x days) training
- The rate of assignment from internal resources to store management employee is 98%
- 40% woman employee rate
- Female employee 29% at management level; 22% at senior managers
- 75% employee loyalty engagement score
- 906 disabled employees
- Total 144,372 hours OHS service

INPUTS/RESOURCES

ACTIVITIES

OUTPUTS



Intellectual Capital

- Our IT infrastructure
- Our R&D center
- Our products on Sadece Migros'ta
- Our web and mobile applications
- Our innovative products and services
- Our entrepreneurship platforms within and outside of our firm

- Ensuring product and service traceability
- Food-saving and waste prevention solutions
- Development of automation systems supported by artificial intelligence
- Replication and improvement of online shopping platforms
- Personalization of services and recommendations
- A total investment of TRY 43,178,146 in R&D and innovation

- 7.9 million members in online shopping channels
- Recording the minimum data set of 2,400 products to the GS1 barcode system
- Migros Sanal Market, Migros Hemen, Macroonline, TazeDirekt online shopping applications
- 15 intrapreneurship teams and 130 team members
- 23% of our turnover is from Sadece Migros'ta products
- Saving 5,000 tons of food through operational improvement and discounted sales

Natural Capital

- Our efforts to reduce our carbon emissions
- Our energy saving applications
- Our sustainable water management
- Our commitment to combating food waste
- Our goals to reduce plastic waste
- Our investments in sustainable agriculture

- Supporting Good Agricultural Practices
- Practices and collaborations to reduce food waste
- Expanding our patented water cooling system
- Our in-store automation applications
- Lifecycle assessments of our private-label products
- TRY 11.54 million investment in environmental sustainability management

- 22.9% reduction in water consumption per square meter in 1 year
- 5.2% reduction in CO<sub>2</sub> emissions per square meter in 1 year
- 24.2% decrease in electricity consumption per square meter compared to 2013
- 4% reduction over 2 years, in CO<sub>2</sub> emissions per unit, carried in transport
- 24% reduction in food disposal / food sales tonnage in 2 years
- 66% reduction in the use of plastic bags compared to pre-paid sales
- 40,000 MWh of renewable energy use

INPUTS/RESOURCES

ACTIVITIES

OUTPUTS



**Manufactured Capital**

- Our 2,289 stores in 81 provinces
- Our Online sales channels in 81 provinces
- Infrastructure works for stores
- Our new generation equipment that reduces environmental impact
- Our 28 distribution centers and logistics network
- MİGET Fresh Meat Processing Center

- Store infrastructure and service improvements
- Store concepts prepared for different needs
- Route optimization studies
- Distribution center establishment at strategic points
- Production with expert butchers

- 489.6 million transactions per year
- 3 times increase in online sales in one year
- 346 stores in 54 provinces with the Accessible Stores concept
- Our annual meat production capacity of 62,000 tons
- A total of 6,630 MWh energy saving within the scope of energy efficiency projects

**Financial Capital**

- Sales revenues
- TRY 181,054,233 company capital
- Investments

- Advertising and marketing
- Pricing
- Campaigns and promotions

- TRY 28,790,000 total sales revenue
- Migros' position in the market
- Taxes paid to the state
- 78% reduction in euro indebtedness

**INPUTS/RESOURCES**

**ACTIVITIES**

**OUTPUTS**

# Value Created



## Customers



- Good Customer Experience
- Best Price Guarantee
- Supporting Healthy Living
- Transparent and Fast Flow of Product Information
- Privacy and Data Security
- Innovative Applications

## Society and NGOs

- Indirect Economic Impact
- Extensive Combat against Climate Change
- Sustainable Agriculture and Food Conservation



## Suppliers



- Supporting the Circular Economy
- Social and environmental awareness

## Investors/shareholders

- Creating Sustainable Economic Value
- Transparency
- Trust and Reputation



## Employees



- Health and Safety of Our Employees
- Gender Equality and Equal Opportunities
- Employee Loyalty and Satisfaction
- Career and Talent Development

## Government Agencies

- Compliance with Corporate Policies and Laws
- Transparency
- Trust and Reputation



# Communication with Our Stakeholders

As Migros, we interact with all our stakeholders in line with our sustainability approach and our priorities in line with our Migros Better Future Plan, and we support all of our business partners and stakeholders to create sustainable economic value. Within the scope of the materiality workshop organized by our Sustainability Committee, the representatives of the main functions within the Company determine the society, customers, employees, shareholders and investors, supply chain and official institutions as our priority stakeholders, based on their own experiences and observations. In relation to this, the details about the process of engagement with stakeholders are given in the following table.



| STAKEHOLDERS           | ENGAGEMENT CHANNEL  | ENGAGEMENT FREQUENCY   |
|------------------------|---|--|
| Society and Customers  | Migros Call Center and our WhatsApp line  | Direct communication with <b>2,000,000</b> individuals a year / Approximately <b>5,500</b> responses on average on daily basis   |
|                        | Social Media  | Instantaneous monitoring and response / Analysis of <b>4,700,000</b> different social media messages on yearly basis   |
|                        | Consumer Research   | <b>The consumer and trend research</b> , covering a total of <b>79,470</b> individuals within the year, on the basis of monthly periods  |
| Employees              | Internal Communication Practices  | Communicating the progress made by the company and also the vision and the targets by means of <b>the Orange Book</b> , published on quarterly basis. Communicating the Human Resources strategies and practices by means of <b>the Panoramik Magazine</b> , published on yearly basis |
|                        |   | Socializing of the employees by making use of business or personal posts through the Migros Sosyal App   |
|                        |   | Meeting up the employees with the Senior Management by means of <b>Internal Communication Meetings</b> , held in the regions and throughout Turkey   |
|                        | Recruitment Assessment Survey   | Following each new recruitment   |
|                        | Working Life Assessment Research  | Annually   |
| Migros Sharing Hotline | Responding to <b>34,400</b> calls a year through the Migros Sharing Hotline and the Intranet of our company |  |



| STAKEHOLDERS  | ENGAGEMENT CHANNEL   | ENGAGEMENT FREQUENCY  |
|---|--|---|
| Shareholders and Investors                            | <b>General Assembly Meeting</b>  | Convention of the <b>General Assembly Meeting</b> upon the attendance of the shareholders following the announcement of the annual financial statements, on yearly basis, and issuance of the meeting minutes on the corporate website following such meetings  |
|   | PDP (Public Disclosure Platform) Announcements<br>Corporate Governance Principles<br>Compliance Report | Announcement of the financial statements with respect of <b>each quarter of the respective year</b> and submission of the material disclosures, if and when required  |
|   | The website, <b>www.migroskurumsal.com</b>   | Annually  |
|   | <b>Annual Report</b>   | Sharing detailed information on the corporate website that is updated on daily basis  |
| Supply Chain  | Migros Business Partners Summit  | Announcement of the operational and financial results for the Company on the corporate website and the PDP on quarterly and yearly basis  |
|   | MeCom / MeMobil (B2B) applications   | Annually or biyearly, depending on the requirement  |
|   | Meetings (GAP - Good Agricultural Practices)   | Daily update  |
| Governmental Agencies                                 | Meetings and requests for opinions   | If and when required  |
|   | Audits   | In line with the requests of the Municipalities and the Ministries - delivery of the opinions through the <b>Food Retailer Association (GPD), Turkish Federation of Shopping Centers and Retailers (TAMPF), International Investors Association (YASED), Turkish Industry &amp; Business Association (TUSIAD) and the Union of Chambers and Commodity Exchanges of Turkey (TOBB)</b> Retailing Assembly, of which we are a member |
|   | Communication with the Municipalities and Ministries   | Monthly / Yearly  |
|   | Applications for Authorizations and Licenses   | Following up the regulations, legislation and bylaws, and providing the information as required - taking the actions in terms of compliance with the advanced objectives by consulting with the Ministry of Trade, the Ministry of Agriculture and Forestry, the Ministry of Family, Labor and Social Services, the Ministry of Industry and Technology, the Ministry of Treasury and Finance and the Revenue Administration      |
| Industrial Organizations - Consumer Goods Forum (CGF) | Meetings and Requests for Opinions   | New areas of activity, the statutory permissions and licenses for opening of each store and distribution center   |
| Industrial Organizations - Consumer Goods Forum (CGF) | Meetings and Requests for Opinions   | Quarterly meetings with the Board of Directors and the Governance Committee<br>Monthly meetings with the Coalition Management Committees and Working Groups<br>Ensuring compliance with the commitments and provision of regular reporting.<br>Accomplishment of the projects and operational regulations in line with joint resolutions.<br>Assuming the leadership position for industrial transformation                       |

# Memberships, Collaborations and Initiatives



**STAKEHOLDER**

**PROJECT NAME**

**PROJECT ROLE**

|   |  |  |
|---|--|--|
| Consumer Goods Forum (CGF)  | Co-Chair of the Board of Directors   | Member/Active Participant                      |
|   | Food Waste Coalition   | Member/Active Participant                      |
|   | Product Data Coalition   | Member/Active Participant                      |
|   | <ul style="list-style-type: none"> <li>• Collaboration for Healthier Lives Coalition</li> <li>• Migros Wellbeing Journey Program</li> </ul>  | Member/Active Participant<br>Project Leader    |
| One Planet Business for Biodiversity (OP2B)   | <ul style="list-style-type: none"> <li>• Regenerative Agriculture Coalition</li> <li>• Product Portfolio Coalition</li> </ul>  | Member/Active Participant                      |
| Food Retailer Association (GPD)   | Chairperson of the Board of Directors  | Member/Active Participant                      |
| World Resources Institute (WRI)   | 10x20x30 Initiative  | Project Executor                               |
| Fazla Gıda (Whole Surplus)  | Respecting Food Project  | Project Leader                                 |
| HAYTAP (Animal Rights Federation)   | Fresh Leftovers to Our Four-Legged Friends   | Project Leader                                 |
| Chamber of Agricultural Engineers   | Stakeholder Engagement   | Member   |
| Sustainable Food Platform   | Information Sharing about Sustainable Production and Supply  | Member/Active Participant                      |
| The Association of Turkish Milk, Meat, Food Industrialists and Manufacturers Association (SETBIR) | Stakeholder Engagement   | Member   |
| The Association of Non-Household Consumption Suppliers (ETUDER)                                   | Stakeholder Engagement   | Member   |
| Turkish Food Safety Association (GGD)   | <ul style="list-style-type: none"> <li>• Growing Healthy with Migros Guidance</li> <li>• Loss of Food and Label Reading Research</li> <li>• Delivery of Opinions for Regulations and Preparation for Fighting the Covid-19 Pandemic and Hygiene Guides.</li> </ul> | Member/Active Participant                      |
| GS1 Turkey Foundation of Economic Enterprise  | <ul style="list-style-type: none"> <li>• Creation of the Global Data Model</li> <li>• Industrial Transformation for Digitalization and Standardization of Data</li> </ul>  | Member/Active Participant/<br>Project Executor |

| STAKEHOLDER  | PROJECT NAME   | PROJECT ROLE  |
|---|---|--|
| World Wide Fund for Nature (WWF - Turkey)   | <ul style="list-style-type: none"> <li>• Green Office</li> <li>• Çukurova Delta and Dilek Peninsula Cooperation</li> <li>• Nestlé “Wildlife Conservation Social Responsibility” Project.</li> </ul> | Project Executor   |
| Environmental Protection and Packaging Waste Utilization Foundation (CEVKO)                   | Collection of Packaging Waste   | Member/Active Participant/Project Executor   |
| Marine Environment Protection Association (TURMEPA)   | Contribution to Cleaning of Seas by Collecting Waste Vegetable Oils Project   | Member/Active Participant  |
| Turkish Industry & Business Association (TUSIAD)  | Business World Plastics Initiative  | Member/Active Participant  |
| Ethics & Reputation Society (TEID)  | Participation in the Working Groups Training Support  | Member   |
| Corporate Governance Association of Turkey (TKYD)   | Stakeholder Engagement  | Member/Active Participant  |
| Institute of Internal Auditing Turkey (TIDE)  | Business Ethics and Compliance with Corporate Policies and Laws   | Member   |
| Turkish Informatics Foundation (TBV)  | Digital Innovation and Accessibility  | Member   |
| The Blockchain Turkey Platform (BCTR)   | Digital Innovation and Accessibility  | Member   |
| LEAD Network EU   | Participation in the Activities and Commitments in Respect of Gender Equality<br>Signatory of the CEO Commitment Advisory Board Membership  | Member/Active Participant  |
| LEAD Network Türkiye  | Active Participation for the Establishment, and Serving as the President there of   | Member/Active Participant  |
| Women on Board Turkey (YKKD)  | Participation in the Mentorship Program   | Active Participant   |
| Women in Technology Association (WTECH)   | Member of the Board of Directors  | Member   |
| People Management Association of Turkey (PERYÖN)  | Information Sharing in Respect of Human Resources Processes, Attending Conferences  | Member/Active Participant  |
| Training and Development Platform Association (TEGEP)   | Information Sharing in Respect of the Training Processes For Employees  | Member   |
| Association of Corporate Communicators (KİD)  | Stakeholder Engagement  | Member   |

| STAKEHOLDER    | PROJECT NAME                                      | PROJECT ROLE  |
|---|--|--|
| European Association of Communication Directors (EACD)  | Stakeholder Engagement   | Member   |
| Turkey Quality Association (KALDER)   | Information Sharing in Respect of Quality Management Processes   | Member   |
| International Investors Association (YASED)   | Stakeholder Engagement   | Member   |
| The Union of Chambers and Commodity Exchanges of Turkey (TOBB)  | Stakeholder Engagement   | Member   |
| Turkish Investor Relations Society (TÜYİD)  | Investor Relations, Information Exchange in Financing Processes  | Member/Active Participant  |
| CSD of Turkey (MKK)   | Stakeholder Engagement   | Member   |
| Istanbul Commodity Exchange   | Stakeholder Engagement   | Member   |
| Food and Agriculture Organization (FAO)   | Protect Your Food  | Project Executor   |
| Aegean Forest Foundation  | <ul style="list-style-type: none"> <li>• Aegean Region Sapling donation</li> <li>• Gum Tree Plantation Project with Falım</li> </ul> | Project Executor   |
| Foundation for the Protection and Promotion of the Environment and Cultural Heritage (ÇEKÜL)  | Uni Baby in the 7 Tree Forests   | Project Executor   |
| Foundation of Manufacturers and Importers of Portable Batteries (TAP) and Turkish Foundation for Children in Need of Protection (KORUNCUK Foundation) | Give the Batteries to Migros and the Milk to Kids  | Project Executor   |
| Community Volunteers Foundation (TOG)   | Ariel "Clothing Donation" Campaign   | Project Executor   |
| Turkish Paraplegic Association (TOFD)   | Plastic Cap Collection Project   | Project Executor   |
| District Public Education Centers   | Family Clubs   | Project Executor   |
| Turkish Foundation for Combating Erosion, Reforestation and the Protection of Natural Habitats (TEMA)   | Nestlé Damak "Have Plenty of Pistachio" Project  | Project Executor   |
| Book for All Foundation   | Book Donation Project  | Project Executor   |
| KIZILAY (Red Crescent)  | Card of Goodness   | Project Executor   |

# Our Materiality Matrix in 2020

As Migros, we aim to create sustainable economic value for all our stakeholders within the framework of our social values and we carry out our activities in line with this goal. We ensure that the impact of our activities is determined and prioritized in line with the expectations and needs of all our stakeholder groups, especially our main stakeholder groups.

Our Board of Directors determines our strategic approaches to all sustainability issues that we prioritize and is responsible for our performance in this context.

In 2019, we conducted our stakeholder surveys with broad stakeholder participation. We considered the feedback, provided by the Migros Sustainability Committee, and also the results of the assessment survey we have conducted with the employees, customers, students and our suppliers, as well as the priorities of the global and domestic non-governmental organizations of which we are a member.

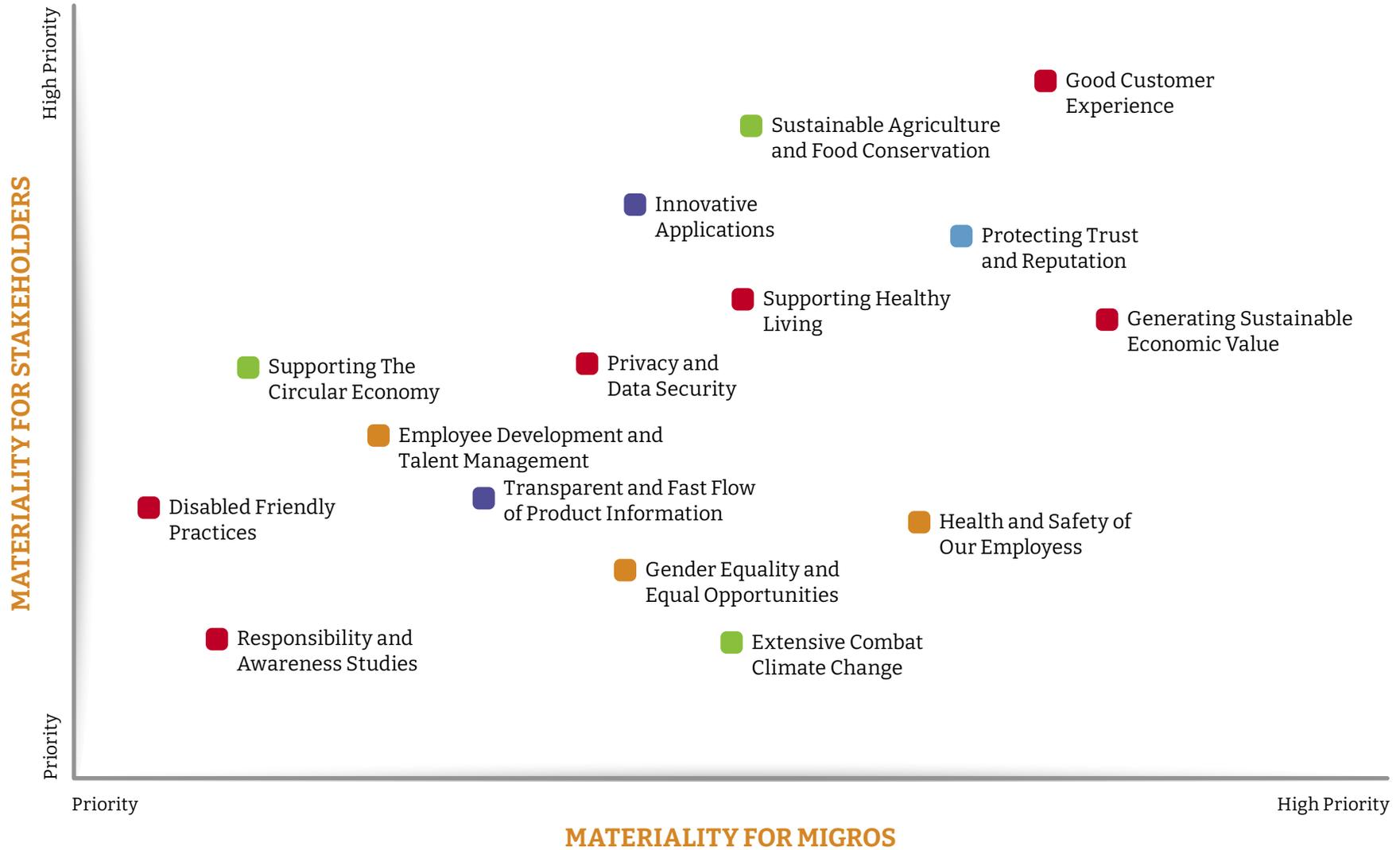
In 2020, we updated our materiality matrix by analyzing the risks and opportunities that arise within the framework of global trends, mega trends, global reports published by various platforms and our activities that stand out in the sector we serve. Within the framework of our four focus points, which are **“Better for Our Employees”**, **“Better for Our Customers and**

**Stakeholders”**, **“Better for Innovative Transformation”** and **“Better for Our World”** in our **“Migros Better Future Plan”**, we created our report and classified the issues we place in our Materiality Matrix according to these titles. There have been changes in our material topics in line with the changing and transforming sector and company priorities with the Covid-19 pandemic, the responsibilities we have undertaken in cooperation with the global and local organizations of which we are members, and our short-medium-long-term goals and commitments. In this direction, we reviewed our material topics from a holistic point of view and grouped some issues with each other and combined them into one title. At the same time, with the increasing importance of **“Good Customer Experience”**, **“Gender Equality and Equal Opportunities”**, **“Privacy and Data Security”** and **“Health and Safety of Our Employees”**, these issues were positioned as higher priorities in the materiality matrix.



Our activities regarding our material topics, the Sustainable Development Goals we serve as a result of our activities, and our targets and commitments can be found in the **‘Migros Better Future Plan’** section of our report.





■ Better For Innovative Transformation

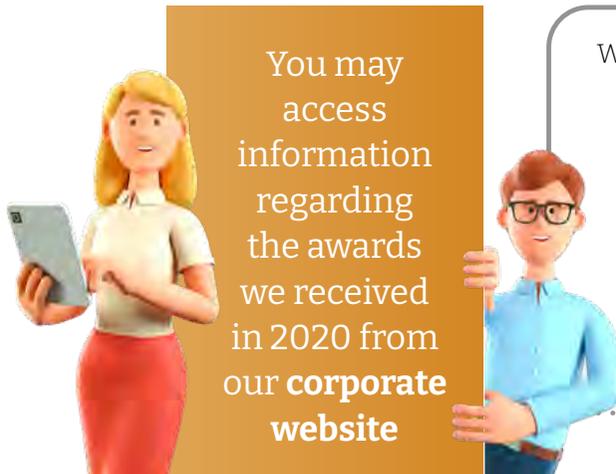
■ Better For Our Customers And Stakeholders

■ Better For Our World

■ Better For Our Employees

■ Common Value That All Priority Issues Create For Migros

# Highlights Of 2020



You may access information regarding the awards we received in 2020 from our **corporate website**

We are the only food retailer to be listed in the BIST Sustainability Index **7 years** in a row.



We rank **17<sup>th</sup>** on the Fortune 500 Turkey List.



On the Capital 500 list, we rank as Turkey's **19<sup>th</sup>** largest company.



We were among the leaders of the **CDP Climate Change** program three times. This year, we became one of the leaders within the scope of the **CDP Water Program.**



We were chosen as the "Good Life Brand" of the retail industry **for the second time** by Sustainability Academy.



We were among the **top ten** eco-consciousness companies, according to the research of Capital Magazine. We were awarded the "Favorite Retail Company" prize **17 times** in a row.



Our Corporate Governance Rating Score was updated as **9.67 (96.69)** as of 28 December 2020.





## **Our Actions Against The Covid-19 Pandemic**

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# Our Actions Against the **Covid-19 Pandemic**

By implementing the **Migros Better Future Support Package**, we developed various solutions for our employees, our society, our customers over the age of 65, healthcare professionals, farmers and producers, and those in need.



## As a result of audits performed by TSI;

- MIGET, Gebze Fresh Meat Production Facilities, Antalya and Mersin Fruit and Vegetable and Pelitli Wholesale Warehouse and Macrocenter Eclipse Manufacturing Workshop 'COVID-19 Safe Production Certificate';
- İzmir Balçova, İzmir Çiğli, Ankara365, Antalya and Beylikdüzü AVMs, Ataşehir MMM stores, Migros Headquarters, Central Anatolia and Aegean Regional Directorates Offices were entitled to receive the 'Covid-19 Safe Service Certificate'.



- Within the framework of compliance with the Covid-19 pandemic measures, we ensured that **fewer people were in the same environment** and during meals, breaks and working times via color codes. 

- We focused on **distance education and digital content** in order not to disrupt the training and development processes. Between March and July, we increased the number of online training **4 times** compared to the previous year. 

- We distributed a **vitamin supplement package** to strengthen the immunity of our employees. 

- We planned **visits to all our stores and distribution centers** throughout Turkey for information, control and examination with our workplace doctors. 

- We defined the Migros shopping cheque for our field employees and launched the **'Surprise Products Application'** to increase their motivation. We postponed the cuts of **'Personnel Shopping in Instalments'** and **'Personnel Assistance Fund'** for 3 months. 

- In case our employees are affected by the disease, we implemented the necessary plans to deliver the **'health support package'** to their homes, which will include households. 

- **For the first time** in Turkey, besides masks, we made use of **flexible visors** for our field workers. 

- We shared **our values and the experiences** and memories we gained in this process with videos from our employees **every week**. 

- We offered training on topics such as coronavirus, **hygiene and health, new field practices and disinfection rituals, emotional resilience, stress and anxiety management, and motivation**. 

- We implemented the **'Psychological and Medical Counseling Service' telephone line**. A total of 900 people have benefited from this service. 

- In order to demonstrate the effort, devotion and heroism of our employees in the process, we broadcast our **commercial film 'Until yesterday, it was our job; now it is our duty'** via TV and digital channels. 

- We provided **personal disinfectant and cologne** to each of our employees. 



- We have started to apply the **"Rapid Diagnostic Antigen Test"** to ensure early detection of possible asymptomatic cases. 

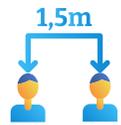
- We conducted **7,203 field inspections** and **32,476 employee inspections** in all our units with our Occupational Safety Specialists and our workplace doctors. 

- By establishing the Migros **OHS Covid Support Line**, we managed all processes from a single source in line with the Ministry of Health Guidelines. 

- We started the practice of delivering orders **without ringing the bell for online orders and picking up the order from the store.**



- We marked the **1.5-meter distances** with strips to comply with social distance at the entrances and exits of the stores. We only accepted a limited number of customers into our stores at the same time.



- We provided **free delivery to our customers over the age of 60** via Migros Virtual Market shopping.



- From our MigrosTV digital broadcast platform, we prepared **dozens of contents with experts** on various topics. We organized more than 20 live concerts with our motto "Stay at home, stay happy".



- We commissioned **self-service stores** to provide our customers with 24/7 access to daily need products.



- If it is necessary, our expert mobile teams implemented **detailed disinfection** in our stores.



- With the disinfection ritual, we provided **regular disinfection** of customer crates, POS devices, shopping car and cart handles throughout the day.



- In order to increase the time spent at home and to respond to the need for **healthy, ready meals**, we established the **Migros Home Tastes** brand.



- In order to provide easy and fast delivery to our customers over **the age of 60**, we received a Ramadan parcel order via a **central phone number.**



- During curfews, we reserved a **special time zone** for the delivery of Virtual Market orders to our customers **over the age of 65.**



- We have positioned **hand disinfectants** at store entrances and exits and Virtual Market delivery vehicles.



- We explained the **precautions to be taken** within the scope of the Covid-19 pandemic, with posters in our stores and infographic on social media.



- We launched a special discount campaign **for healthcare professionals** and offered a **5% discount**. In this context, we provided our 42,000 healthcare professionals to benefit from discounts in their grocery shopping.
- We contributed with our group companies to the **National Solidarity Campaign** launched by the presidency of the Republic of Turkey.
- We started the **Card of Goodness** Application. We made an additional contribution of 5% on the 'Card of Goodness' amounting to TRY 50 that our customers received. The Turkish Red Crescent (Kızılay) delivered the cards to those in need throughout Turkey.



- We signed a **'Producer Financing System'** protocol with Ziraat Bank to ensure continuity of agricultural production.
- We are in close contact with agricultural cooperatives. We bought bulk products, such as artichokes and basil, which our farmers produce for festivals and which remain on their hands.



- Migros Toptan organized **26 online seminars on food hygiene and zero waste**, approved by the Food Safety Association, in order to contribute to the revival of the tourism sector and the trust of its customers. 1,537 people from 228 different companies received training.



- We provided instant information to all our suppliers through our B2B channels **MECOM and MEMOBIL**. We cooperated in the logistics processes.





**Better For Our  
Employees**

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# Our Employee Profile

In order to adapt quickly to changing and transforming world conditions, we have aimed to strengthen the profiles of our employees, who have a key role in our success. For this purpose, we enable our employees to reveal their creative aspects and discover their strength by following a strategy that will increase their motivation. We believe that protecting employee rights, ensuring an equal working environment and contributing to the personal and professional knowledge of our employees play an active role in sustainability. We implement practices and policies that will enable our employees to strengthen their competence in issues such as solving problems, making the right decisions and owning their business.

As a fair-minded employer providing equal opportunities to our employees, in cooperation with our subsidiaries in Turkey and abroad, we serve our customers with our employees with **different languages, religions and ethnicities**. We play an **active role in ensuring gender equality and equality of opportunity** both in the business world and in our society while participating in various projects with our business partners. With this role, we contribute to the creation of an equal and fair working environment in the business world as well as in the company.

### As of 2020:

- We boast a team of **50,000** across our value chain, including the indirect employment we create.
- We employed **10,000** new people.
- Thanks to our **internal application system**, we have hired **581** positions using our internal resources.
- Thanks to our **'Recommend a Friend'** project, we evaluated recommendations by employees and hired **348** people.
- **906 disabled employees** were employed within Migros, **16** of whom were in executive positions.
- **98%** of our managers are made up of our **internal resources**.
- The **average age** of our employees is **32**. In addition, **81%** of our employees are Millennials. and **5%** are Generation Z.
- The average term of seniority in our administrative units and store managers is **12** years.

### Across our entire value chain:



**50.000**  
Employees



**81% Y**  
Millennials



**40% Female**  
Employees

### EMPLOYEE DISTRIBUTION

|   |     |
|---|-----|
| Administrative Units and Store Managers | 16% |
| Store Employees                         | 84% |

### EMPLOYEE AGE DISTRIBUTION

|               |     |
|---------------|-----|
| Over 50       | 2%  |
| Between 30-50 | 45% |
| Under 30      | 53% |



| NUMBER OF EMPLOYEES BY YEAR | FEMALE | MALE   |
|-----------------------------|--------|--------|
| 0-5 years                   | 8,809  | 13,333 |
| 5-10 years                  | 3,310  | 5,125  |
| 10 years and above          | 2,466  | 4,630  |

# Empowering Our Employees

## TALENT AND CAREER MANAGEMENT

We have defined our employer brand motto as “good job, good future”.



We stand by our employees as their biggest supporter in order to strengthen their competencies and support them in their career planning. In this direction, we contribute to the professional and personal development of our employees from day one in order to guide their careers.

Our “**Migros Career Paths**” practice allows our employees in all stores and administrative units to manage their careers correctly and efficiently. We give priority to our employees for the gaps and opportunities that arise in our department staff, and we ensure that they climb the career ladder. In 2020, with this understanding, we filled 98% of our store management positions internally.

According to the “**Most Popular Companies 2020**” survey, we have the title of “most preferred company” in the retail sector.

With our human resources assessment systems, we monitor the competencies, capabilities and performance of our employees and evaluate them fairly and transparently. Once in two years, our administrative employees and store managers are subjected to a competence and potential assessment, which consists of two stages.

With this assessment, which we call “**360° Feedback and Personal Assessment**”, our employees can see how their competence is observed by the managers, superiors, subordinates and peers. With this assessment, we enable our employees to identify their potential and we help them with development plans according to strong and open-to-development criteria.



**In 2020;**



- We included our employees working in administrative units and stores in the performance management process. We conducted **more than 9,500 individual performance assessments**.



- We included **26,000 store employees** in the same process, which includes measurements of basic skills, professional competencies, quality of service and work performance twice a year.



- We subjected a total of **34,774 employees** to performance assessments.



- We worked with an independent consultancy firm to further assess our employees in an effort to unlock their competence potential.

We do various work to make the motivation of our employees sustainable and reward them for their success and efforts. With the “**Migros Rewarding System**”, we give various awards to our employees in line with their performance in the areas of creativity, added value and teamwork. **In 2020, we distributed a total of 2,400,000 reward points to over 7,000 employees.**

As Migros, we attach importance to bringing young talents to our company. In 2020, when we had to decommission our university activities, we focused on our social-media activities to ensure talent acquisition. We bring our brand ambassadors together with young talent online. We have updated our corporate career site so that they can easily and quickly apply for jobs by recognizing us and our teams. We provide continuous information and support from our **Migros Career Instagram, LinkedIn and Facebook accounts.**



## CONTRIBUTION TO EMPLOYMENT DEVELOPMENT

Regardless of the circumstances, we adapt quickly to the current situation and contribute to our employees by developing various training methods to ensure their continuous development. With the **Migros Retail Academy (MPA)**, which we have implemented in line with our goal of providing all our employees with training at work and lifelong learning opportunities, we provide in-class, field and distance education for their career and personal development. Thanks to the MPA, which includes different training and development programs, we were awarded a total of 36 awards in the international arena. In 2020, when we switched to a new working model due to the Covid-19 pandemic, we revised all our training programs to be suitable for distance education so as not to disrupt the training and development processes of our employees. As we continue our current trainings by using technology, we have implemented new trainings regarding Covid-19 pandemic and our field precautions, and we have organized live broadcasts with expert speakers regularly.

In 2020;



- We provided professional and personal training to 99% of our employees. Our **39,328 employees received 1,259,900 (employee x days) training.**



- Our employees received a total of **232,000 days of face-to-face training in 467 different titles** and **1,027,000 distance training sessions in 1,323 different subjects.**



- Through our MPA Teams channel, we shared **143 videos** with our employees featuring interesting content.



- In order to gain professional experience and adapt to the working environment, we have enabled 2,372 male and 1,996 female employees (**total 4,368**) to participate in the on-the-job training program of **İşkur (Turkish Employment Agency).**



- Our investments in all areas such as personal and professional development, education, career planning, performance management, and competence assessment of our employees **exceeded TRY 14 Million.**



Our employees who could not complete their university education receive five certificates within the scope of the **Migros Retail Associate and Bachelor's Degree Program**, which we carry out in cooperation with Anadolu University, so they become an Associate Degree graduate within Migros. In addition, those who have completed three more certificate programs qualify as Bachelor's Degree holders. 56 of our employees have successfully completed the program so far, thereby obtaining Associate or Bachelor's Degrees.

In order to adapt quickly to change and transformation, we launched the **'Intrapreneurship Development Program'**, which is based on the lean entrepreneurship model, in our project management processes. The Program included 15 new teams and 130 team members. At the same time, three new agile teams participated in theoretical and practical workshops. Cross-functional teams

using agile working methods have implemented innovative business ideas through collaboration. This program included theoretical training, team-specific mentoring support, senior management feedback interviews, and project presentations. It allowed team members to deepen their professional and personal competencies and knowledge in their existing areas of expertise. It also enabled them to gain new competencies in different fields.

**Good Idea Good Project platform**, creative and new ideas of all our employees, it aims to be evaluated by idea hunters consisting of different departments of our company and to implement those that are suitable and to compete for projects. Ideas are evaluated in 10 categories such as efficiency, sustainability, and technology. **In 2020**, there were a total of **3,556 idea entries**. Of the ideas transmitted, a total of 22 projects and 17 rapid applications were implemented.



**EXAMPLES FROM 2020 TRAINING**

|   |                                  |        |
|---|----------------------------------|--------|
| Discount Application Training to Prevent Food Waste   | Distance Education               | 19,895 |
| Waste Recovery Process  | Distance Education               | 19,137 |
| ISO 14001 Environmental Management System   | Distance Education               | 9,181  |
| Hand Washing Ritual   | Distance Education               | 18,253 |
| Sustainability Marathon   | Distance Education               | 12,944 |
| Environmental Awareness and Bag Use   | Distance Education               | 303    |
| Hygiene and Quality at Migros   | Distance Education               | 15,366 |
| Compulsory Hygiene Training   | Face-to-face or Online Classes   | 7,400  |
| Emotional Intelligence, Intrinsic Motivation, Proactivity, Mental Agility                                   | 50 Online Classes                | 650    |
| Quizgame*   | Gamified Award-Winning Education | 9,100  |
| Health, Psychology, Remote Communication, Leadership, Performance Management, Technology, Retail, Economics | 51 sessions                      | 5,556  |



**METHOD**

**NUMBER OF PARTICIPANTS**



\*Quizgame questions have a wide range of content, such as sustainability, digitalization, industry developments and trends.

**EMPLOYEE SATISFACTION**

In 2020, we were among the companies that increased the employee loyalty and satisfaction score the most and were awarded the “Employee Loyalty Achievement Award” for the third time.

We take various actions to ensure the satisfaction of our employees, who are the most important asset of our value creation process, and to ensure the sustainability of this satisfaction. With the “Employee Loyalty and Satisfaction Survey” conducted by an independent research firm every year, we measure our employees’ satisfaction and loyalty to the company, identify open-for-improvement areas and take action in this direction. Within the framework of the “Employee Loyalty and Satisfaction Survey”, which we completed in 2020 with a 90% participation rate, our **employee loyalty rate** was determined as **75%**. In order to ensure the satisfaction of our employees and to strengthen their loyalty, we provide all employees of stores and administrative units with side rights such as private health insurance, life insurance, and personal accident insurance. With our **DE.HA – Flexible Fringe Benefits Program**, for which we were awarded the Stevie Award for Great Employers last year, we enable our employees to shape the fringe benefits we offer according to their preferences and needs, and provide them with additional benefits.

In order to boost our employees’ satisfaction, solve the issues they might have and handle possible breaches of our code of ethics in the most effective way, **we resolved** approximately **34,400 calls** we received in 2020 through our “**Migros Sharing Hotline**”.



|   | 2018   | 2019   | 2020   |
|---|--------|--------|--------|
| Number of Employees Participating in Employee Loyalty and Satisfaction Survey | 29,395 | 29,493 | 28,128 |
| Employee Satisfaction Rate  | 77%    | 79%    | 84%    |
| Employee Loyalty Rate   | 69%    | 71%    | 75%    |



**FREEDOM OF ASSOCIATION**

Since 1972, the company has conducted its operations in a working environment that respects the rights of employees to unionize. Constructive dialogue between trade unions and Migros encompasses topics such as abolishing forced labor and child labor, compliance with local rules and regulations, and impartiality and fairness. Accordingly, any violations of human rights or ILO standards at Migros are subject to disciplinary action or punishment.

The collective bargaining agreement signed between Migros and Tez-Koop İş Union, valid between 1 May 2020 and 31 December 2022, is in effect. As of 2020, **69% of all employees are trade union members.** The collective labor agreement contains several occupational health and safety related provisions including food aid, cleaning supplies and equipment, sick leave and pay, workplace doctors, examination room and medicine cabinets, illness and light work, and work clothing and equipment. Employees of our company who are union members have premiums, subsistence, holiday bonuses, per diems, fuel aid, clothing aid and premium side rights according to the situation of entitlement. In addition, the company offers allowances to employees in the event of marriage, childbirth and death, as well as a once-per-year education grant for their children.



# Our Employees' Health and Safety

| Performance Indicator                                   | Target Year | Target | 2020 Performance | Status by Target | Status by Target |
|---|-------------|--------|------------------|------------------|------------------|
| Work accident / Work accident severity rate (lost days) | 2023        | 2% ↓   | %3 ↓             | Completed        | 2018 / 19,7      |
|   | 2020        | 0,5% ↓ | %1,63 ↓          | Completed        | 2019 / 19,4      |
|   | 2025        | 1% ↓   | -                | New              | 2020 / 19,09     |

As Migros, we are committed to creating a safe workplace environment in line with our priority to protect the health and safety of our employees. Within the framework of the Occupational Health and Safety (OHS) Law, we classify all of our fields of activity and carry out studies that will set an example for our sector. Accordingly, while the Head Office, regional directorates and stores are classified as less dangerous, the MİGET Meat Processing Plant, breeding farm, distribution centers and fruit and vegetable warehouses are classified as dangerous.

Our OHS Unit carries out various studies to ensure safety and security in our work environment. Our department director also serves as an OHS representative. **Our top level OHS management unit is our Occupational Health and Safety Committee,** which consists of senior managers of Human Resources Management and related departments and reports directly to our CEO.

The committee also includes occupational safety specialists and workplace doctors who work full-time or are appointed as per legal processes. The committee regularly assesses the OHS processes of all Migros workplaces in Turkey. OHS committee meetings are held regularly at our stores, MİGET, breeding farm, distribution centers and fruit and vegetable warehouses. We systematically manage the OHS processes of all our units and observe **compliance with the TS ISO 45001 Occupational Health and Safety Management System standard** throughout the company.



All our units are certified with the **ISO 45001** Occupational Health and Safety Management System.



**37.673**

Our Employees

**8.785**

Our Subcontractor

**2.353**

Our Operator

Our Occupational Health and Safety Management System covers all of our employees.



**Our Occupational Health and Safety policy** applies to all our employees, customers and business partners (subcontractors, contractors, suppliers, etc.) and is published on our corporate website. We aim to create a safe working environment in order to protect our employees, business partners and customers against the health and safety risks arising from our workplace environment, and we adopt proactive approaches to ensure continuity.

In the risk assessments we prepare for all our workplaces, we identify hazards and identify routine and non-routine activities. Accordingly, we use special software to systematically and centrally audit and report all our processes and activities within the scope of OHS. With this software, we conduct risk assessments at newly opened and existing workplaces every year and plan corrective and preventive actions in designated areas. In case of non-compliance detection, we enter and record all relevant information from the “WorkSafe Non-Compliance Notice” screen. Our OHS unit monitors and reports recorded non-compliances..

In 2020, we also prepared a Covid-19 Risk Assessment, Pandemic Emergency Action Plan, Action Plans and Instructions, and ensured that the relevant legislations were implemented within the framework of a certain standard.

In 2020, we invested **TRY 12.2 million in total**, including work carried out for protection from the global pandemic, within the scope of OHS.

**OUR PERFORMANCE AND TARGETS**

We aim to reduce lost working time through our OHS practices and the training we provide to our employees. As a growing company, we aim to reduce our work accident/lost day severity ratio in order to provide meaningful data on the number of newly opened stores and increasing number of employees. Compared to 2018, we have already achieved our reduction target of 2% until 2023, as 3%. In 2020, we achieved a 1.63% reduction compared to the previous year. We set our new target as a 1% reduction until 2025 compared to the base year 2020.

| <b>Work Accidents*</b>                       | <b>2018</b> | <b>2019</b> | <b>2020</b> |
|--|-------------|-------------|-------------|
| Work accident severity rate (lost days) **   | 19.7        | 19.4        | 19.09       |
| Work accident severity rate (lost hours) *** | 0.015       | 0.015       | 0.015       |

\* Stores and Administrative Units are included. Third parties (company staff, contractor staff, etc.) who are under the responsibility of their employers as per the legislation are not included in the calculations. Work Accident Frequency and Severity rates are calculated over the methods used in Social Security Institution (SGK) statistics.

\*\* Lost day = Indicates the number of working days lost per 1,000,000 hours in a calendar year due to work accidents.

\*\*\* Lost hour = Indicates how many hours have been lost per every 100 hours worked due to work accidents.

In line with our goal of providing a safer working environment for our employees, we also provide them with training as part of occupational health and safety policy so that they can learn their duties and responsibilities and be more careful. Our occupational safety specialists and workplace physicians provide on-the-job and periodic OHS training face-to-face and online, both in our service locations and during on-boarding. In addition, as part of our OHS efforts, we provide emergency action plan training and drills by the trainers and occupational safety experts of the companies we have contracted in all our workplaces.



| TRAINING                         | EMPLOYEES | HOURS  |
|----------------------------------|-----------|--------|
| Face-To-Face On-The-Job Training | 9,281     | 25,708 |
| Online Job Training              | 16,332    | 52,356 |
| First Aid Training               | 1,170     | 14,512 |



**Our Occupational Health and Safety Committee in our General Directorate was structured to represent all our employees.** In addition, Occupational Health and Safety Committees were established in all units of our company with 50 or more employees. The number of store employees receiving OHS services is 10,900, which corresponds to 35% of the entire number of store employees. The total number of employees receiving OHS services, including administrative employees, is 12,348, which makes up 28% of the total number of employees. In 2020, **40,251 health checks** were carried out by workplace doctors as part of pre-employment medical assessments and periodic examinations. Occupational health and safety documentation, including an Emergency Action Plan and risk assessments, at our 183 stores and seven seasoned stores which were newly opened in 2020, has been completed.

**81** + **93** + **27**  
 Occupational safety specialist    Workplace doctor    Healthcare Personnel

**144,372**  
 hours of OHS service

The staff with the highest risk of work accidents are charcutiers and butchers working in service departments due to their use of sharp objects.



In 2020, we reduced the number of lost days due to work accidents at our stores (like for like\*) by **28%**.

\* The performance changes of the same store (like for like) are the percentage of the year-over-year improvement in the lost days due to work accidents in 2020.

The control processes we apply in order to eliminate and minimize the hazards are as follows:



### Personal Protective Equipment (PPE)

- Availability of adequate PPE, including clothing
- Giving instructions on the use and maintenance of PPE
- Embezzlement of equipment



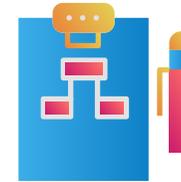
### Substitution

- Preference of chemicals that are safe for employee health (MSDS control)



### Engineering Controls

- Work Environment Measurement
- Regular periodic checks
- WorkSafe non-compliance records opened after periodic controls
- Construction/technical job request forms
- Field inspection reports
- Determination of technical procharging OHS requirements



### Administrative Controls Including Education

- Creation of instructions and OHS documentation
- Obtaining appropriate licenses and certificates
- Following-up of the implementation of OHS rules
- Vocational trainings
- Practical onboarding training in 14 steps
- Basic OHS training
- Information training after work accident or occupational disease
- Work equipment trainings
- On the job talks
- Additional occupational health training specific to the health agenda



### Eliminating Hazards and Reducing OHS Risks

- Remove the hazards
- Stopping the use of hazardous chemicals
- Using ergonomic approaches when designing new workplaces
- Removal of equipment that is not necessary to use
- Placing a near-miss event notification form on the OHS boards of all our units so that employees can report danger and dangerous situations.



## OUR EMPLOYEE HEALTH PROGRAM



In 2020, our employees benefited **106,334 times** from 19 different employee health practices we carried out.

We consider ensuring the health and safety of our employees and business partners as one of our most fundamental responsibilities. In line with our understanding of Good Job, Good Future, in addition to supporting the career and personal development of our employees, we carry out a comprehensive employee health program in order to be healthier and happier, and to increase their physical and mental strength. Headquarters, branch directorates and our store employees are under the scope of this program.

The work we carried out in this context in 2020 is as follows:



- We ensure the active participation of our employees in our **WellBeing Journey** program\*, which we launched in 2018, through regular communication, training and suggestions.



- We offer our employees a platform to improve themselves in various fields, socialize and boost their motivation through our hobby and travel clubs. In 2020, our **Nature and Adventure Club, Cooking Club and Cycling Club** were active.



- 1,082 people benefited from our clinical massage, osteopathy, online dietitian, breathing exercise, yoga and on-site laboratory and **psychological and medical consultancy services** we provided to our employees.



- We have made it convenient and easy to access private health insurance, health services and nutritionist opportunities.



- In order to promote a healthy diet, we **share the calorie information of the meals** served in our cafeterias **every day** and offer diet menu options to our employees.



- We started to provide **healthy nutrition services** to 35 people through our expert dietician at our Izmir Branch Directorate.



- We have held **talks in many health-related topics** such as healthy diet, metabolic syndrome and living with diabetes, methods of coping with forgetfulness, solutions to neck and lower-back pain.



- 300 people participated in the **bicycle-themed photo contest** organized by the Migros Bicycle Club, which we pioneered throughout Turkey.



- With the contributions of Anadolu Efes, we offered our 305 employees the experience of **watching Euroleague matches** in order to give moral support to our employees against the negative effects of the Covid-19 pandemic.

*\*You can find detailed information on the subject in the 'Our Projects Supporting Community Health' section of our report. 'Our Actions Against the Covid-19 Pandemic' section includes practices and additional precautions for our employees.*



# Gender Equality and **Equal Opportunities**



| PERFORMANCE INDICATOR                          | TARGET YEAR | TARGET | PERFORMANCE OF 2020 | STATUS BY TARGET | BASE YEAR / STATUS |
|--|-------------|--------|---------------------|------------------|--------------------|
| Female executive rate                          | 2025        | 31%    | 29%                 | In progress      | 2019 / 28%         |
| Female rate of directors and higher executives | 2023        | 23%    | 22%                 | In progress      | 2019 / 18%         |

As part of **our Human Rights and Equal Opportunities Policy**, supporting and ensuring gender equality and women's participation in the labor force and employment are among our priorities. Based on gender and equal opportunities in line with our policies, we contribute to the personal and professional development of all our employees, according to our employees' current tasks, competencies and areas for development, as a result of detailed studies that we do. In any case, we do not discriminate between genders.

Within the framework of our understanding of adding value to society, which is one of the most important indicators of our people-oriented approach, we

implement projects that support gender equality. At the same time, we aim to increase the employment and participation of women in the business world, as well as to ensure their effective participation in social life, to strengthen their presence in all aspects of life.



### OUR INTERNAL PRACTICES FOR GENDER EQUALITY

We see the concept of gender equality as an important part of our corporate culture. In order to increase the female executive ratio in our company, we carry out various programs and organize training. In this context, we have prepared the “Value for Equality” online training series. We discussed the issue in detail with the “Orange Break” session with the instructor and in our interactive distance training assigned to all our employees. In order to adapt the concept of gender equality to our new employees, we have added this training to our orientation programs.

As Migros, with the “Value for Equality” training, we gain information about the egalitarian practices that we implement, as well as the awareness of being able to see the position we are in with our language and life. **8,788 employees** participated in this training, which was defined for all our employees and prepared with interactive video technology. In 2021, interview training was conducted for managers in stores and administrative staff. The principles of equality and inclusion, which must be followed by the units interviewing the candidates who are identified by the Human Resources teams, were conveyed. During interviews, it was emphasized that it was **forbidden to ask discriminatory and sexist questions**, and they could not be an elimination criteria.

As a leading company in the sector, we know the importance of women's place in management, and we aim to increase the number of women executives within our company with the awareness of our responsibility in this regard. We have increased our **female executive**

rate from **28%** last year to **29%** this year and aim to increase that rate to **31%** by 2025. At the beginning of 2020, we signed the CEO Pledge of LEAD Network EU. According to 2019 data, the rate of women in directors and higher executives was 18%, and we have committed to increasing this rate to 23% by 2023. By the end of 2020, we have increased the rate of women in directors and higher executives to 22%.

We support our female employees as they lead their own development and even acquire new professions based on their areas of interest and demands. In this direction, 265 women employees have completed the GATEM Butcher Training Program for specialization purposes and started their duties in our stores and fresh meat processing plants across 81 provinces. **The average number of female butchers in Turkey is 1%, while the rate of our female butchers in Migros has reached 9%.**

Within the framework of our remuneration policy, which covers our employees in our domestic operations, there is no difference in salary and side rights based on gender among employees with similar duties and performance. Details about our pricing system are included in our guidebook “Orange Book”. We share this guide transparently with all our employees via email and intranet. Basically, all of our employees benefit from the side rights determined within the scope of the Collective Bargaining Agreement. Our store employees (blue collar) receive hourly wages, our store administrative employees (white collar) receive monthly salaries, and all their side rights are proportional to their years of seniority.



## OUR WORK FOR MOTHERS AND EXPECTANT MOTHERS

The **Happy Mother pregnancy follow-up system** application, supported by short training and video content about the legal rights of our pregnant employees, healthy eating, child development, return to work life after childbirth, was implemented as of 2020. With this application, we begin to register our female employees who are pregnant, and as part of this process, we first send a congratulatory message to them.. We inform our employees about a woman's legal rights during pregnancy. In addition, we support our pregnant employees throughout the year through **online training of different content, from nutrition, child development, and healthy parenting**. When the birth occurs, we congratulate our employees with a baby care package. In addition, special uniforms have been designed for our pregnant employees in order to work more comfortably within the framework of the Happy Mother application. In 2019 we began to include our female employees in promotion processes even during maternity leave in order to prevent stagnation in their career development due to childbirth. In addition, mothers who give birth are allowed to work from home until their baby reaches the age of 1.

For working mothers, we apply 1.5 hours of breastfeeding permission per day, which is legally granted, as **2 -hours breastfeeding leave per day in Migros**. In addition, five-day legal paternity leave is given to fathers whose wife has just given birth. Mothers who have just given birth can use the **right to work part-time for a period of six months** after completing six months of unpaid maternity leave. In 2020, 758 of our female employees are on maternity leave and 1,142 of our male employees are on paternity leave. In **2019, we have 78% women employees who are on maternity leave and return from leave as of the end of 2020** and continue to work.



## LEAD NETWORK

LEAD Network, which we, as Migros, supported the establishment of in Turkey, is an international non-governmental organization that focuses on increasing the rate of senior female managers in the retail and consumer goods industry and supports increasing female employment in business life. **Lead Network Turkey**, the president of which is our FMCG Marketing Director, supports the development of talented female workforce in our industry and contributes to our industry to help increase the number, reputation and influence of female leaders. In this direction, we participate in the **Lead Network EU – Mentorship Program with 3 mentors and 2 mentees** from our company. In addition, as Migros, we are a **Silver Partner (Gümüş Ortak) within the scope of Lead Network EU**, where we have extended our partnership for another three years.

We continue the research work that we started in 2019, which we conducted under the leadership of Lead Network Turkey, demonstrating our performance on "diversity and inclusion". With this study, we aim to create our company's Gender Diversity Scorecard. **By signing the CEO Pledge of LEAD Network EU** in 2020, we have committed to increase the rate of women in directors and senior-level managers by 5 points in 2023.

### MIGROS LEADERSHIP PATH - I DEVELOP PROGRAM

We support our female employee's career paths with executive coaching and personal development plans so that they can take more part in management levels. We enable women managers to represent our company in sectoral committees and professional organizations and encourage them to participate in this direction. **42%** of our participants in the **Migros Leadership Path – I Develop Program**, which we have implemented to train future leaders, are **female managers**.

### WOMEN IN TECHNOLOGY ASSOCIATION (WTECH)

We care about women exploring their potential in the world of science and technology and ensuring equality of opportunity. Accordingly, **the number of female employees working in our R&D center, information technology department and business development department has increased by 37.5% in the last 2 years**. We closely monitor and support the activities of the Women in Technology Association, which was established to increase the number of women in the technology sector and support social development. In this direction, Kerim Tatlıcı, our Chief Information Officer, serves on the board of the association

### MIGROS WOMEN'S CLUB

With the **Migros Women's Club**, which is our Migros social platform and **established in Msosyal**, we aim to ensure that our women employees working in stores and administrative units interact with each other and increase the loyalty of women employees. Articles and videos with various informative content are shared in the club, from personal and career development to health. In addition, a series of speeches by our female leaders is being launched in order to inspire and support our female employees on their way to leadership.





### FEMALE EMPLOYEE LOYALTY PROJECT GROUP

Our project group, which was implemented in order to boost female employee loyalty in 2019, aims to ensure that **Migros becomes one of the most preferred companies by women in Turkey** by developing the most accurate approach, working conditions and suggestions. As part of this goal, we have started to implement work on many issues, such as the creation of different educational opportunities that focus on the career and personal development of our female employees in our company, supporting their working lives with the different rights that we offer to our pregnant women employees, raising awareness of our employees by starting to provide and disseminate gender equality training within the company in 2020.

### STORE MANAGER CANDIDATE GROUPS

We create store manager candidate groups consisting of female executive candidates and before we include female executive candidates in our staff, we undergo a special training process and contribute to their professional development.



### WOMEN ON BOARD MENTORING PROGRAM

We participate in the inter-company mentoring program carried out by the Association of Women in the Board of Directors, which aims to increase the number of female members on the board of directors. To date, **3 female managers at director level** have benefited from this program **as mentee**.



## OUR PROJECTS SUPPORTING GENDER EQUALITY IN SOCIETY

### FAMILY CLUBS

We believe that family, the smallest yet the most crucial constituent of society, has to be healthy and well-educated to ensure the productivity and strength of the community as a whole.

Based on this, we have launched Family Clubs in collaboration with District Community Education Centers to aid with the skills development of women, men and children of all ages. Operating across a diverse geographical area, our Family Clubs offer free-of-charge vocational and skills training courses as well as socialization opportunities for people with similar interests.

As of the end of 2020, Family Clubs operating out of **Migros stores in 30 locations across Turkey**

provide training courses in **105 different fields**, including cooking, oil painting, foreign language training, photography, plates to robotic coding. Our Family Clubs, which the **majority of 121,000 members are women**, support women to take a more active role in social life, invest in their personal development, have a profession and become a stronger role model for their children.

The number of women who start their own business is increasing every day with the Ministry of Education-approved certification, which they have received through the knowledge and skills acquired by participating in these courses given in Family Clubs. So far, **1,300 female members have started to earn income after training**. Due to the necessity of taking a break from physical education in 2020, the migros\_ailekulubu Instagram account was established and compacted short **training videos reached 145 thousand views**.



In our Family Clubs, we also carry out various works for children and aim to contribute to them. In this direction, we aim to develop the knowledge level and imagination of children by offering training such as painting, music, chess, and organizing workshops on coding, sustainability and zero-waste topics.



### BETTER FUTURE AMBASSADORS

The Better Future Ambassadors platform is our online platform where women who follow Migros closely can come together and share their ideas and opinions and contribute to the family budget by performing the tasks given. The **number of members** of the platform, which are designed entirely for women, **exceeded 120,000 in 2020**.

In the first months of the year, we reached 35,000 people through our physical activities and then through our digital activities. In 2019, it became a platform providing employment to women. It **employed 450 women** as of the end of 2020.



### MIGROS WOMEN'S ACADEMY

As a result of the joining forces of **Migros Retail Academy**, which is a school in the retail sector, with **Family Clubs** and **Better Future Ambassadors**, **Migros Women's Academy was launched at the beginning of 2021**. This training platform was established to help women develop themselves and acquire new skills through the training they receive in different subjects and aims to support its members in many areas such as personal development training, hobby acquisition and vocational training.

In addition, it is planned to support women who are in the process of starting their business to participate in working life and their marketing of the products they produce. Access to the platform, where training and new content will be added at regular intervals, will be easy through MigrosTV. As Migros, we **aim to reach 1 million women in 3 years** through this academy.

**MIGROS**  
Kadın Akademisi

**Migros Kadın Akademisi Başlıyor!  
Hedef 1 Milyon Kadın**

Migros Kadın Akademisi'ne katılan kadınlar kişisel gelişim, hobi kazandırma ve meslek edindirme gibi birçok alanda eğitim alıyorlar.  
Siz de Kadınlar Akademisi'ni keşfedin onlarca eğitimle hayatınıza yön verin.\*

Detaylı bilgi için [migrosvt.migros.com.tr](http://migrosvt.migros.com.tr)'yi ziyaret edebilirsiniz.

**MIGROS TV**

\*Migros kadın akademisi 3 yılda 1 milyon kadını ulaşmayı hedeflemektedir.



**Better For Our  
Customers And  
Stakeholders**

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# Sustainable Growth with **Our Suppliers**

The basis of our sustainability approach is to procure products and services from companies that respect people and the environment. We monitor our environmental and social impacts originating from the supply chain and work with our suppliers within the framework of globally accepted principles and measures to reduce these negative impacts. In this context, we raise the awareness and consciousness of our suppliers on human rights, ethical principles, occupational health and safety, quality standards and environmentally friendly production methods, and we develop solutions together in this direction.



You may find the number of our suppliers, by year, in the **'Appendix'** section of our report.



### EXPECTED RESPONSIBILITIES FROM OUR SUPPLIERS

Our working standards, which we expect our suppliers to comply with and which include human rights, environment, occupational health and safety, and quality standards and code of ethics, are set forth in detail under our Policies on **Responsible Sourcing, Anti-Bribery and Anti-Corruption, and Human Rights and Equal Opportunities**, as well as the **Code of Ethics of Migros**. We present our relevant policies to our newly hired employees every year, through online training, and to our suppliers through B2B applications called MeCom and MeMobil. Furthermore, via this platform, our suppliers were informed, within the scope of the Covid-19 pandemic, in terms of protecting health of employees and society.

In all the contracts we form with our suppliers, within the scope of our activities in Turkey, we have a **Code of Ethics** containing the prevention of bribery and corruption, human rights and labor standards, occupational health and safety, and environmental protection issues. All our **suppliers are required to pledge to comply with these rules throughout the contract**. Within the scope of the contract, we clearly and unequivocally reject discrimination based on religion, language, race, gender, use of verbal, physical and sexual violence, and forced or child labor to the employees of our suppliers, and demand that our suppliers respect and support their employees' right to freedom of association and collective bargaining. In addition to these, we expect the suppliers we work with to make a commitment not to be involved in corruption and bribery.

Through **regular evaluation surveys and site visits**, we monitor our suppliers during the time we work together, in terms of working conditions, safety and fairness of working environment in relation to wages offered, and health and safety measures taken. Furthermore, we monitor and report our annual targets via supply chain risk assessment. During our operations\* in Kazakhstan and North Macedonia, our Responsible Sourcing, Anti-Bribery and Anti-Corruption, Human Rights and Equal Opportunity policies were being translated into Russian, Kazakh and Macedonian on the corporate websites of Ramstores, our brand in these regions. Thus, the policies were easily accessible for both employees and suppliers.

In 2020, we had not terminated our contracts with any of our suppliers due to non-compliance with our Anti-Bribery and Corruption and Human Rights and Equal Opportunity policies, or due to production violating our Responsible Sourcing Policy and legal regulations.

*\*As of the end of 2020, our retail operations in Kazakhstan were terminated, our activities continue with 1 shopping mall. And as of March 2021, our North Macedonia operations, have been terminated.*



### OUR SUPPLIER SELECTION PROCESS AND AUDITS

Accompanied by **independent external audit organizations**, we conduct **regular audits** on our suppliers, regarding their compliance with all Migros corporate policies, especially Responsible Sourcing, and international food safety, ethical, social and environmental labor standards. The results obtained as a result of these audits are reported to the Chief Marketing Officer and Chief Supply Chain & Logistics Officer the individuals who have senior management level responsibility regarding supply chain working standards.

Within the scope of audits related to work standards, compliance on topics including child labor, forced and compulsory labor, working hours, the right to form a union and collective bargaining, wages and fees, discrimination and discipline practices, working conditions of pregnant and nursing mothers, physical and psychological pressure on employees, maternity leave, breastfeeding leave and annual leave with

the relevant laws is evaluated. We implement our inspections on food-related issues, in accordance with the international standards recognized by the **Food Safety Initiative (GFSI)**, which determines the food safety criteria in the world.

We give our suppliers and candidate suppliers a certain time to rectify the nonconformities identified during audits, and then we perform follow-up audits. We grant a **maximum of 3 follow-up inspections** to our suppliers whose inspections are not successful. If the expected success is not achieved after these audits, we terminate the commercial relationship based on the evaluation made.

We implement a rigorous inspection program at our suppliers' facilities, **questioning 301 criteria**. We carry out compliance audits within the framework of two international standards, the **"IFS International Product Safety Standard"** on the first day and the **"GC-Ethical Compliance"** on the second day. We aim to

audit our suppliers every year. For the Product Safety audit, suppliers who have FSSC, BRC or IFS certificates are excluded from the audit scope, and for the GC Ethical compliance audit, suppliers who have BSCI, Smeta Sedex, WCA (Workplace Condition Assessment) or SA8000 certificates, or who employ less than 10 employees, are excluded from the audit scope.



#### PRODUCT SAFETY AUDIT

Our suppliers that successfully pass our first-day audit that we carry out in accordance with the "IFS Global Market" audit checklist are listed in the IFS (International Featured Standards) portal, and their level of achievement is announced to the world.



#### ETHICAL AUDIT

In the second-day audit, the impact of the suppliers on people and environment, and their sensitivity to ethical and social issues throughout their operations are audited. Accordingly, the practices of the suppliers are checked in accordance with the GC-Ethical Compliance audit, which includes the SA 8000 standard and the SEDEX criteria.



#### ENVIRONMENTAL AUDIT

We also evaluate our suppliers in terms of environmental issues such as water consumption and waste management as part of SEDEX audits. Suppliers who successfully pass these audits, which play an important role in sustainability studies, are entitled to receive the GC-Ethical Compliance certificate.



### UPDATES MADE DUE TO THE PANDEMIC

The Covid-19 pandemic, which impacted the entire world, not only affected daily living standards, but also affected the course of all audits. As the Covid-19 cases started to be seen in our country, we halted on-site inspections and decided to postpone them for a while, in order to ensure the health of our suppliers and auditors. We took quick action in line with our supplier audit practices and added new questions to the audit questions list, in relation to the Covid-19 pandemic. We established the necessary communication infrastructure within the scope of remote audits, and provided training to auditors on the management of the process. As a result, we started to **manage our supplier audits remotely, simultaneously with the world.**

### SELECTION AND AUDIT OF NEW SUPPLIERS

Firstly, we make efforts to cooperate with suppliers who share our sensitivity on **human rights, ethical principles, occupational health and safety, quality standards and environmental awareness.** In this context, we conduct a detailed review of our business partners to identify financial, legal and ethical risks and opportunities, before deciding on working together. Furthermore, we investigate the commercial registries of the relevant companies through official institutions, and their trading history in terms of bribery, corruption and ethics through digital platforms. Our candidate suppliers are subjected to pre-audits in line with the quality control criteria and question lists applied in current supplier audits. We determine the working decision according to the results of these audits, and we start working with companies that have successfully passed **both product safety and ethical, social and environmental compliance audits** and attained supplier status.



## AUDITS FOR OUR SUPPLIERS

Within the scope of our audit activities, primarily, our suppliers who make up 80% of our turnover are audited. Additionally, all our candidate suppliers are included in the audit process, and we do not work with candidate suppliers who do not pass these audits. In 2020, 50% of our primary suppliers, from whom we supply the products that make up **80% of our total turnover**, were audited by an **accredited independent external audit firm**. Together with the audits we carried out with our suppliers who are not within this category, a total of 621 audits were carried out in 2020. At the same time, before putting the products of our suppliers, which are mostly importer companies, to sale in our stores, we checked compliance of the products, based on the legal regulations. The results of the audits we conducted this year are included in the **Supplier Audit Results for 2020** table.

The rate of supplier companies that received 75 or more points from **IFS Food Safety audits** and passed the audit was **83.16%**, and the rate of supplier companies that passed **GC Ethics and Social Compliance** audits was **78.14%**.

In the ethical and social compliance audits we had conducted for a total of 279 suppliers, important non-compliances were detected in 18 suppliers and follow-up audits were carried out. 32.2% of nonconformity cases were about occupational health and safety, 18.5% were about environmental requirements, 10.6% were about working conditions, 9.5% were about documentation requirements, 8.2% were about resource management, 5% were about legal and

other requirements, 4.6% were about planning, 2.9% were about management review, 2.8% were about discrimination, 2.6% were about social responsibility policy, 1.5% were about responsibility, authority and communication, 1.1% were about forced labor and child labor, and 0.5% were about management responsibility.

In 2020, 96 product safety audits were conducted on 75 candidate suppliers, and **56** candidate suppliers successfully completed the audits. In addition, we conducted 56 ethical, social and environmental compliance audits for **49 candidate suppliers** in line with **GC Ethics and Social Compliance criteria**, and we decided to work with **39 suppliers** who successfully completed the process.

In the reporting period for 2020, no supplier that violated the rights of association or collective bargaining or might be exposed to significant risks was observed, during the supplier audits. In the reporting period of 2020, 1 case of employing young workers was detected, during the audits of supplier companies in our domestic operations. The supplier company was requested to act on this matter. Furthermore, these audits identified 38 inappropriate cases related to the use of the right to maternity leave, breastfeeding leave and annual paid leave, which may fall within the scope of forced labor. The supplier company was requested to act on this issue. Within the scope of our supply chain, we have not received any negative feedback from non-governmental organizations or other external organizations during the reporting year.

**Suppliers approved by Migros** are evaluated within three categories – “Gold-Gold”, “Silver-Silver” and “Bronze-Bronze” – according to their success rates from the audits, and they get the opportunity to announce their success on the **GC Portal**.

**In 2020, 57.7% of our suppliers who have been audited were successful in both audits and were awarded the “GC Migros Approved Supplier certificate.”**

Arranged for our suppliers in accordance with our Responsible Sourcing Policy, the 2020 declarations of our ethical and social audits which involve the discrimination, freedom of association, right to collective bargaining, child labor, forced and forced labor criteria were subjected to independent external audit, and verified in compliance with the international **ISAE 3000 (Revised) standard**.

You may access the Independent Assurance Statement for Human Rights and Supply Chain (Selected Criteria) in the **‘Appendix’** section of our report.




**SUPPLIERS AUDIT RESULT FOR 2020**

| TYPE OF AUDIT   | TYPE OF SUPPLIER                   | NUMBER OF SUPPLIERS AUDITED | NUMBER OF AUDITS | SUCCESS RATE**       | AVERAGE SCORE | NUMBER OF SUPPLIERS SUBJECTED TO FOLLOW-UP AUDIT | NUMBER OF FOLLOW-UP AUDITS | SUCCESS RATE OF FOLLOW-UP AUDIT* |
|---|------------------------------------|-----------------------------|------------------|----------------------|---------------|--|----------------------------|----------------------------------|
| Product Safety - IFS Global Market  | Total Number of Audited* Suppliers | 285                         | 324              | 83.16%               | 82,98%        | 41   | 47                         | 89.66%                           |
|   | Candidate Suppliers                | 75                          | 96               | 74.6% (56 suppliers) | 78,21%        |  |                            |                                  |
| Ethical and Social Compliance, Environment, Occupational Health and Safety - GC | Total Number of Audited* Suppliers | 279                         | 297              | 78.14%               | 86,40%        | 18   | 19                         | 58.82%                           |
|   | Candidate Suppliers                | 49                          | 56               | 79.5% (39 suppliers) | 82,93%        |  |                            |                                  |

\* The total number of suppliers audited includes current suppliers audited, candidate suppliers and suppliers undergoing follow-up audits.

\*\* Suppliers scoring 75 and above are considered successful.



# Quality, Freshness and Hygiene

As the leading company in the sector in which we operate, we are aware of the need to promote healthy living and conscious consumption habits and make these habits sustainable. With this awareness, we raise awareness among our stakeholders in the entire value chain on about conscious consumption and healthy living and encourage our business partners to adopt this approach.

Our main focus in promoting healthy life is the accessibility of quality, fresh and hygienic products, and the ability of our products and services, that support a healthy life, to contribute to our customers' eating habits. We consider the society that we are a part of and our employees as our priority, and we work hard to encourage society conscious consumption habits, provide access to accurate and reliable product information, and create a healthy working environment for our employees.

With our projects, which we have developed and continue to develop in many areas from production to access, we aim to contribute and raise awareness of our customers by delivering healthy products so they can create their shopping preferences with healthy life awareness.

We act with responsibility for freshness, quality, hygiene and health issues, which are our key focus issues for our products. As a leading company moving the sector forward, we created our policies within this framework and published them on our corporate website. In our **Health and Nutrition Policy** we include detailed rules and approaches regarding product range, product safety, certified product practices, quality standards in the fresh product group, and packaging and labeling information on products' nutrients and energy. The standards that we set to ensure the ethical, social and environmentally friendly production conditions for private label products belonging to Migros, and the safety of the product, are within the scope of our Own Brand Products Quality Policy. We implement our policies by integrating international management systems into our production and service processes.



We are the **food retailer** who **has the highest number of quality management system certificates issued by the Turkish Standards Institute (TSI)** in line with our vision of being the leading company in the sector.

## The quality certificates of our company are as follows:

- TS EN ISO 9001 Quality Management System
- TS EN ISO 14001 Environmental Management System
- TS EN ISO 45001 Occupational Health and Safety Management System
- TS EN ISO 22000 Food Safety Management System
- FSSC 22000 Food Safety Management System
- TS ISO 10002 Customer Satisfaction System
- TS OIC SMIIC 1 Halal Certificate
- TS ISO 14064-3 Verification Statement of Greenhouse Gas Emissions
- TSI Covid-19 Safe Production / Safe Service Certificate
- Independent Assurance Statement in Supply Chain and in Human Rights (Selected Criteria)

**PRODUCT QUALITY CONTROL PROCESSES AND AUDITS**

In 2020, **almost 70,000 food and non-food products** that we offer to our customers comply with quality standards and we take care that the production of each product is safe for human health. In order to provide our customers with the highest quality products, we carry out thorough inspections and control operations. We aim to present our products that in a way that will provide the required hygienic conditions and meet the highest standards of product safety at the international level, and we continue our work in this direction. By applying Integrated Quality Management Systems, we ensure that our products are under control from the initial purchase stage until the end consumer. In this context, **1,849 of our employees completed food allergens training and 1,784 completed pest control training for staff.**

| Subject  | Number of employees receiving education |
|--|---|
| ISO 22000 Food Safety Management System                    | 9,815                                   |
| ISO 9001 Quality Management System                         | 7,480                                   |
| ISO 45001 Occupational Health and Safety Management System | 11,537                                  |
| ISO 10002 Customer Satisfaction System                     | 9,173                                   |
| ISO 14001 Environmental Management System                  | 8,207                                   |
| <b>Total</b>   | <b>46,212</b>                           |



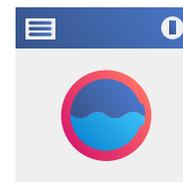
Detailed information on the number of product and store inspections carried out in 2020 can be found in the **“Product Quality Controls”** table in the **‘Appendix’** section.

We check to make sure that the label information of each product we sell complies with the legal regulations:

- The name, ingredients and allergen information of the food item, food establishment name and address, origin, net amount, Expiration Date and Best-By Date, batch number, special storing conditions, business registration/certification number, instructions for consumption, the degree of actual alcohol by volume in beverages with an alcoholic content of more than 1.2% vol., and nutrition facts, which are legally required to be displayed on food labels under the **Turkish Food Codex Labelling and Consumer Information Regulation**, are checked.



- The label information of products in the detergent, paper, cosmetics, stationery, glassware, toy, electronics, textile categories are checked according to the respective legislation of each product category and only the products with suitable label information are approved for sale. In addition, if there are any commitments made to the consumer on the labels of the products in these product groups, their sales are approved after their accredited analysis reports are checked.



- If the food label contains any claims made by the producer in line with the **Turkish Food Codex Nutrition and Health Claim Regulation** (energy-reduced, fat-free, source of omega-3, no trans-fat, high fiber, high protein, helps to maintain the immune system, helps to maintain heart functions, etc.), accredited analysis reports of these claims are checked prior to approving any product for sales.



In 2020, 12 cases were identified in our stores that did not comply with regulations on product and service information and labeling, and an administrative fine was imposed accordingly. In product health and safety audits carried out in stores and warehouses, 8 noncompliance cases were identified, and an administrative fine was paid.



# Our Products and **Services Supporting Healthy Living**

We are aware of the need to promote a balanced diet and conscious consumption habits as a priority for the health of our consumers. With this awareness, we develop projects that support community health as a complement to the products and services we offer to support healthy lifestyles.

At the same time, we attach importance to the sustainability of our projects and expand the ethical scope of our projects with our collaborations.



## **SPECIAL PRODUCT RANGES**

We bring together special product ranges with our customers with the actions that we take in accordance with the customer's demand for products that support a healthy lifestyle. We call all our private-label packaged products, red meat products that we produce in our fresh meat processing plant, fresh fruit and vegetable products and products that brands produce specifically for Migros, as "Sadece Migros'ta (**Only in Migros**)". These products account for 23% of our turnover.

We aim to increase the number of products that we offer in our stores every year in this area for our customers who prefer products that are low in sugar, salt and oil, lactose-free, gluten-free, ecological, organic, etc. These products make up 3% of the products in the same categories. We offer organic certified, reduced calorie and healthy lifestyle-oriented products to our customers who care about healthy life through "**M Life**", one of our private-label product ranges.

Organic chicken products are specially placed on our shelves, and we regularly monitor the sale of these products. We encourage our producers and suppliers to increase the amount of **organic chicken and eggs** served for customers.

In 2020, we brought together a total of 1,831 products that supported healthy living, 180 of which were from our private-label products, with our customers.



**In 2020, the applications that we implement within the scope of our special product range that we offer to our customers are as follows:**

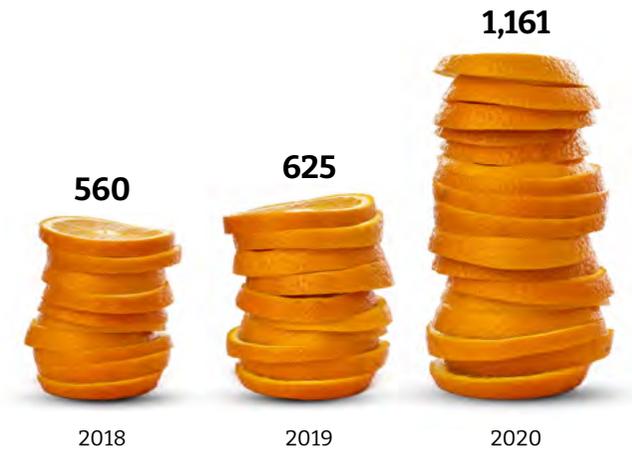
- The turnover of organic products that we offer for sale in 2020 is 1.35% of our total turnover. We aim to increase our turnover of locally sourced organic products by 10% annually and contribute to the conversion of 760 hectares of land for organic agriculture by 2026. 
- All of the chicken products we offer for sale comply with the principles of **Good Agricultural Practices** certificate, which is the registration of reliable food. **6% of these products**, are **organic chicken** products. 
- **Organic eggs** accounted for **28%** of the total number of eggs sold. 
- We offer our organic fruit and vegetable products, of which the majority are packaged within our facilities in Bursa and Izmir, to our customers. 
- We support biodiversity and sustainable fisheries. Accordingly, we provide the fish that we offer to our customers in the determined measurements specified in accordance with the relevant regulations in the appropriate season. We have sold more than 4,068 kg of seafood **with sustainable seafood certification, such as MSC and ASC.** 

- We carry out **promotional** activities to ensure economic **easy accessibility** for products that support healthy life, and are produced in accordance with specific health requirements, as well as for renewed products to improve content. 
- 2 times a year, one of which is World Celiac Day on May 9, we organize a campaign for a 25%-50% **discount** on **gluten-free products**. In 2020, we provided a total discount of TRY 46500 5 on these products. 

In addition, it is **strictly forbidden to test** cosmetic products such as toothpaste, creams, shampoos, shower gels and cologne **on animals** in accordance with the cosmetic regulation prepared by the Ministry of Health and in accordance with the EU. As Migros, we assume our responsibility and do not test any Migros branded cosmetics on animals, considering compliance with our legislation. 



**Organic Fruit and Vegetable Sales (ton)**



### TURKEY'S LARGEST FRESH MEAT PROCESSING PLANT: MİGET

Aware of the importance of protein-containing food consumption, we deliver the most affordable and completely healthy products of the sector to all regions of Turkey, especially in order to facilitate access to red meat for young people and children.

The Migros Fresh Meat Processing Plant (MİGET), which we have established by examining in detail the advanced technologies and meat production facilities in the world aimed at developing meat capacity and breeding with significant potential in Turkey, is the leader of our sector with an annual production **capacity of 62,000 tons.**

We control the red meat products that we offer to our customers in our stores at **220 different control points** under the control of our expert butchers, veterinarians and food engineers. The products that enter our facility as carcass are processed through advanced technology, and we conduct hundreds of tests and analyses every day in our international standards laboratories located in our facility to ensure the reliability of these products.

We train our own butchers at the **Food Technology Training Center (GATEM)** within the Migros Retail Academy. With the brand "Uzman Kasap" (Expert Butcher), we prefer to use the most suitable packaging techniques for food to preserve the freshness of our ready-to-cook red meat products and meatballs for a long time and we pack these products untouched.

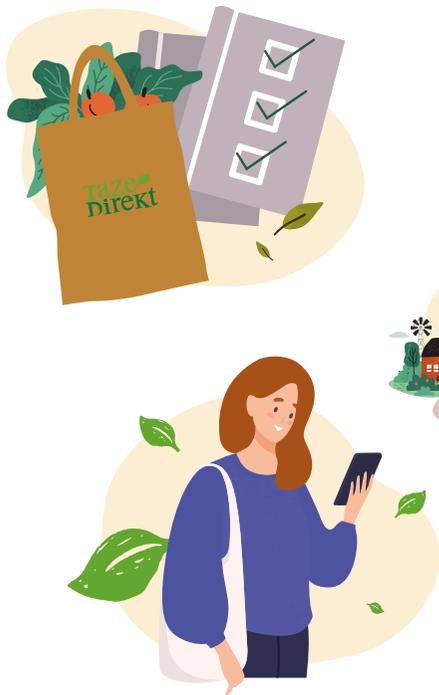
- We carried out all our production processes at MİGET within the framework of TS EN ISO 9001 Quality Management, TS EN ISO 14001 Environmental Management System, TS ISO 45001 Occupational Health and Safety Management System, TS ISO 10002 Customer Satisfaction Management System and TS EN ISO 22000 Food Safety Standards.
- We are the **first company to have the FSSC 22000 Global Food Safety Management System certificate** within the Turkish retail sector.

All products we produce for our stores have a Halal Certificate issued by the Turkish Standards Institute.



### OUR ONLINE CHANNEL SUPPORTING A HEALTHY LIFESTYLE

We deliver fruits and vegetables that we offer to our customers through Tazedirekt from 41 contracted organic farms to the tables directly. As a result of our detailed research throughout Turkey, we carefully select the farms we will work with. The source of the products and the stories of the producers are shared through **Tazedirekt's website** with all its transparency. We attach great importance to the development of our suppliers in order to make Tazedirekt's special production approach sustainable, which has **2,950 different products** including products with geographical indications in its portfolio.



### TAZEDIREKT SUPPLIER DEVELOPMENT PROGRAM

As part of our "Tazedirekt Supplier Development Program", we provide consultancy to our companies that produce at the SME level or on a smaller scale to help them navigate the entire process, from food production to performing product analysis, raising production quality standards to compliance with mandatory product label regulations. With this program, we aim to contribute to the growth of our suppliers and local development. Our quality team provides training to our suppliers within the scope of the audits carried out, and informs about the how they can correct the identified shortcomings. We evaluate the companies that we include in this program at the beginning and end of the program, and thus observe the improvement provided by the program. We audit our suppliers and the products they provide for certain periods. We bring producers to the sector by ensuring



that quality standards are raised. This year, we aim to take our project, which we carried out last year, one step further and to start the **Tazedirekt Supplier Academy** program by collaboration with the DQS company. Our aim is to earn a certificate of success and IFS certificate for our companies that participate and succeed in this program.

Within the scope of Tazedirekt, we have **91 products with geographical indications**, which constitute 3.1% of our total portfolio.

In 2020, we delivered 431 kinds of fruit and vegetable products to our customers, which constitute 14.6% of our total portfolio.



## Developments in 2020

- Although audits were disrupted due to the Covid-19 pandemic, 22 small producers were audited based on **“Small-Scale Supplier Audit Criteria.”**
- 7 producers were included in the **“Tazedirekt Supplier Process Development Project”**.
- At the end of the project, the “unsuccessful” and “room for improvement” statuses of the producers were updated to “successful”.



### CARES ABOUT WHAT YOU EAT

Do you trust the source of the products you consume? As Tazedirekt, we care about the products you consume.



### CAREFULLY PICKED

We supply our products from local producers and organic farms that comply with our principles, and we supply these products, selected by the controls of our food engineers, directly.

### GUARANTEED FRESHNESS

After carefully packaging the products and performing the final checks, we deliver them to our customers with our “+4 Celcius Degree Refrigerated Vehicles” and with our guarantee of freshness.

### SUSTAINABILITY TARGETS

We bring products produced by conscientious manufacturers with a respectful approach to nature to our customers, and aim to create a sustainable future.

# Our Projects Supporting **Community Health**

We support the products and services we offer in order to promote healthy lifestyles with our projects for community health. We focus on balanced nutrition, personal care, conscious shopping, and responsible consumption with these projects where we expand the scope, content and sphere of influence through collaborations.

## OUR WELLBEING JOURNEY PROGRAM

With our “Wellbeing Journey” program, we offer suggestions as balanced nutrition, increasing daily physical activity, adequate water consumption, personal information about oral and dental health, interactive advice, and discounted products to our customers. At the “**Wellbeing Journey**” section created on the Migros Money application, we compare the food purchases of our Money Card member customers with the recommended consumption, and encourage positive behavior change via messages and discounted product recommendations, based on the food groups that they need for a balanced diet. In 2020, **in collaboration with Anadolu Health Center**, we developed our program for our vegan and vegetarian-fed customers. In addition, we have started to present information messages included in the application through videos prepared by expert dietitians. Since 2018, that is, since the day it started, our program has

reached 2.3 million customers. In order to measure the lasting impact of the program, we implemented the **Balanced Nutrition Index (BNI) with KMPG Turkey** in 2020. With this index, we calculate the average annual distribution of our customers’ food shopping based on main food groups and the deviation of this data according to the recommended consumption rates. Our customers who participated in the program had a DBE score of 70.5 just before the program started, and as of December 2020, this number has increased to **77.1**.

## MIGROS WELLBEING JOURNEY



Our Wellbeing Journey Program, which has been awarded seven awards in the international arena, was presented as an exemplary project at the world retail summits in Lisbon, Berlin, London, Tokyo, Warsaw and Monaco, and was well-received as a **pioneering retail practice** among new generation retail applications. In 2020, the program was adapted to Latin American retail companies and negotiations with Japanese companies began. **You can watch the program’s video on our corporate website.**

### GROWING HEALTHY WITH MIGROS PROJECT

We give special place to children in our community health awareness work. Since 2016, we have been carrying out our project “Growing Healthy with Migros” in order to spread and further strengthen the awareness in children about healthy and good living. Store tours for children at **396 Migros stores in 70 provinces** of Turkey so far are carried out by our volunteer store managers with the invitation to children and their families to Migros stores.

Children who participate in the healthy life and conscious shopping education gain a lot of information on topics such as the benefits of fruits and vegetables, the control processes gone through until products reach shelves, Good Agricultural Practices, and tips on reading labels. Children are also told about the benefits of waste collection bins in stores and their contribution to a better future by recycling their waste.

The “**Migros Healthy Growth Guide**” prepared by the **Food Safety Association** is given to children as a gift during the tours where the importance of balanced nutrition and exercise is emphasized.

Within the scope of the “Growing Healthy with Migros” project, education and activities for more than 176,000 children have been organized so far. Decommissioned due to the pandemic in 2020, it was decided that the project would be moved to digital media in addition to store tours. The education, which was turned into an animated film, was released on National Sovereignty and Children’s Day in April 23, 2021. **You can watch the education video on our Migros TV channel.**

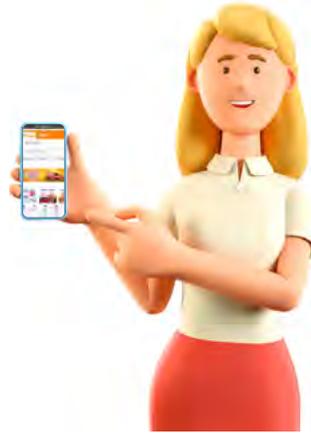


# Effective Communication with Our Customers

## COMMUNICATION AND FEEDBACK

As Migros, we believe that success comes from creating value for society in line with our company values and customer-oriented approach. In order to achieve success together with our stakeholders and strive to boost our customers' experiences to the best possible level, we develop our communication channels and take care to respond quickly and effectively to our customers' expectations and feedback. Accordingly, we work in line with the requirements of the **TS ISO 10002 Customer Satisfaction Management System**. We record all the feedback from our customers, evaluate it with due respect to privacy and create fair and objective solutions in no later than 48 hours. In 2020, we received nearly **2,000,000 customer feedback** from all available channels. All incoming requests and recommendations were evaluated by relevant departments, and 90% of calls were concluded within the targeted period.

Keeping in mind the changing customer habits and needs due to digital transformation, we consider every channel that our customers use daily as a communication tool. Accordingly, we are improving our digital infrastructure and increasing the number



of channels we interact with our customers. With the “**Migros Interaction Platform** (Migros Etkileşim Platformu)”, which we started to work on in 2020, we plan to anticipate possible questions of our customers by using artificial intelligence-supported applications and aim to offer “self-service solutions” according to their needs.

We closely follow topics and posts shared on social media about our company or our industry. We respond to the requests, questions and needs of our customers even if they are not directly sent to our official social media accounts. Accordingly, we **followed and analyzed 4,700,000 posts** forwarded to us on social media in 2020. Via **Social Media Tracking Screens**, we instantly follow new developments in our sector, prominent posts and their effects on our stakeholders, and we take the necessary actions quickly in this direction.



**CUSTOMER COMMUNICATION CHANNELS**

| Communication Channel                    | Communication Address   | Actions Taken  |
|--|---|--|
| Customer Contact Center Line             | 444 10 44   | All messages related Migros, Macrocenter Sanal Market, Macroonline and Migros Hemen are answered via the 444 10 44 Customer Communication Center line.     |
| WhatsApp Line<br>Corporate WhatsApp Line | 0530 915 45 45<br>0530 300 13 00  | All messages received via the 530 300 13 00 Corporate WhatsApp line are answered by chatbot and live support service is provided through the same channel. |
| Happy Customer Hotline                   | 444 75 15   | All messages about Tazedirekt are answered with the 444 75 15 Happy Customer Hotline.  |
| Corporate Email Addresses                | iletisim@migros.com.tr<br>etik@migros.com.tr<br>surdurulebilirlik@migros.com.tr   | All feedback received via our corporate email addresses is answered.   |
| Social-Media Platforms                   | Migros Money mobile application<br>Migros Sanal Market mobile application<br>Twitter<br>Facebook<br>Instagram<br>Linkedin | All feedback received from Migros social-media accounts and the Migros mobile application is answered.   |

**CUSTOMER COMMUNICATION CHANNELS**

| Communication Channel  | Communication Address | Actions Taken   |
|------------------------|-----------------------|---|
| Happy Customer Hotline | 444 75 15             | All messages about Tazedirekt are answered with the 444 75 15 Happy Customer Hotline. |
| Social-Media Platforms | Twitter<br>Facebook   | All feedback received through Tazedirekt social-media accounts is answered.           |

**CONSUMER AND BRAND RESEARCH**

We measure the expectations of our customers in order to ensure customer satisfaction and loyalty, which are among our priorities, and continue to bring our service quality to the highest level with our innovative working methods. We use our research methods effectively to better understand the expectations of our customers and produce solutions for them, and we determine our goals and strategies in this direction with the feedback we receive from our customers. In this context, we conducted **136 online surveys** and consumer and trend surveys **involving 79,740 people** in 2020 as part of our internal projects.

At the same time, we conduct research with various methods to determine the brand value and character of our brands. In 2019, we were awarded the Silver Owl award in the Insightful Owl category by the Turkish Researchers' Association (TUAD) with the neuro-research we conducted with Thinkneuro to determine the brand character of Migros Sanal Market. With our research on "Post Covid New Normal Consumer Trends " with Nielsen, we have signed the most downloaded research on the **Consumer Goods Forum website** to date. With the Consumer Trends on **Sustainable Products in Turkey** research, which we conducted together with Thinkneuro and Nielsen IQ using surveys, focus groups and neuro-research methods, we brought the issue under a multidimensional lens and reshaped our approach to sustainability communication. This is also the second consumer research report we have published on the **Consumer Goods Forum website** for the global retail and Fast Consumer Products sector.

# Our Accessibility Practices

Our “Accessible Migros” project started in 2017 with the aim of providing privileged services to our disabled and elderly customers. As part of the project, we designed the mobile application Migros Sanal Market (our e-commerce channel) to be fully compatible with screen reader programs used by the visually impaired. In addition, as of 2020, we have a total of **346 Migros and Macrocenter stores in 54 provinces** that have been converted in accordance with the concept of “Accessible Stores”.

Our accessible stores have:

- Accompanying service during shopping upon request,
- At least one employee who knows sign language and can be distinguished by the badges on their collar,
- Shelf ranges according to the transitions of wheelchairs,
- Ramps and railings at entrances,
- Wheelchairs available for elderly customers.



# Our Collaborations Providing Social Contribution

We aim to strengthen our ties with society and improve development and betterment of society as well as awareness on better living through our social responsibility projects that we implement in accordance with our understanding of social contribution. Within the scope of these projects, we focus on education, sports, health, profession acquisition and talent development with our stakeholders.



## COLLABORATION WITH TURKISH PARAPLEGIC ASSOCIATION (TOFD)

In collaboration with the Spinal Cord Paralytics Association of Turkey (TOFD) in 2020, we contributed to the plastic cap collection project and donated **2 wheelchairs**.



## DONATION BOXES WITH (TEGV)

Every year, on April 23 **National Sovereignty and Children's Day**, we place donation boxes for the Educational Volunteers Foundation of Turkey (TEGV) in our stores. During the same period, we sell toys, children's books and stationery products at a **50% discount** in our stores. Our customers who buy these products and want to donate can deliver the products to children in need through the foundation.

## COLLABORATION WITH BOOKS FOR ALL FOUNDATION

In collaboration with our customers, we also support the Books for All Foundation in order to instill the habit of reading in children. Our customers can use the 'Books for All Foundation' book collection boxes to donate books they bring or purchase at a discount. So far, **58,588 books** were collected and sent to schools across Turkey.

## CLOTHING DONATION CAMPAIGN

We are conducting our 'Clothing Donation Campaign' project, which has been ongoing for 10 years and now traditionalized, in collaboration with Ariel (P&G) and the Community Volunteers Foundation (TOG). In 2020, we collected **45,000 pieces of clothing** in our stores. Since the beginning of our project, clothes have been delivered to **440,000** people. 35,000 pieces of clothing this year were distributed to children in Izmir during the Izmir earthquake.





**Better For  
Innovative  
Transformation**

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# Generating Sustainable **Economic Value**

## Number of Stores (2020)



## OUR CONTRIBUTION TO EMPLOYMENT AND LOCAL DEVELOPMENT

We continue our activities in order to create sustainable economic value for our employees, suppliers, customers and Turkey, and we work with all our strength to do better each day. **Our consolidated sales showed a 25.9% increase in 2020.**



\* These figures for 2019 and 2020 are restated, excluding discontinued North Macedonia operations.



## OUR EMPLOYEES

The operations in Turkey constitute 99% of our total operations, representing our most prominent field of activity in the three countries\* where we operate. Our company, which is active in 81 provinces of Turkey with its stores and online operations employs **50,000 personnel** in total, together with its indirect employees. We employed **10,000 new personnel** in 2020, and we aim to employ 6,500 more this year. We continued to increase our contribution to employment by opening **183 new stores** throughout 2020. Moreover, we pay attention to the employment of local people in the geographies where we operate. While **95% of our employees work in our stores, 56% work in their hometowns\***. Through this impact we have created, we continue to support local development.

*\*As of the end of 2020, our retail operations in Kazakhstan were terminated, our activities continue with 1 shopping mall. And as of March 2021, our North Macedonia operations, have been terminated. You can find detailed information in our **2020 Annual Report***

*\*\*The city of birth recorded in the registry was accepted as the hometown.*

## OUR SUPPLIERS

We have a large and rich supply chain with our 1,878\* active suppliers and a network of **over 15,000 farmers**. We conduct our operations in accordance with the principles of sustainability, at all stages of our supply chain, especially with manufacturers and raw material suppliers. We are the largest retailer customer of Agricultural Credit Cooperatives, and we also cooperate with local cooperatives in all regions. In 2020, we doubled our cooperation with **Agricultural Credit Cooperatives** and made **purchases worth TRY 100 million**. In this way, we reach manufacturers of different scales, provide consultancy to ensure production in compliance with our standards, and support them to find a place in the market.

Our suppliers have a key impact on our value chain. As an outcome of this, the **payments we made to our suppliers** throughout 2020 constitute **74.3%** of the economic value we distribute.

*\* The number of our active suppliers from whom we make a purchase of TRY 1,000 and above.*



## OUR CUSTOMERS

In addition to our contribution to production and employment, we create value for our customers with our policy of offering quality at the best price. With our consumer-centered business approach, we consider contributing to the family budget of our customers as our priority, and accordingly, we organize discount opportunities and campaigns throughout the year. With our yellow label application, we offer our customers the best price guarantee on **more than 1,500 products**, including our private label products. In this way, we ensure that our consumers from all socio-economic segments have access to quality products at affordable prices. In 2020, we reached **85%** of the households in Turkey.



## PUBLIC

The **corporate tax** that we have paid is **TRY 172.14 million** according to our consolidated IFRS financial statements for 2020, which has undergone an independent audit. In addition, our tax, duty and fee expenses for 2020 are **TRY 33.3 million**.

During the reporting year, there were no significant penalties or sanctions imposed on our Company due to non-compliance with laws and regulations in the social and financial aspects

## CIVIL SOCIETY

Our company **donated** a total of **TRY 1,805,848.32** in 2020 for social aid purposes. During the year, we provided donations to organizations such as the Biz Bize Yeteriz Türkiye Aid Campaign, Anadolu Education and Social Assistance Foundation (Anadolu Eğitim ve Sosyal Yardım Vakfı), Koç University, etc.



# Digitalization and Our Innovative Practices

We are aware of the necessity and importance of taking steps towards digital transformation in order to achieve sustainable growth. With this awareness, we implement technological applications and improve the services we offer through our online sales channels every day, so that our customers can access the products in the easiest and fastest way. **In 2020, our R&D and innovation investments reached TRY 43,178,146.**



Since our establishment, we have been leading the development of modern retail by implementing many technology-based innovations.

## OUR E-COMMERCE CHANNELS

Our customers can easily access the products sold in our stores through our **Migros Sanal Market, Tazedirekt, Migros Hemen** and **Macroonline** channels. We provide online shopping services in 81 provinces of Turkey. In 2020, we increased our company's online sales by nearly three times. As an output of this success, as of 2020, the number of our customers who are members of our online sales channels reached **7.9 million**.

Our online sales have tripled in one year.

Since our establishment, we have been leading the development of modern retail by implementing many technology-based innovations.



### MIGROS SANAL MARKET

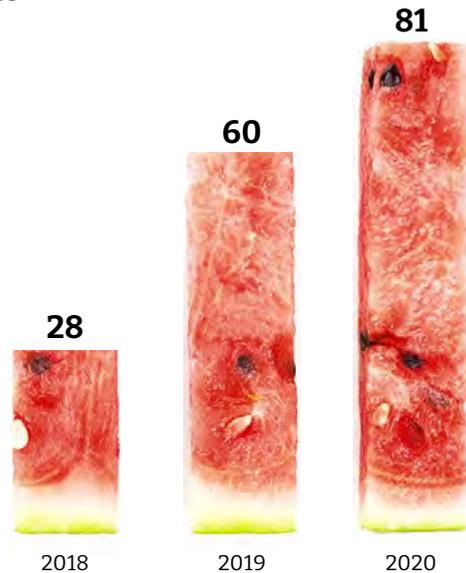
In our Migros stores in certain locations, we allocated some areas for e-commerce operations and increased both product collection efficiency and service quality by establishing “e-commerce dark stores” at these areas. Thanks to these mini warehouses, we blazed a trail, and thanks to the transport robots we positioned, we ensured that e-commerce orders were collected accurately and quickly with the help of robots.

In line with changing and increasing consumer needs due to the impact of the Covid-19 pandemic, we introduced the “Click & Collect (Tıkla Gel-al)” service to expand the service network we offer to our customers. Thanks to this service, our customers can pick up the orders they place on the Migros Sanal Market themselves, from stores that offer the “Click & Collect” service.

Migros Sanal Market was awarded the first place in the category of “Market Order Platform of the Year” in the survey with companies conducted by Webrazzi, which left its mark on 2020!



Number of Cities Providing the Migros Sanal Market Service



We expanded our ‘Sanal Market’ operations, which operated in 60 provinces in 2019, to 81 provinces as of 2020





### TAZEDİREKT

Tazedirekt offers services in **6 different provinces** with its slogan, "Care About What You Eat" and its renewed website, [www.tazedirekt.com](http://www.tazedirekt.com). Via Tazedirekt, we procure fruit and vegetables from **20 farms directly**, which we have carefully selected from all over Turkey and which make organic production. At the same time, we share the source of the products sold to our customers, with all transparency, through sales channels. Manufacturers can tell about themselves and their products via our website and mobile application. In this way, we enable our customers to get to know the products they purchase more closely.

Taze  
Direkt



### MİGROS HEMEN

As Migros, we introduced the Migros Hemen application to our customers in 2019 in order to meet the changing consumer behavior and expectations, and at the same time, enhance the competitiveness of our company. Expanding its field of activity rapidly in 2020, Migros Hemen continues to serve our customers in **23 provinces**. Our customers can reach the products they need **within 30 minutes**, at Migros prices, quality and assurance, via Migros Hemen. With our stores and strong logistics network, we aim to offer Migros Hemen to our customers in more than 30 provinces in 2021.

MİGROS  
Hemen



### MACROONLINE

We continue to make a difference with our service standard and special products through Macrocenter, and bring Macrocenter's products and quality with our consumers in **7 different provinces** via online channels too. Thanks to the 'Macroonline' mobile application that we launched in 2018, we recorded strong growth in our e-commerce operations. In 2020, we renewed the macrocenter.com.tr website and opened it up for use again. At the locations where traffic is intense, we have put our **Macro Kiosk** brand into operation which has the need of small square meters and advantage of finding location fast.

macroonline

## OUR INNOVATIVE SERVICES

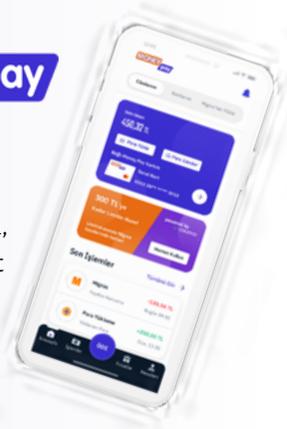
Within our loyalty program, **Money card**, 14 million individual customers benefited from our special discounts in 2020. In addition, with the **integration of Istanbul-card and Money Card**, which we launched in 2019, all Istanbul-card holders are now able to benefit from Money Card advantages. In this way, our customers can load their Istanbul-cards in our stores, make their shopping payments with their Istanbul-cards, and use “Money” stored on their Money-cards for public transportation.

Due to the impact of Covid-19, the need for technologies that minimize in-store contact has increased along with the interest in e-commerce.

There has been an increase in artificial intelligence-based solutions, learning algorithms and self-service solutions. In line with this trend, while having signed many new projects in 2020, we also completed many projects whose foundations were laid in the past years.

We provided our customers with an innovative payment alternative via **MoneyPay**, which aims to provide our customers with fast, easy and secure access to financial solutions. With this innovation we have introduced, MoneyPay offers the “shop now, pay later” option, using preset limits specially defined for Migros customers at the first stage. In this way, our customers can pay via credit card, money order/EFT method, QR code, or, if they wish, on Migros Sanal Market.

**MONEY** pay



Listening closely to our customer expectations, we redesigned the

**Mkoday**

**Mkoday** application which allows our customers to complete their transactions in a practical way, without re-reading the products at the checkout. Furthermore, we increased the number of stores where the MKoday application is valid to 62. We designed a contactless shopping experience by combining the payment stage which is the completion of shopping with Jet cash registers.



In addition to becoming the first official sponsor of the E-Sports Clubs Association (E-spor Kulüpler Birliği), we started to organize our own e-sports tournaments by establishing the **Migros E-Sports platform** in 2020.

**Migros Up**, which we pre-launched in 2020, is our joint innovation platform that brings together Migros experts and entrepreneurs in the same agile team. Entrepreneurs selected at the launch will have the opportunity to receive training from Silicon Valley experts and explain their projects to investors. We aim to make innovation fast and effective and add value to the entrepreneurship ecosystem of Turkey.



For the first time in Turkey, we provided **traceability in fruit and vegetables with the blockchain**. With the Migros Mobile Application, we shared the journey of more than 750 vegetables and fruits that have blockchain logos from field to shelf with our customers.



**In cooperation with Microsoft and Motiwe**, we developed an artificial intelligence-supported system which calculates the probability of stock inconsistency, and increased product availability by examining our products via camera systems

In order to ensure product reliability and traceability, we started to install **Digital Agriculture Stations** in our farmers' fields, in **cooperation with Vodafone**. By 2023, we aim to develop a digital platform to ensure food traceability.



We piloted our **self-service stores**, which are in vending format, to provide our customers with 24/7 access to essential products.



# Transparent and **Fast Flow of Product Information**



We are attentive to ensure a responsible and transparent information process management, and we work to ensure that our customers have detailed information about product contents. Accordingly, in 2020, we transparently shared information on the amounts of energy, carbohydrates, sugar, protein, fiber, fat and salt on the packaging labels of **more than 300** private label food products, with our customers. Furthermore, 91 of our 122 private label non-food products have information on how to use them.

Within the scope of another action we have carried out to support conscious shopping, we aim to provide easy access to information about the products we offer on our online channels. The legal regulation under the title of “distance selling (mesafeli satış)”, in **Turkish Food Codex Regulation on Food Labeling and Consumer Information** (Türk Gıda Kodeksi Gıda Etiketleme ve Tüketicileri Bilgilendirme Yönetmeliği), entered into force as of January 1<sup>st</sup>, 2020. Within the framework of this legal regulation, we ensure that our customers are able to see the label information specified in the relevant regulation of all food products that we sell online, at the purchasing stage, and we work in cooperation with our suppliers in this matter.

You can find the details of this work in the “**Product Quality Control Processes and Inspection**” section of our report.

We continue our activities with the principle of always offering the best quality, healthiest and freshest products to our customers. In line with this principle, we started to use blockchain technology as of 2020, in order to provide transparency throughout the supply chain process of the food products we sell, from the field to the store shelves.



## DATA CONSISTENCY AND TRANSPARENCY ROADMAP

As of 2017, we have undertaken the leadership of a global-scale transformation project in the scale of Turkey. Within the scope of retail products, healthy infrastructure should be established between manufacturers and retailers so that consumers can access accurate and reliable information online quickly. Based on this necessity, we work to support our customers in practicing conscious shopping, through transparent product information.

**In cooperation with GS1 Turkey**, an organization which performs national regulations to ease practices of companies and provide support to them, we continue the activities in the Turkish branch of a project initiated by the **Consumer Goods Forum (CGF)**. The CGF member companies involved in the project ensure that the data flow of all products is carried out in a consistent and transparent manner via the **GS1 barcode system**.

First, retailers get the GS1 verification for the barcode, which has 7 basic parameters for each product sold, and this system generates a data set that is compliant with global standards. Additionally, this system enables retailers to instantly view the information, entered to the product barcode by a manufacturer, anywhere in the world.

### The processes of the digitization and standardization of product data are as follows:

- **GS1 verifies the barcode** of each product sold by retailers and virtual marketplaces, **which has 7 basic parameters**.
- **A standard data set**, which will be valid **globally**, is created for each product through the global data model. Each country determines the country data set by adding the basic features needed in their own markets on this set.
- **Data flow between manufacturers and retailers** proceeds through a single platform, ensuring efficiency and data consistency.
- Producers can provide their products and services to consumers better and without any intermediary, and the **informed consumer makes more conscious shopping decisions**.

Within the scope of these works, in order to set an example for the sector in 2020, we have defined the 7 basic product information sets of all our private label food products into the system. **In cooperation with our 19 supplier companies**, the information of **2,400 products** in total was defined on barcodes stored in the GS1 infrastructure. We aim to have a valid barcode issued by GS1, for all products on sale, by the end of 2021. We also closely follow the 2D barcode system that GS1 aims to initiate in 2027.



# Privacy and **Data Security**

Through our **Privacy and Data Security Policy, Personal Data Protection and Processing Policy, Personal Data Retention, and Disposal Policy** and our Clarifying Information we have prepared based on processes, we explain in detail which data of our customers are collected, for what purpose this data is used and transferred, how the security of this data is ensured, and the storage and destruction processes.

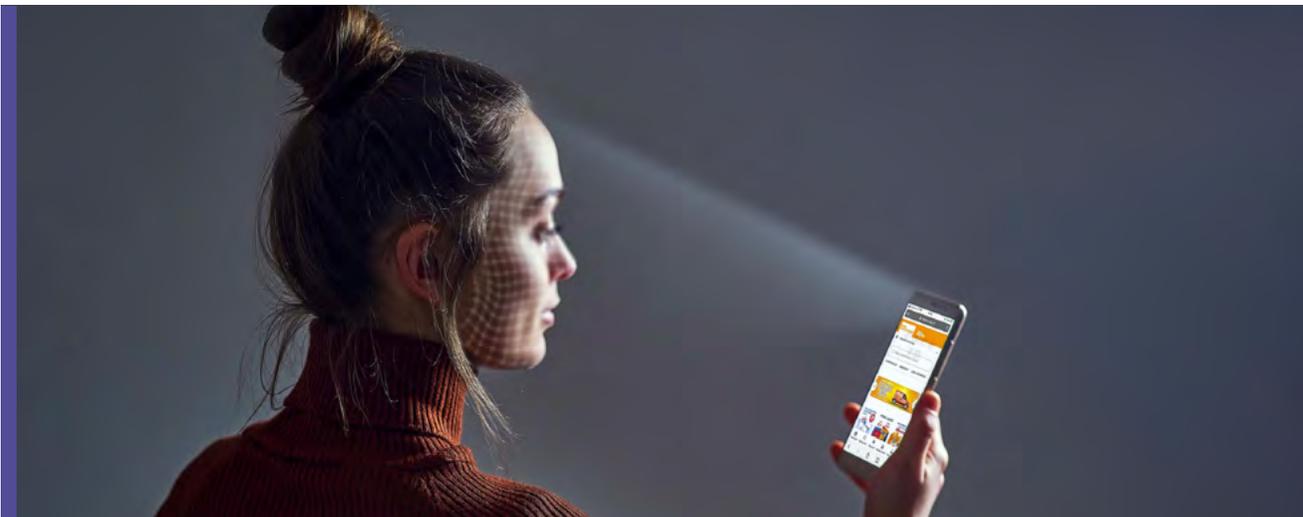
**On our corporate website**, we share clarifying information and all updates and information regarding the protection of personal data.

In 2020, we were not notified by official authorities of a personal data security breach. Furthermore, actions are taken in line with the demands of our customers and all data are deleted in accordance with the regulations and the legislation.

In 2020, personal information of a total of 410 customers were deleted in response to their requests. In addition, in 2020, a total of 257 customers' requests for information about their personal data within the scope of human rights were answered. Our PDPL (Personal Data Protection Law) Committee, which includes our Chief Information Officer and

representatives of Information Security, Law, CRM, Customer Interaction, Sales, HR, Industrial Relations and Accounting units, covers, evaluates and provides process management the issues within the framework of data security and privacy, and protection of personal data.

In 2020, 29,747 employees received online training on Personal Data Protection Law. In addition, 722 administrative unit employees watched our training videos aimed at raising awareness on information security.





**Better For Our  
World**

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# Our Environmental Management

In accordance with our Migros Better Future Plan, we aim to protect today's resources, use them effectively and efficiently and create common value with this awareness with all our stakeholders. We follow the environmental effects that may occur during our operations and try to minimize these effects. We share our environmental management policy and practices with all our stakeholders through our "**Migros Environmental Policy**", which is updated every year according to requirements and last updated in 2020.

**Our Board of Directors** is responsible for making strategic decisions about environmental management. On the other hand, **our Sustainability Committee** sets goals through **our Migros Better Future Plan** and carries out projects and applications in this direction by following and analyzing issues related to risks and opportunities. As a result of the work of the subcommittees associated with our Sustainability Committee and related departments, the performance results obtained are reported to our Sustainability Committee and our **Chief Supply Chain & Logistics Officer**, which is affiliated to our Environmental Management Unit, every month or

All our business units within the scope of our domestic operations have **ISO 14001 Environmental Management Standard** certificate

every quarter. In accordance with these reports, our strategy, implementation, and performance on environmental issues are evaluated and the results obtained are presented to our senior management. Our performance outputs, achieved in line with our sustainability goals, have also become part of our corporate performance evaluation system and our environmental policy is adopted by all our employees.

As a result of our sensitivity to the environment, in 2020, no violation of the relevant laws and/or policies of our company was detected in the scope of environmental topics.



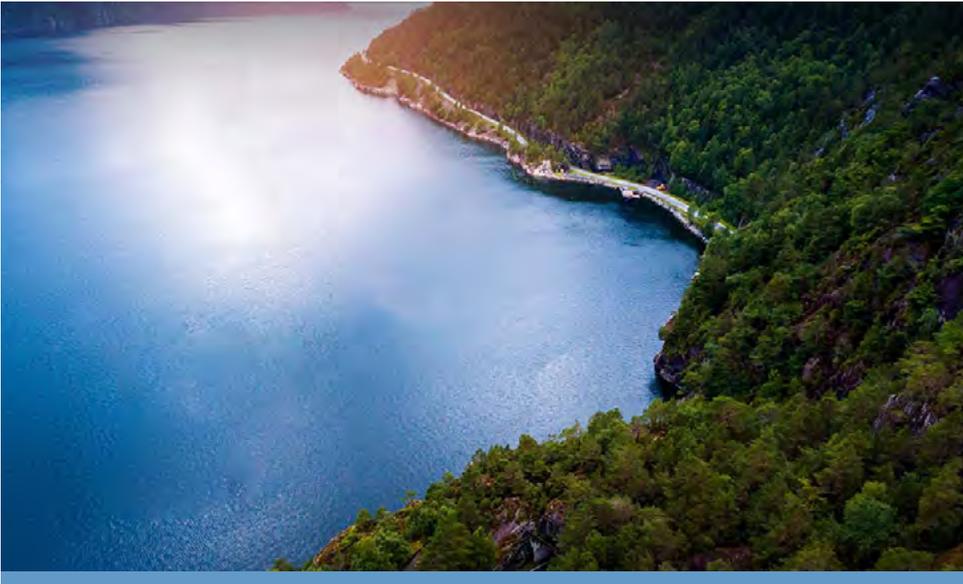
# Combating Climate Change and Our Energy Management



| Performance Indicator   | Target Year | Target  | Performance of 2020 | Status by Target | Base Year / Status                |
|---|-------------|---------|---------------------|------------------|-----------------------------------|
| Store Electricity Consumption (kWh/m <sup>2</sup> day)                        | 2024        | 18,5% ↓ | 24,2% ↓             | Completed        | 2013 / 1,186kWh                   |
|   | 2025        | 12% ↓   | 9,8% ↓              | New              | 2019 / 0,992 kWh                  |
|   | 2030        | 22% ↓   | 9,8% ↓              |                  |                                   |
| Store Greenhouse Gas Emissions (tCO <sub>2</sub> e/m <sup>2</sup> day)        | 2025        | 12% ↓   | 5,1% ↓              | In progress      | 2019 / 0,945 kg CO <sub>2</sub> e |
|   | 2030        | 22% ↓   |                     |                  |                                   |
| Greenhouse Gas Emissions Per Unit Carried in Transport (kg CO <sub>2</sub> e) | 2025        | 5% ↓    | 4% ↓                | In progress      | 2018/0,0373 kg CO <sub>2</sub> e  |

We ranked among the **CDP Turkish Climate Leaders 3** times with our plan to combat climate change.

We commit and continue to combat climate change, which is included in our **Migros Better Future Plan**, within the framework of our approach to a low-carbon economy and sustainability, international norms, national legal obligations, **Sustainable Development Goals** and **Consumer Goods Forum** (CGF) principles. In this context, we set our environmental goals to reduce carbon emissions in accordance with our business strategy in line with global initiatives and national targets, especially the Paris Agreement, and in the long term, we manage our operations within this framework. Besides, we have been reporting our plan to combat climate change and our annual performance to the **Carbon Disclosure Project** (CDP) since 2015. In this context, we have been among the **Turkish Climate Leaders 3 times** in 2016, 2017, 2019 through our CDP reports.



## RISK ASSESSMENT

Our team, consisting of department representatives within our Sustainability Committee, annually identifies and evaluates risks and opportunities related to climate change. In these assessments, risks arising as a result of changes in legislation and physical climate parameters and risks arising as a result of changes in consumer behavior and corporate image are identified. These identified risks are reported to senior management in order to evaluate their possible and current financial results and to develop solutions in this direction. It is also among the topics covered by global initiatives such as the **Task Force on Climate-related Financial Disclosures** (TCFD).

The energy planning of our company, ensuring electricity savings, preventing gas leaks, using new generation technologies from cooling systems, and including renewable energy sources in the processes are the responsibility of our **Chief Construction Officer and Group Manager of Repair and Energy Management**. Due to its great impact on our work to combat climate change, the **“reduction of energy consumption and gas leakages” target** – which has a 10-20% weight within all the relevant targets – directly affects the annual performance premiums.

At the forefront of the risks posed by climate change to our company are precipitation changes. We **included precipitation changes** in our next **5 and 10 years risk assessments** due to storms in 2020 which cause significant loss. In this context, we anticipate that the destruction caused by snow, storms, and floods will increase, and, consequently, the loss that may occur only in our stores may be about TRY 700.000 within 5 years and TRY 2.1 million in 10 years. As a precaution against floods and other natural disasters, we insure our stores. In addition, in 2020, we invested **TRY 11.54 million** within the scope of environmental management and combatting climate change.

### OUR CARBON FOOTPRINT

We actively manage our carbon footprint reduction work and take care to act responsibly towards people and our world throughout our value chain. Within the scope of our “Migros Better Future Plan”, our efforts to combat climate change and carbon management are first among the sustainability issues that we deal with at the senior management level. We set our **short-, medium-, and long-term goals within the framework of our company’s strategy** and act in this direction.

We do not have a production facility that causes air pollutants such as dust, heavy metals, combustion gases, volatile organic compounds, fluorine, or chlorine.

We identify the factors that cause greenhouse gases in all our stores, distribution centers, regional directorates, fruit and vegetable regional warehouses and MIGET, which is a meat processing plant and breeding farm. According to our 2020 data, **47% of our carbon emissions are caused by electricity and 52% by cooling.**

Our 2020 Scope 1, Scope 2, and Scope 3 release values, consisting of our direct release sources, have been verified and documented by the BSI (British Standards Institution) **as a result of checks based on the ISO 14064-3 standard and the GHG protocol.**

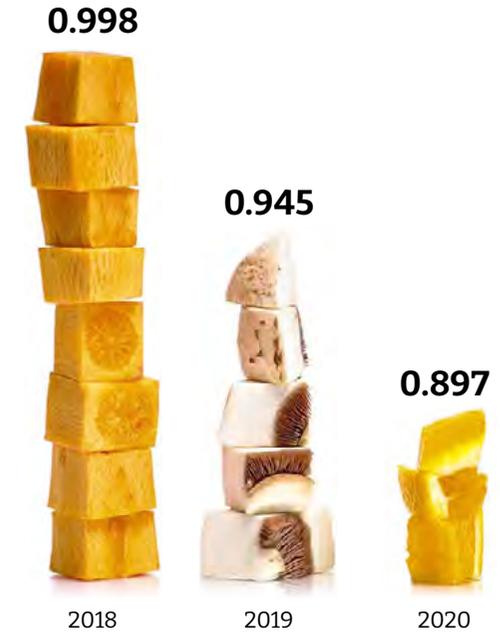
You can review the details of the verification statement in the **‘Appendix’** section of our report.

### OUR PERFORMANCE AND TARGETS

We track, calculate and report our goal of reducing our carbon footprint in terms of “daily carbon emission equivalent per square meter of sales area (kgCO<sub>2</sub>e)”. In 2019, compared to 2015, we exceeded our target of a 23% reduction by 26.6% until 2023. Accordingly, we have updated our target to take 2019 as a base year to reduce it by 1% in 2020 (annual) and by 7% in 2024 (five-year).

In 2020, we achieved a **5.1%** reduction in our daily carbon emissions per square meter of sales. We have updated our short-term target to **2021 (annual) by 2%**. We have raised our medium-term target to a **12% reduction by 2025** compared to our 2019 base year. We have added a long-term **22% reduction target by 2030 to our targets.**

Carbon Emission Per Sales Area Square Meter (kg CO<sub>2</sub>e)



\* CO<sub>2</sub> savings of previous years have been updated by normalizing with 2020 Defra coefficients.

### CORPORATE GREENHOUSE GAS EMISSIONS OF TURKEY OPERATIONS BY YEAR \*

| Source                            | 2018           | 2019           | 2020           |
|-----------------------------------|----------------|----------------|----------------|
| Scope 1 (mt CO <sub>2</sub> e)    | 225,129        | 265,117        | 268,001        |
| Scope 2 (mt CO <sub>2</sub> e)    | 228,853        | 244,463        | 236,014        |
| Scope 3** (mt CO <sub>2</sub> e)  | 84,727         | 103,923        | 98,561         |
| <b>Total (mt CO<sub>2</sub>e)</b> | <b>538,974</b> | <b>613,568</b> | <b>602,576</b> |

\*Emissions of previous years have been updated by normalizing with the 2020 Defra coefficients.

\*\* Scope 3 emissions include emissions from Flights, Wastes, Transport, Sanal Market Operations, Personnel Services, Customer Service and energy consumption out of scope.

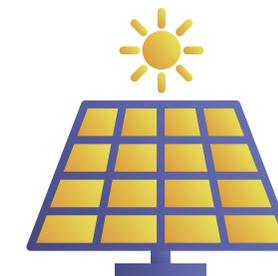
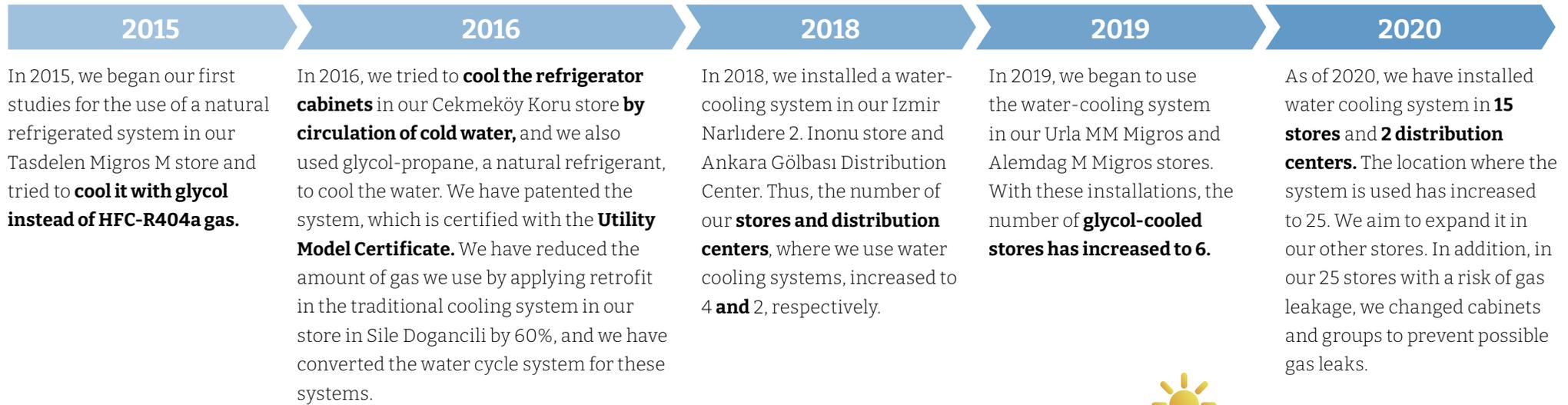
### ECO-FRIENDLY COOLING SYSTEMS

Most of the greenhouse gas emissions in the retail sector are due to cooling systems. Accordingly, to reduce our greenhouse gas emissions, we attach importance to the choice of efficient natural coolers and new generation systems. As a company that is aware of our role in combatting climate change, we do

not use hydrofluorocarbon (HFC) in cooling systems located in our distribution centers and stores. In our cooling systems, we implement innovative applications for the use of natural coolers and environmental systems that can work in accordance with the “climate in which our country is located”.

Associated with this:

- We use ammonia as a natural refrigerant instead of HFC in the refrigeration systems at our MIGET, which is meat processing plant.



In addition, we have achieved **6,630 MWh energy savings** and prevented **3.090 tCO<sub>2</sub>e emissions** annually with our energy-saving applications in 2020, the details of which are included in the title of our **Energy Management and Efficiency Studies**.

### OUR SUSTAINABLE DISTRIBUTION SYSTEMS

Within the scope of our energy consumption from our distribution and logistics activities, we carry out efficiency studies in line with our goal of saving and reducing our greenhouse gas emissions from these activities.

#### In this context:

- We measure the route covered between our distribution centers and stores every year and open our **new distribution centers to strategic points** by making route optimizations to prevent extra travel.



- In parallel with our central distribution strategy, we transport **80% of our products to our stores via fully loaded trucks.**



- We direct products that will be sold in our stores to their distribution centers and reduce truck traffic by up to 30 times.



- Migros has 14 electric vehicles and 41 electric bicycles available within the Sanal Market (our e-commerce channel) vehicle fleet.



- With our route optimization study in 2020 we reduced the **ratio of our transportation costs to sales by 10 basis points** compared to the previous year.



- We use multi-use and collapsible crates in our distribution centers and in our fruit, vegetable and meat shipments.
  - Thanks to our cooperation with **Palex**, pallets collected from our distribution centers have saved **1,488 tons of CO<sub>2</sub>e emissions.**
  - We **saved 780 tons of CO<sub>2</sub>e** as a result of our work with **Chep**, and **7,875 tons of CO<sub>2</sub>e** as a result of our cooperation with **IFCO.**

We aim to obtain at least a Level B Energy identification certificate for our three distribution centers, which we will open by 2025.

### OUR PERFORMANCE AND TARGETS

To reduce our environmental impact as a result of our distribution center shipments, **“our goal is to reduce our CO<sub>2</sub> emissions per unit carried in transport”**. We were aiming for a 0.3% reduction in 2020 compared to 2019, but there was a 2.2% increase. This has the effect of pulling the dramatic 6% drop from the previous year to normal levels in 2019. Our medium- / long-term goal was to achieve a 7% reduction by 2024 compared to 2018. In 2020, we have realized a 4% decrease compared to 2018. We aim to reduce our CO<sub>2</sub> emissions per unit carried in transport by 0.2% in 2021. We have updated our target to maintain our 2018 base year and medium- / long-term reduction of 5% by 2025.

#### CO<sub>2</sub> emissions per transported unit from Distribution Center shipments \* (kg CO<sub>2</sub>e)



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

## OUR ENERGY MANAGEMENT AND EFFICIENCY STUDIES

We are combating climate change while increasing our operational efficiency through energy conservation efforts. In this context, we prefer “**varied current-control**” and “**high automation efficiency**” systems for air conditioning and industrial cooling systems in our newly opened and renovated stores.

Our energy monitoring system allows us to measure our energy consumption daily, weekly, and monthly, and accordingly, we take the necessary measures to reduce our energy consumption and greenhouse gas emissions. With the **automation system** we set up to control our energy consumption, **our cooling, air conditioning, and lighting systems** are monitored centrally.

You can find the number of stores with an automation system installed in the ‘**Appendix**’ section of our report.

### Our Energy Consumption by Source (MWh)

| SOURCE       | 2018           | 2019           | 2020           |
|--------------|----------------|----------------|----------------|
| Electricity  | 490,994        | 565,249        | 506,359        |
| Natural Gas  | 7,182          | 7,956          | 14,890         |
| Diesel       | 15,459         | 15,025         | 11,050         |
| Gasoline     | 43,6           | 788            | 3,129          |
| <b>Total</b> | <b>513,679</b> | <b>589,018</b> | <b>535,428</b> |

Where applicable, we get maximum benefit from sunlight by making use of daylight lighting systems in our stores where convenient. We prevent formation of heat islands by preferring paints enabling heat insulation and reflecting the sun rays on the roofs of our stores. We employ lighting units with motion sensors in our warehouses.

In 2020, our total **energy consumption** was **535,428 MWh**, and **94.6%** of this is due to **electricity use**. We did not consume or sell heating, cooling, and steam as secondary energy sources. We sourced the **40,000 MWh of electricity** we consume from **renewable sources** and received the **I-REC International Renewable Energy Certificate**, which was developed by the Netherlands-based International Renewable Energy Certificate Standard (IRECS) to promote renewable energy investment and use among businesses and consumers.



| Our Energy Efficiency Projects in 2020   | Energy Conservation (MWh) |
|--|---------------------------|
| Monitoring was installed in 69 of our stores.  | 136.5                     |
| Rooftop automation infrastructure installation and revision were made in 32 of our stores.                               | 68.5                      |
| In our 60 Migros stores, the cabinets have been made plug-in.  | 2,073                     |
| Group changes were made in 22 of our stores and 50 mt/tulle cabinet renovations were carried out in three of our stores. | 154                       |
| In 29 stores, the old lighting system was converted to a led system.   | 3.117                     |
| Cold cabinet door application was made in 49 Macrocenter stores.   | 993                       |
| The revision of the air conditioning systems has been completed. (Maintenance and electricity saving)                    | 88                        |

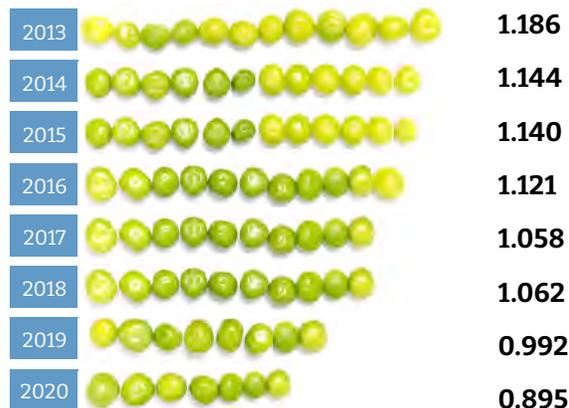
### OUR PERFORMANCE AND TARGETS

We follow, calculate and report our energy efficiency and electricity saving target in terms of “daily electricity consumption per square meter of sales area”. In this context, we have **exceeded** our medium- and long-term **goal of reducing our electricity consumption by 18.5% by 2024 compared to 2013 by 24.2% in 2020**. In 2020, we achieved a 9.5% reduction compared to the previous year.

In addition to our work in the field of energy efficiency, this reduction has the effect of **reorganized working hours and conditions due to the Covid-19 pandemic**. In line with the reduction of working hours during working days and the restrictions imposed on the use of air conditioning, our electricity consumption experienced a total consumption decrease of 28 million kWh. When **we take out this effect**, which we expect to continue in 2021, we see that our electricity consumption per square meter of sales for 2020 is 0.95, and **compared to our 2013 data, the reduction is again above our target with 19.7%**.

We have set our new target based on our 2019 results, where the impact of the Covid-19 pandemic is not visible. Our 2021 target (annual) to reduce our electricity consumption per square meter of sales was set to decrease by 2%, our medium-term target of 2025 by 12%, and our long-term target of 2030 by 22%.

#### Daily Electricity Consumption per Sales Area m<sup>2</sup> (kWh)



We recycled **27.5 tons** of electronic devices that were out of use.

### OUR GREEN IT PRACTICES

In line with our Green Information Technologies (IT) approach, we purchased **331** energy-efficient new generation monitors for our newly opened stores in 2020. We replaced 232 new generation monitors in our existing stores, 119 of which were new purchases, due to reasons such as malfunctions and replacements. These devices provide an average of 80% energy savings per year.

- We achieve 80% annual energy savings by replacing 80% of our traditional server infrastructure with new generation hyper-integrated servers **making them virtual and transferring them to cloud systems**.
- By configuring our critical data and applications to run through our Disaster Data Center (Felaket Veri Merkezi) and with the contribution of 7x24 monitoring/response teams, we aim to increase our IT continuity level to **99.99%**.
- With our configured **7x24 Security Systems** monitoring and response center, we increase it continually and minimize cyber risks.
- We were reducing our travel-related carbon emissions by using video conference for half of our business meetings and intercity meetings as part of our operations across Turkey. During the pandemic and travel restrictions in 2020, **all job interviews and meetings in the last 10 months were conducted over online systems**.
- Systems were set up to enable our head office and administrative unit employees to carry out their business processes remotely. A total of **245,116 minutes of video and 392,363 minutes of voice calls** were made online.

# Sustainable Water Management

In 2020, we were among the **Water Leaders of Turkey** within the scope of the **CDP Water Program!**

| Performance Indicator   | Target Year | Target | Performance of 2020 | Status by Target | Base Year / Status           |
|---|-------------|--------|---------------------|------------------|------------------------------|
| Store water consumption (m <sup>3</sup> /m <sup>2</sup> .day) | 2024        | 3,5% ↓ | 22,9% ↓             | Completed        | 2019 / 0,0021 m <sup>3</sup> |
|   | 2025        | 4,5% ↓ | -                   | New*             | 2019 / 0,0021 m <sup>3</sup> |
|   | 2030        | 10% ↓  | -                   | New*             | 2019 / 0,0021 m <sup>3</sup> |

As a food retailer, we carry out various studies in order to ensure the efficient use of water and to prevent the environmental effects of wastewater generated within the scope of our activities. Through these studies, we monitor the water consumption of all our business units (stores, Headquarters, branch directorates, production facilities, and distribution centers) with monthly periods and report to our senior management. At the same time, we use equipment that increases efficiency in line with our goal of reducing our water consumption. Since 2017, we have been reporting to the **Carbon Disclosure Project (CDP) Water Program** and we were among CDP Turkish Water Leaders in 2020.

Most of the water consumed within our operations is supplied from the water networks of the municipalities, and 4.18% is supplied from wells. In line with our sustainable water management approach, we take care that our water use does not adversely affect resources. As a result of this, no water source has been significantly affected as a result of our operations. Due to our operations, we also ensure that there is no significant impact on the biodiversity qualities of water resources.

As part of the activities we carry out within the scope of all our units, we treat the environment with respect and take various measures to reduce our impact. Accordingly, we have placed oil holders in our fish and hot food departments to

improve the quality of wastewater coming out of our stores. We **discharge 98.81% of the wastewater** generated within the scope of our operations into drains. Besides, the wastewater generated as a result of the activities of our MIGET, Gebze, Torbali, Kemalpaşa and Gölbaşı distribution centers, which have treatment plants, is reduced to the level of pollution burden far below the legal limits in the treatment plants. Wastewater from the Gebze Distribution Center, Torbali Distribution Center, and MIGET is discharged into sewage, Kemalpaşa Distribution Center’s wastewater is discharged into the Nif stream, and the Gölbaşı Distribution Center’s wastewater is discharged into the seasonal stream bed.

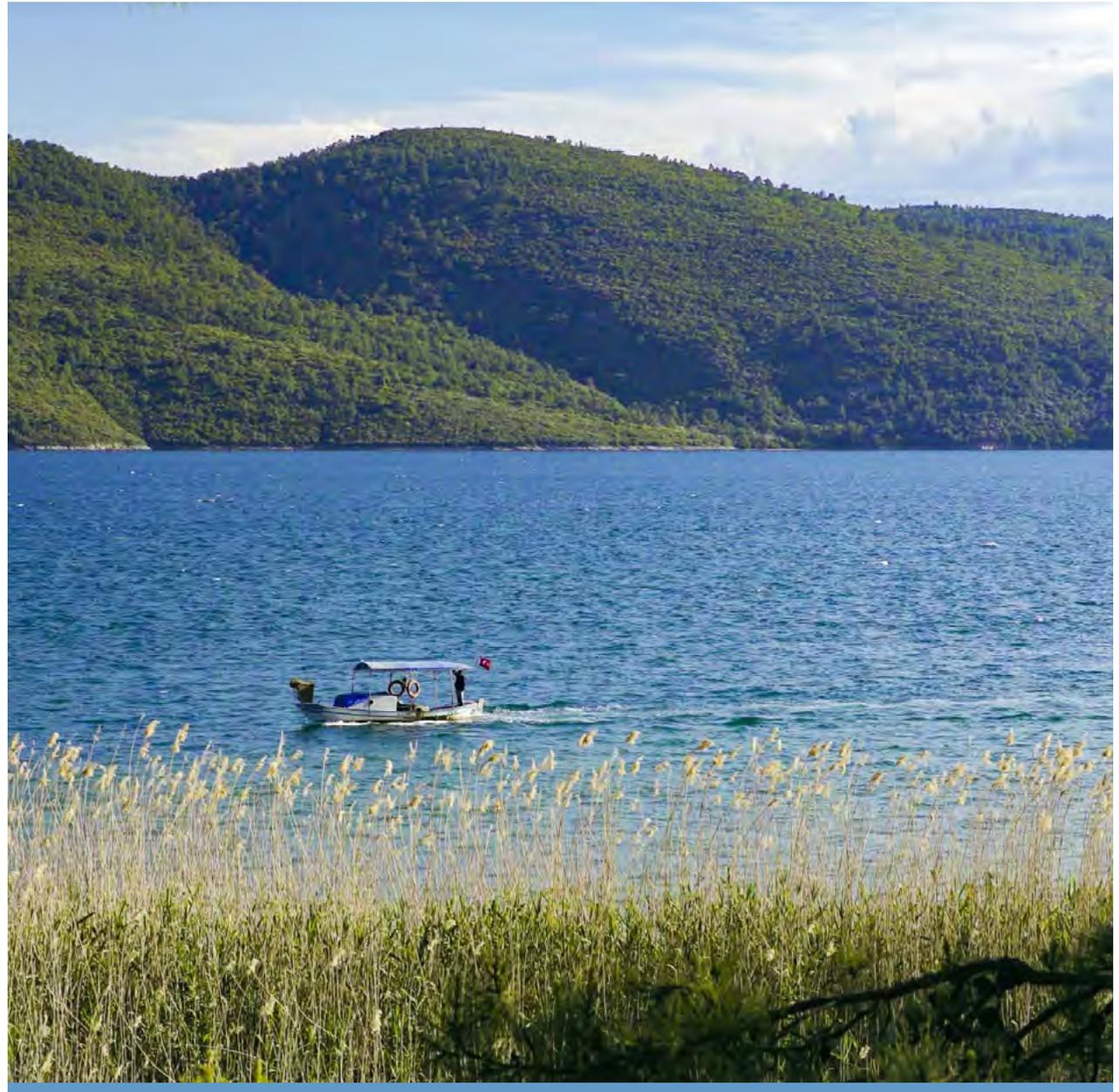
*\*Details about the new target are available on page 96, at our Performances & Targets*





### RISK ASSESSMENT

As part of the facilities in our operations, we use the **WRI Aqueduct tool to assess the risk of water** that may occur. Through this tool, we identify flood and drought risk areas and water-stressed areas and share the risks and opportunities we have identified with our stakeholders. To achieve a result that covers all of our operations, we include our units that are outside the store format, such as headquarters and distribution centers, in our calculations. As a result of the studies carried out within the scope of our operations in Turkey, we found that the amount of water consumed in **our 1,892 units in areas with water stress accounted for 86% of the total water consumption**. We analyzed the economic dimension of water risk within our 30 stores, Headquarters, 10 distribution centers, 1 wholesale and 3 fruit and vegetable depots, MIGET and Gebze meat processing plants with the highest annual turnover among our stores located in water-stressed areas. In addition, we assess the significant water risks of **our agricultural suppliers**, such as drought, using the **WRI Aqueduct food tool** and create action plans to support the sustainability of our supply chain.



### OUR WATER EFFICIENCY PRACTICES

In order to move forward in parallel with the water consumption targets in the world retail sector, we track water consumption per square meter of sales area for 81% of the water we consume within our units. In addition, in 2020, **our total water withdrawal** resulting from all our activities was **977,150 m<sup>3</sup>**. Water used for cleaning and hygiene purposes in our operations ends up totally being discharged.

**Our water efficiency efforts in line with our vision of sustainable water management are as follows:**

As of 2018, we have started to conduct a life cycle assessment within the scope of our original branded products.



In 2020, we measured the water footprint of 2 kg of cheddar cheese from our original branded food products and 1 kg of veal tenderloin with skinpack packaging in our specialist Butcher unit as 184,699 m<sup>3</sup>.



When we have a store to open in a mall, we have ensured installation of an oil holder in all service departments or in a direction where the departments are connected..



In our newly opened stores, in case of a fish aisle, we have included this equipment in the opening protocol.



In our stores with Fish Department and hot food production area, we make the equipment we use to prevent waste oils from entering the sewers more functional with new generation tools. Accordingly, we have installed 81 oil holders and 73 filter apparatus in our 73 stores. Thus, as of this year, we have ensured that all of our stores have oil holders.



Details of the training on environment, water consumption, and hygiene we provided to our employees in 2020 can be found in the **Contribution to Employee Development** section.



### OUR PERFORMANCE AND TARGETS

We follow our water reduction target on our daily water withdrawal per square meter of sales. We have achieved our target of a 3.5% reduction by 2024 compared to the 2019 base year and a **22.9% reduction in 2020**. Due to the Covid-19 pandemic in 2020, restrictions on the working hours of stores, variability in the number of employees in line with risky groups, and the share of failures in bill transmission in the three months when the Covid-19 pandemic first began was high. We anticipate that this effect will continue in 2021, but it will go in its normal course from 2022. Accordingly, we have set our reduction target of 0.5% for 2021.

Maintaining our 2019 base year, we have updated our medium-term target to 4.5% for 2025. We have also added a long-term reduction target of 10% by 2030 over the same base year.

### WATER WITHDRAWAL RATES

**Daily Water Withdrawal Amount per Sales Area Square Meter (m<sup>3</sup>)**



# Our Contribution to Sustainable Agriculture and Biodiversity

Ensuring the continuity of biodiversity ensures the protection of living things, and allows them to contribute to economic and social development. Within the scope of the operations we carry out, we attach importance to the conservation and increase of biodiversity in the regions within our sphere of influence. As a result of this, our operations do not have a direct negative impact on biodiversity. Despite this, we also work to minimize our indirect effects. At the same time, we contribute to biodiversity by supporting sustainable farming practices.

Before the opening of our stores, we apply for legal permits and licenses, and within the scope of these applications, we are subject to all environmental assessments included in the United Nations Environment Program (UNEP) **Convention on Biological Diversity**, of which our country is a signatory. We are trying to provide a private-sector contribution to the Conference of Parties to the Convention on Biological Diversity, which will be chaired by Turkey between 2022 and 2024.

With the **OP2B (One Planet Business for Biodiversity)** coalition, which was established at the United Nations Climate Action Summit in 2019, it is hoped to achieve systematic transformations in the production and supply chains of companies and to develop institutional and economic policies in order to ensure the continuity of biodiversity. With the role we undertake in this coalition, we are working to spread awareness of sustainable agriculture.

We are the first and only company to join the OP2B coalition from our country!



## REGENERATIVE AGRICULTURE

## PRODUCT PORTFOLIO DIVERSIFICATION

## ELIMINATING DEFORESTATION

Good Agricultural Practices

Tastes of Anatolia (Anadolu Lezzetleri)

Respect of Tree Planting with the Aegean Forest Foundation

Increasing the supply of organic products

Our Heritage Local Seed (Mirasımız Yerel Tohumlar)

Reduce the Use of Paper

### OUR GOOD AGRICULTURAL PRACTICES

Protecting the fertility of our soil is possible by strengthening our farmers and producers, and by expanding sustainable production methods and traceability. We are the first retailer to introduce products produced in accordance with the principles and procedures of the **Good Agricultural Practices (GAP)** implemented by the Ministry of Agriculture and Forestry in fruit and vegetable products in 2010 and animal food products in 2013.

Products that have been verified by food safety analysis have a traceability system and have successfully completed annual inspections by organizations authorized by the Ministry and can obtain GAP certificates. By focusing on supplying GAP certified herbal and animal products, we contribute to the establishment of a quality and efficient production system and to ensure safe food consumption.

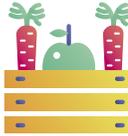
At the same time, efforts to develop alternative pest control methods and to eliminate the use of pesticides with biological control techniques have positive effects on biodiversity.



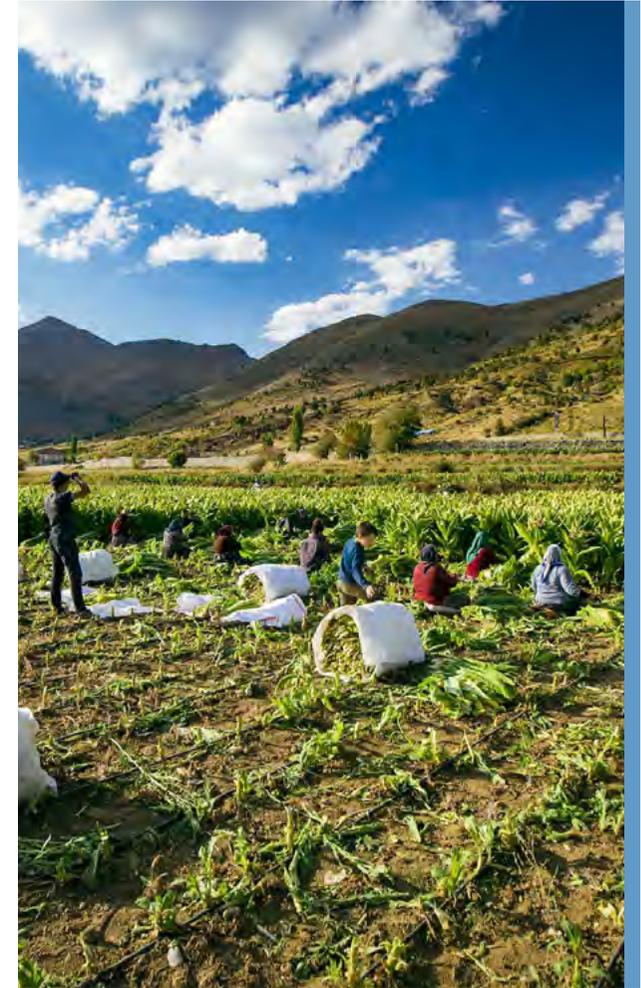
## GAP - VEGETATIVE PRODUCTION

We have been selling fruit and vegetable products with the principles and procedures of Good Agricultural Practices for 10 years. We encourage our farmers to produce GAP certified production. In addition, we increase the competencies of our employees regarding the Good Agricultural Practices products we offer to our customers.

We are the first retailer to implement the “**Good Agricultural Practices**” control system, which has 224 criteria for the fruit and vegetable category, in our country.

- We continued our efforts to expand production with GAP in 2020 with our **124 suppliers and 1,061 sub-producers**. 
- Our **fruit and vegetable warehouses in Antalya, Bursa, Izmir, and Mersin** have “Good Agricultural Practices **Group Certification**”. We ensure the up-to-dateness of these certificates through annual audits. 
- Our **1,279 employees**, who are responsible for the supply and sale of these products in our stores and distribution centers, have completed their **training on GAP procedures and principles**. 
- We have offered for sale **280 GAP certified products** belonging to 118 kinds of fruit and vegetable groups from such farmers. 
- As of 2020, the products we have procured with a Good Agricultural Practices Certificate has reached a **total of 963,414 tons in 10 years**. 

- We participated in the **Cooperative Bus Project**, which was created by the Ministry of Commerce with the “Let’s Produce Together and Grow Together” (“Birlikte Üretim Birlikte Büyüme”) campaign. We gave training in Adana and Antalya provincial centers and districts. 
- As of 2020, we certified the Batı Akdeniz Fruit and Vegetable Facility and the Bursa Fruit and Vegetable Facility. 
- We carry out studies to increase production of dried products (pistachios, hazelnuts, apricots, grapes, etc.), according to GAP. 
- We started the “Agriculture is Our Future Project” in cooperation with the Turkish Agricultural Credit Cooperatives
  - At the launch in Antalya, we provided information on GAP procedures and principles and certification processes
  - We assisted the group certification processes of 3 cooperatives in Bursa. We certified **1,799 tons of pears and 176 tons of peach products**. 



**GAP - ANIMAL PRODUCTION**

In 2020, we produced **100%** of our chicken and turkey products **in accordance with GAP principles.**

Since 2013, we have been offering GAP chicken, turkey and egg products to our customers. Our products are produced and analyzed according to 317 criteria carried out by the control and certification institutions authorized by the Ministry of Agriculture and Forestry. All of the turkey and chicken products sold in our stores are produced in accordance with GAP procedures and principles.

**Our animal food products with GAP certificate, which we delivered to our customers in 2020:**

- 28,724,064 kg chicken meat,
- 1,077,674 table eggs,
- 2,343,296 kg turkey meat,
- 952,712 kg of raw milk in cooperation with an **European Union Approved** farm.



**SUPPORTING THE LOCAL SEEDS**



**TASTES OF ANATOLIA (ANADOLU LEZZETLERI) PROJECT**

With our Tastes of Anatolia Project, we aim to bring together the seeds that are on the verge of disappearing all over Anatolia with new generations, to protect our cultural richness and to increase product diversity. As a result of scanning local seeds and special recipes belonging to **25 territories** in 7 regions of Turkey, we brought our **59 products**, which differ with their **regional or cultural characteristics**, to our customers **in 165 stores**. We have produced each of our products from the original with the help of our experts.

We include all our suppliers that produce products within the scope of Tastes of Anatolia within the scope of the **“Supplier Development Program”**.



With **59 Tastes of Anatolian products from 25 regions** of Anatolia, we carry the seeds that are about to disappear into the future.

After making the first inspections of the production sites of these suppliers, we analyze the results. Then, according to the results of the analysis, we provide basic necessary trainings about the legal regulations, hygiene practices, pest control practices, infrastructure conditions, etc. without changing the traditional production conditions of the product.. After this training, we check the practices of our suppliers with follow-up audits and become their supporters for sustainable production.



We are the **first and only** retailer to offer “**Our Heritage Local Seed**” products on their shelves.

#### OUR HERITAGE LOCAL SEED (MIRASIMIZ YEREL TOHUMLAR) PRODUCTS

We continued to bring the products of the “Our Heritage Local Seed” project, which we launched in September 2019 and carried out under the Ministry of Agriculture and Forestry, to our customers in 2020 as well. In 2020, we purchased approximately **100 tons of products from 6 types of products.**

#### OUR PRODUCER FINANCING SYSTEM FOR FARMERS

We have made very important cooperation with **Ziraat Bank** to strengthen our farmers and ensure the continuity of agricultural production. With the **Producer Financing System** implemented for the first time in our country **in cooperation with farmer-market-bank**, farmers can get the price of their products sold at Migros in cash from Ziraat Bank without waiting for maturity. With this project, we contribute to the stabilization of food prices by reducing the collection of receivables by the producers in a shorter time and reducing the intermediaries in the supply chain from the producer to the consumer.

#### COMBATING DEFORESTATION

We continue to combat deforestation by reducing the amount of paper we use in our operations, preserving biodiversity, and reforesting the forest lands damaged by wildfires. We present the olives produced by the **Aegean Forest Foundation** to our customers on our shelves. For 12 years, we have been contributing to the regeneration of burned or damaged forest areas with the income we earn from the sale of these products. We donated saplings to the Aegean Region through the Aegean Forest Foundation and to 81 provinces of Turkey thanks to the “**Breath for the Future**” campaign carried out with the contribution of the Ministry of Agriculture and Forestry. To date, we have contributed to the planting of 547,048 saplings.

We donated 2,500 saplings to the Aegean Forest Foundation with our project “**Doing Good Deeds Is In The Nature of Migros Employees**” (“Migroslu’nun Doğasında İYİLİK var”). In addition, we donated saplings as the number of our stores on behalf of our store employees, within the scope of the 12 December “Retail Employees Day”.



We donated **547,048** saplings to combat deforestation in the last 12 years.



### 'HAVE PLENTY OF PISTACHIOS' PROJECT

With the cooperation of Nestlé DAMAK and TEMA, the '**Have Plenty of Pistachios**' project started in Gaziantep in 2011, increases the yield and quality of pistachio agriculture in the region. At the same time, soil is protected and farmers' working conditions and quality of life are improved. We supported this project by donating **1,000** pistachio saplings with some of the income we generated from Nestlé Damak products sold in our stores in 2020.

### 'MASTIC AFFORESTATION' PROJECT

In 2020, we donated some of the income of the Fortune brand products sold in our stores to the 'Mastic Afforestation Project', including the project we carried out in cooperation with the **Aegean Forest Foundation and Falim**. With this donation, **138 mastic saplings** were planted in an area of **10,000 square meters** in Cesme, Izmir.

### 'NEW SAPLING FOR EVERY NEWBORN' CAMPAIGN

In **cooperation with Uni Baby & Migros**, we launched the 'New Sapling for Every Newborn' campaign. Every Uni Baby newborn wet towel purchased by the consumers within the scope of the project supports the planting of saplings in the Uni Baby grove in the **Çekül 7 Tree Forests**. At the end of the catalog, **1,000** saplings were planted by Çekül and their 3 year **maintenance was covered**.

## OUR PRACTICES TO REDUCE THE USE OF PAPER

We aim to combat deforestation by reducing the amount of paper we consume and increasing the use of recycled or certified materials. In accordance with this purpose:

- In our Head Office, we prefer certified products produced from **sustainable sources** for photocopy papers. To prevent unnecessary printouts, our copiers work with the identity cards of our employees.
- All our managers can access all data and analysis from their tablets with the MIO application. It can also display daily reports digitally. In this way, we prevented the use of **71.46 tons** of paper in 2020.
- All processes such as training evaluation forms, tests and exams, training records, training booklets, and our Orange Book were transferred to digital media in 2020, **saving 10.75 tons of paper**.
- We reduced the production of printed catalogs by **60%** with our Digital Migroskop study. We used a total of **670 tons** of recycled paper in all of our printed campaign booklets.
- In 2020, university kits were not published; instead, candidates were supported to define virtual checks and discount codes. The panoramic magazine was also not published; it was published digitally. In this way, **8.3 tons of paper were saved**.
- With the digital conversion of guest cards, we **saved 50%** in 2020 compared to 2019.
- In 2020, we moved the delivery forms given to our customers with e-archive information slips to the online environment during distribution. Thus, we saved a total of **over 12 million A4 papers** annually.
- We encourage our customers to use a **mobile Money Card**. Thus, instead of filling out the paper Money Card form, our customers can apply online and issue a mobile Money Card on our website **www.money.com.tr**.

We prevented **3,701 trees** from being cut down in 2020 with our digitalization, process update studies, and our use of recycled paper.

- In 2020, **our paper consumption** within the scope of human resources, customer relations, advertising, promotion, store notifications, and administrative works amounted to **4,568 tons**. With the transfer of processes and applications to a digital medium, **a 31% reduction** was achieved **compared to the previous year**.
- We saved **14,500 pieces of paper** with our BOS application, which aims to prevent wastage of paper due to printouts and delivery of the work to the store manager after the breakdown/repair works in our stores.



# Our Food Waste Prevention Practices

| Performance Indicator                                    | Target Year | Target  | Performance of 2020 | Status by Target | Base Year / Status |
|--|-------------|---------|---------------------|------------------|--------------------|
| Our food waste disposal tonnage / Our food sales tonnage | 2030        | 50% ↓   | %24 ↓               | In progress      | 2018 / 5.36        |
|  | 2025        | 36.6% ↓ |                     |                  |                    |

Co We aim to reduce the ratio of our food waste disposal tonnage to our food sales tonnage by 50% in 2030, we achieved **24% reduction in 2 years.**

As a food retailer, we believe that we have a responsibility to support sustainable agriculture, prevent the waste of food products produced with a lot of effort, and primarily consume them as food. We carry out measurement, categorization, analysis, and improvement studies to reduce food loss and food waste disposal in our operations in accordance with the food recovery hierarchy and to ensure the re-utilization of consumable foods. In addition, we increase the awareness of our customers on this issue and offer suggestions that they can apply in daily life.

### OUR PERFORMANCE AND TARGETS

As member companies of the **Food Waste Coalition within the Consumer Goods Forum (CGF)**, we have committed to halving our food waste disposal rates by 2030, **in line with SDG 12.3**. In this direction, we **aim to reduce** the ratio of our food waste disposal tonnage to our food sales tonnage by **36.6% in the medium term until 2025 and 50% by 2030 in the long term**, compared to the base year of 2018. Our food waste disposal rate, which was 5.36 in our base year, was 4.07 in 2020, a reduction of 24% in 2 years.

### Our food waste disposal tonnage / Our food sales tonnage (%)



### The projects we carry out to reduce food waste are as follows:

- Operational improvements
- Delivering the food to individuals in need
- Raising the awareness of consumers
- Donating food for feeding animals
- Extending product shelf life by employing technological methods
- Generating energy from organic waste
- Reducing food waste of our suppliers



## OPERATIONAL IMPROVEMENTS AND DISCOUNTED SALES

In line with our goal of reducing at source, which is the top priority of the waste hierarchy, we continue our efforts to reduce food waste disposal caused by food spoilage. We have determined that **80% of our food disposal is made up of vegetables and fruits**, and we have carried out various studies for this perishable product group. In the **automatic order system**, we have implemented to prevent losses due to overstocking, we use an algorithm that learns information about the order of fruits and vegetables, previous orders, stock status, and sales. With this system, which we have expanded in all of our stores, we guarantee **correct order and stocking**.

We offer a **25%-50% discount on ripe fruits and vegetables and our fresh products that are approaching the Expiry Date** and support their conversion into sales as a priority. With these discounts, we prevented the disposal of 4,774 tons of fresh products such as fruit, vegetables, meat, and chicken in 2020, and saved a food equivalent to the annual turnover of 10 MigrosJet stores.



We prevented **4,774 tons** of food loss with the discounts we made on fresh food and ripe fruit and vegetable products whose Expiry Date is approaching.

With the Banana Tree project, which we implemented in 2020, the contact of bananas with the ground was cut off and their putrefaction and disposal rates were reduced. Compared to the previous year, the one-year cumulative banana disposal rate of the 15 stores that were installed, an average of 16% decrease was found in the destroyed kg value. It was decided to expand the project.



## OUR RESPECTING FOOD PROJECT

We deliver food products that do not satisfy the sales standards in visual terms, but which remain nutritious and are convenient, to those in need with **“Whole Surplus (Fazla Gıda)”**, a web-based donation platform. Thanks to this new generation practice, which we started to use for the first time in Turkey in 2017, the food products that can be donated match requests of the individuals in need. In this way, the donated foods are delivered to the right addresses and in appropriate quantities, and all of them are valued.

We supported the delivery of more than **6.8 million** meals to those in need.

With the **donation of 1,216 tons in 2020**, we have been supporting the delivery of more than **6.8 million meals** which is equivalent to 3.2 tons of food to those in need since the beginning of the project. You can **watch** the video of our project on our YouTube channel.

**TAZELERİ  
ATMIYORUZ  
PAYLAŞIYORUZ!**



## EXTENDING THE AWARENESS OF CONSUMERS

In addition to the practices and projects we have developed to reduce food loss, we focus on understanding the current situation and raising awareness of the consumers. In 2018, we supported the consumer behavior research that leads to food loss, commissioned by the Turkish Food Safety Association (GGD) to Nielsen. In 2020, we started to carry out consumer awareness activities in order to prevent unnecessary food waste, with the addition of information that products with a recommended Best Before Date (BBD) can be consumed and offered for sale in the guide of the revised Turkish Food Codex Labeling and Awareness-Raising for the Consumers.

At the same time, we participated in the **Save Your Food** campaign, which was launched by the **Food and Agriculture Organization of the United Nations (FAO)** and our **Ministry of Agriculture and Forestry** to raise public awareness of **food waste**. In this direction, we have started to provide information with infographics and videos on issues such as Expiry Date - BBD difference, storing foods in the right conditions, evaluating leftover foods with different recipes, through our stores and social media channels. In addition, we provided **“Expiry Date Discount Application”** training to our **19,895 employees** and online **“Food Waste Recovery Process”** training to our **19,137 employees**.



We pioneered the research on consumer perceptions and behaviors leading to food loss, organized by the Turkish **Food Safety Association** and conducted by Nielsen, **with the contributions of leading companies in the retail and FMCG industry.**

## 2018



We participated in the workshop organized by the Ministry of Agriculture and Forestry and expressed our suggestions and opinions.

## 2019



We participated in the Save Your Food campaign, which was launched by the United Nations Food and Agriculture Organization (FAO) and our Ministry of Agriculture and Forestry to raise public awareness of food waste.

## 2020



### OUR “FRESH LEFTOVERS TO OUR FOUR-LEGGED FRIENDS” PROJECT

Since 2014, we have been running the “Fresh Leftovers to Our Four-Legged Friends” project for the feeding of forest and street animals. In our stores, the Expiry Date is approaching; however, food products that remain convenient for consumption are donated to feed stray animals and forest animals through **HAYTAP (Turkish Animal Rights Federation)**. Within the scope of the project, we have **contributed to the nutrition of forest animals and stray animals with a total of 3,016 tons** of food aid and **1,120 tons in 2020**. We placed **specialty-designed animal food containers** in front of our **300 Migros and Macrocenter stores in 25 provinces** so that stray animals living around the stores can be fed in a clean and healthy environment. In our stores located in regions where stray animals are abundant, we allocate food containers to our store in line with the demands.

These stores take care to regularly refresh cat and dog food in food areas.



### EXTENDING THE PRODUCT LIFE OF RED MEAT

Within the scope of MİGET, we carry out studies aimed at evaluating our products in the most effective way possible, minimizing loss and extending the shelf life of our products, thanks to our innovative product line and expert butcher staff.

- We realized optimum stockpiling and robust cold chain practices through the **MAP (Modified Atmosphere Packaging)** packaging technique and extended the shelf life of our products by nearly 30%.
- As of the end of 2019, we switched to the “**Zero Inventory**” application for the calf carcass used in production as raw material. As a result of the application, it was aimed to extend the shelf life by 40%; but in 2020, there was a pause in the work due to the Covid-19 pandemic.

We increased the life of our red meat products by **30%** with MAP packaging.



In 2020, we obtained enough energy from the obtained biogas to run a **100-watt lightbulb** for **372,308 days**.

### OUR ENERGY GENERATION PRACTICES FROM ORGANIC WASTE

We support the use of organic wastes that are not suitable for consumption for energy recovery and composting. We sort the food waste generated by our Bursa, Gebze, Esenyurt, and Bayrampasa distribution centers and Bursa vegetable and fruit warehouse at the source and send them to biogas plants. In 2020, **we sent 4,255 tons of organic waste** from our **719 stores** connected with these facilities to the **biogas plant**, and 2,458 tons of compost and 899 kWh of electricity were obtained from 425 cubic meters of biogas. This is equivalent to the energy to run a **100-watt light bulb** for **372,308 days**.



| Energy Generation from Organic Waste      | 2018  | 2019  | 2020  |
|---|-------|-------|-------|
| Biogas (dm <sup>3</sup> )                 | 528   | 520   | 425   |
| Electricity (kWh)                         | 1,028 | 1,012 | 899   |
| Compost (tons)                            | 3,051 | 2,851 | 2,458 |
| Organic waste sent to biogas plant (tons) | 5,281 | 5,200 | 4,255 |

### REDUCING FOOD WASTE OF OUR SUPPLIERS

In addition to fighting to reduce food waste in our operations, we also support our suppliers to reduce food waste. Accordingly, we have joined the “10x20x30” initiative, which is managed globally by the **World Resources Initiative (WRI)**. This initiative, in which 10 retailers from around the world invite 20 supplier companies, is aimed at supporting the goal of cutting food destruction **in half** by 2030, which is included in the SDG 12.3, throughout the supply chain. In 2020, **23 volunteer suppliers** joined this initiative with us.

Our companies, for which we organized information and training on the studies carried out globally to reduce food waste, started to work to measure and reduce food waste disposal rates. We guide our suppliers in the use of the **Global Food Loss and Waste Prevention Protocol** and the registration of food waste within the scope of the ATLAS program to be created by WRI.

As the leading company in the sector, we are the **only company from Turkey** among the top 10 retailers in the **WRI 10x20x30** initiative.

**Source Reduction:**  
With the developed automatic ordering system, we designed the product stocks in our stores to prevent food waste. We offer discounts between 25% and 50% on meat and dairy products, dry food, and ripe fruit and vegetables that are approaching their Expiry Date.



**Feed Hungry People:**  
We deliver foods that do not satisfy the sales standards in visual terms, but which remain nutritious and are convenient, to those in need through the donation platform.



**Feed Animals:**  
We feed stray animals with foods that are not suitable for sale but remain convenient for consumption.



**Industrial Uses:**  
We enable the conversion of waste vegetable oils delivered to us by our customers into biodiesel.



**Composting:**  
We ensure that organic waste that cannot be consumed is converted into biogas and fertilizer.



**Landfill/  
Incineration**



# Our Effective Waste Management

In line with our effective waste management approach, we aim to obtain zero-waste certificates in all our facilities. By integrating the understanding of sustainable consumption into all our business processes, we aim to minimize the amount of waste generated as a result of our operations, as well as the effective and efficient use of our resources.

Our waste amounts by disposal types for the years 2018, 2019 and 2020 are shown in the table below.

| Waste Type    | Disposal Method            | Amount (tons) |            |           |
|---------------|----------------------------|---------------|------------|-----------|
|               |                            | 2018          | 2019       | 2020      |
| Non-hazardous | Recycle/Recovery           | 17,024*       | 17,264.24* | 16,979.67 |
|               | Reuse/Animal Feed          | 327           | 550        | 831.51    |
|               | Biogas/Compost             | 5,281         | 5200       | 4,255     |
|               | Delivery to Municipalities | 24,420        | 29,360     | 26,503.18 |
|               | Donation to Stray Animals  | 641.1         | 894        | 1,120.1   |
|               | Donation to Food Banks     | 528           | 1,424      | 1,216     |
|               | Incineration               | 275.7         | 223        | 246       |
| Hazardous     | Recycling/Recovery         | 6.1           | 5,494      | 7.15      |
|               | Biodiesel                  | 28            | 30         | 30.96     |
|               | Incineration               | 0.735         | 4.46       | 9.126     |

\* Data on items delivered to CEVKO is included.



## OUR PLASTIC WASTE REDUCTION PRACTICES

| Performance Indicator   | Target Year | Target  |
|---|-------------|---|
| Reducing plastic gram of bags   | 2023        | 330 tons of plastic waste prevention  |
| Reducing plastic waste in our suppliers' shipments                              | 2023        | Saving 30 tons of plastic waste by expanding the use of reusable container crate  |
| Development of our private label products packaging                             | 2021        | Determination of packaging content and recycling rates in all private label products  |
|   | 2023        | Gradually improve packaging with a low recycling rate   |
|   | 2025        | For 10 private label products, packaging reduction and material improvement<br>Saving 25 tons of plastic by using 25% r-PET in non-food product packaging |
| Reducing use of foamed plastic plates   | 2023        | 50% reduction of foamed plastic plates (PS) usage in our operations   |
| Use of cardboard packaging in ready-packed fruits and vegetables in Macrocenter | 2023        | Prevention of 40 tons of plastic waste  |

The rapid growth of plastic waste is playing a big role in climate change and environmental pollution. In order to avoid this problem, which affects natural life so much, we carry out our operations with the understanding of responsible production and consumption. In 2020, we set our commitments and targets on plastic waste by participating in the “Business World Plastics Initiative”, which was established in **cooperation with Global Compact Turkey, Sustainable Development Association (SKD Turkey) and TUSIAD** to fight against plastic pollution. In line with these goals, we aim to prevent a total of 493 tons of plastic waste by 2023.

We aim to prevent a total of **493 tons** of plastic waste by 2023.

According to the regulation published by the Ministry of Environment and Urbanization, shopping bags became chargeable as of January 1, 2019. During this transition period, we carried out intensive awareness activities and campaigns to inform our customers and to direct them to environment-friendly non-woven plastic and cloth bags. The use of plastic bags in 2020 was 66% less than in 2018, when there was a paid sale. Also, we sold **1,764,437 environment-friendly non-woven plastic and cloth bags** in 2020.



With the motto “**Less plastic will be better for our world**”, we carry out various studies to reduce the use of unnecessary plastic packaging in our stores and to develop packaging techniques. In 2020, we started work on two types of packaging and conducted research on the use of perforated paper bags in the packaging of our vegetable and fruit products.

We encourage our customers to use mobile Money to reduce plastic consumption caused by Money card use. In order to avoid paper consumption during the application, we have also digitized Money card applications. In 2020, **the mobile Money usage rate reached 68% of purchases with a card.**

By changing the shipping procedure to our distribution centers with a supplier, we switched from PS foamed plastic plate to **reusable container crate** and prevented the use of 1.2 tons PS foamed plastic plate per month. This change is planned to be extended by applying to other suppliers.

Our supporting efforts and goals to ensure the use of less plastic are as follows:



- Completion of our work to ensure that the packaging materials used in Tazedirekt’s product packaging are environmentally friendly until 2021,
- Launch of ‘**Tazedirekt Supplier Academy**’ program and presentation of certificate of success and IFS certificate to our successful companies in the program,
- **4R (Redesign-Reduce-Reuse-Recycle)** training to 20 suppliers by 2023,
- Conducting **at least three campaigns** in the **storage containers** product category in 2021 to reduce the consumption of disposable packaging,
- Establishment of a **special stand for sustainable products** as an **alternative to single-use plastics** in our 180 stores in 2021,
- In 2021, the conclusion of the perforated paper bag studies for the packaging of vegetables and fruits.

## ENVIRONMENTAL-FRIENDLY PACKAGING SOLUTIONS OF OUR PRIVATE LABEL PRODUCTS

We are working to reduce the plastic ratio in the packaging of our original branded products and to develop more environmentally friendly alternatives. Our 40 private label products from the detergent and paper category contain an average of 47% less plastic per product, 373 tons in total, compared to other leading brands. Furthermore, we used 46 tons less plastics that we release to the market by increasing the weight of our private label yogurts from 2.5 kg to 3 kg, and ketchup and mayonnaise products from 700 gr to 1 kg.

We used 25% r-Pet (recycled pet) in the packaging of our 2 private label products from the dishwashing detergent category. Due to our sensitive approach in this regard, polystyrene and carbon black are not used in the packaging of any of our private label products, and PVC is not used at any point in direct contact with the product.

In addition to these studies, we have measured the carbon emissions created by our products, which correspond to 37% of our private label product trade, by conducting life cycle analysis. - Carbon emissions from 2020 sales of 122 of our products from our food, non-food and Uzman Kasap categories were calculated as 219,018 t CO<sub>2</sub>. We are planning to complete the measurement of our whole private label product range in the upcoming years.

We aim to increase the number of products in which we use r-Pet to 4 in 2021 and to 10 by 2025.

We are conducting transformation activities for the use of sustainable and biodegradable materials in the packaging of our Expert Butcher (Uzman Kasap) products and meat produced in our MİGET fresh meat processing plant:

- **MAP (modified atmosphere packaging) MAP (modifiye atmosfer paketlemesi)** Studies are carried out on the thinning of the upper film used in our packaging and the use of mono material.
- **“EU Project Partnership for Biodegradable Packaging”** Work has slowed due to the Covid-19 pandemic, and the focus has been on adapting packaging for fruits and vegetables.
- **“Zero Inventory” Application in Calf Carcass used as raw material in production** Due to the Covid-19 pandemic, this could be applied for two months. We created an improvement working group to extend the shelf life.



## OUR CONTRIBUTIONS TO WASTE COLLECTION AND RECYCLING



### OUR WASTE OIL AND BATTERY COLLECTION ACTIVITIES

One liter of waste oil discharged into the sewage system makes 1 million liters of clean water unusable. We deliver the waste oil that we collect from our customers through our stores and Migros Sanal Market (our e-commerce channel) to a licensed company authorized by the Ministry of Environment and Urbanization. Biodiesel production is conducted with this oil.

- Since 2017, we have been collecting waste vegetable oils and waste batteries from our customers' homes and delivering them to authorized institutions for recycling through the "Migros Sanal Market".
- In 2020, we collected 80 kg of batteries and 188 kg of vegetable oil through "Migros Sanal Market" and delivered a total of 31 tons of vegetable waste oil and 5.67 tons of waste batteries to licensed companies together with our stores.
- In 2020, we delivered 77.38 tons of electrical and electronic equipment that we collected from our customers by delivering them to licensed institutions authorized by the Ministry of Environment and Urbanization and had them recycled.

The amount of waste vegetable oil, waste battery and electronic waste we collected to recycle over the years is available in the 'Appendix' section of our report.

31 tons of waste vegetable oil and 5.67 tons of waste batteries were collected in 2020.



### CLEANING THE SEAS THROUGH TURMEPA

Thanks to the vegetable waste oils collected, we contributed to the cleaning of the seas with the **TURMEPA Marine Environment Protection Association**. With the donations made to the DENİZTEMİZ 3 Boat within the scope of the **Waste Vegetable Oil Collection Project** carried out under our leadership, 180,000 liters of wastewater was collected from Selimiye Bay in the Hisarönü Gulf in 2020. Thus, 1.4 million liters of sea water kept clean.



### BATTERIES TO MIGROS & MILK TO KIDS

When the waste batteries, which are brought to our stores as part of the project "Batteries to Migros & Milk to Kids" that was launched in 2019, are delivered to TAP, one liter of UHT whole-fat milk of the Migros brand is donated to the **Koruncuk Foundation** (Turkish Foundation for Children in Need of Protection) in return for each waste battery of 1 kg. In 2020, we delivered the waste batteries we collected from our customers to the Portable Battery Manufacturers and Importers Association (TAP), which is authorized by the Ministry of Environment and Urbanization, and thus ensured the **donation of 5,676 liters of milk**.



## OUR PRACTICES SUPPORTING RECYCLING



### OUR SOCIAL RESPONSIBILITY PROJECT WITH THE WWF

Since 2018, through the project we have been implementing in **cooperation with WWF-Turkey (World Wide Fund for Nature) and Nestlé**, we have dedicated a portion of the income generated from cereal sales in our stores to supporting WWF in **monitoring and protecting sea turtles** in the Çukurova Delta and **dolphins** in the Dilek Peninsula. Our customers have also contributed to recycling, **in cooperation with ÇEVKO**, by throwing campaign packages they bought into the 'Customer Waste Points' in our stores. With this project, 4 tons of packaging were recycled, while 1,000 stationery sets, and WWF T-shirts were donated to the Van Provincial Directorate of National Education.



### OUR 'BEAUTIFUL WHEN CLEAN' PROJECT WITH CIF

In 2020, through the **'Beautiful when Clean'** Project, which we have been implementing in **cooperation with Cif**, we cleaned the Caddebostan Coast by dedicating a portion of the income we generated from the sale of Cif products. Also, with the petition we initiated, we brought **1 garbage catcher to the Bosphorus for every 100,000 promises**.



### THE GREEN OFFICE PROGRAM WITH WWF TURKEY

Through our **'Bring Us Back to Life'** project, which we implemented at our Headquarters and Branch Directorates during previous years, we ensured that packaging waste, paper, glass waste and organic waste were separated at their source and recycled. **In 2019**, we participated in the **'Green Office' program**, which is implemented with **WWF-Turkey**, for savings and improvements in offices. Our goal was to raise awareness among our employees about energy saving, renewable resources, conscientious use of natural resources, changing lifestyles, and, especially, carbon emissions. We have achieved our goals in this context, and in 2020 we were entitled to receive the **'Green Office Certificate' for our Headquarters**.





**OUR CONTRIBUTION TO THE ‘ZERO WASTE’ PROJECT**

Zero Waste Management System is an online system created by the Ministry of Environment and Urbanization to prevent waste generation, to collect waste separately at its source, and to record, document and trace the recovery processes. With the Zero Waste Regulation published in 2019, chain stores were obliged to establish and implement this system. In this context, we have completed all the criteria for our stores and other operational units for the establishment of the Zero Waste Management System. We continue our education and awareness-raising activities for the transition. We take an active part in the working groups of the Ministry in the establishment of the deposit system that will be applied to beverage packaging as of 2021.



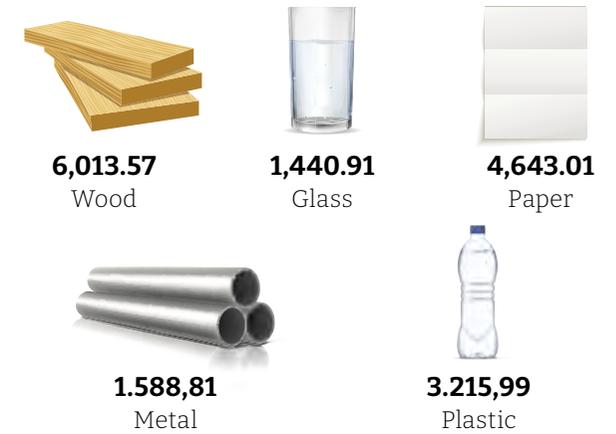
**OUR COLLABORATION WITH ÇEVKO**

We collect the metal, wood, paper-cardboard, plastic, and glass non-hazardous wastes generated due to our operational activities, at the source and in compliance with the predetermined procedures and ensure that they are recycled via licensed companies. We design recyclable packages for our original branded products, and through our **cooperation with ÇEVKO**, we also ensure that the packaging wastes of these products are recycled. Within the scope of the goals set in the Packaging Waste Control Regulation, our company has an improvement target that is updated every year. Thanks to all these efforts to recycle wood, paper and cardboard products, in 2020, we prevented 98,776 trees from being cut down.

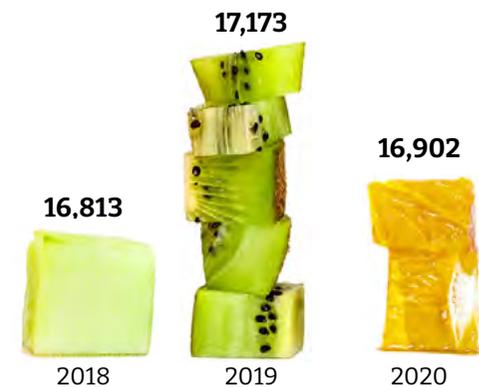


In 2020, we achieved the target we set and collected approximately **57%** of our private label products from the market and recycled them.

**Type and Amount of Recycled Packaging Waste in 2020 (tons)**



**Amount of Packaging Waste Recycled by Year (tons)**





**Our Responsible  
Business  
Approach**

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# Our Board of Directors and Capital Structure

## OUR CAPITAL STRUCTURE

As of December 31, 2020, the capital structure of the company is as follows:

Migros Ticaret A.Ş. Capital Structure:  
**TRY 181,054,233**

| Name                              | Share Amount (TRY) | Share Rate (%) |
|-----------------------------------|--------------------|----------------|
| MH Perakendecilik ve Ticaret A.Ş. | 89,046,058         | 49.18          |
| Kenan Investments S.A.            | 21,308,336         | 11.77          |
| Migros Ticaret A.Ş.               | 2,962,116          | 1.64           |
| Other                             | 67,737,723         | 37.41          |
| <b>Total</b>                      | <b>181,054,233</b> | <b>100</b>     |

After the sale of all share of Migros Ticaret A.Ş. owned by Kenan Investments S.A. on January 26, 2021 you can access the Company's capital structure as of January 26, 2021 in the [Annexes](#) section.

As of the end of 2020, our retail operations in Kazakhstan were terminated, our activities continue with 1 shopping mall. And as of March 2021, our North Macedonian operations, were terminated. You may find detailed information in our [2020 Annual Report](#).

## OUR BOARD OF DIRECTORS

The Migros Board of Directors, elected by the General Assembly to serve for limited periods, is the highest strategic decision-making and control body of our company. In line with our corporate governance principles, our Board of Directors is responsible for the transparent, accountable, fair, and responsible management of our company, taking the risk and return balance, growth, and company interests into account.

Our Board of Directors has 12 members, one of whom is a woman. Our four board members meet the independence criteria set in the Capital Markets Board's (Sermaye Piyasası Kurulu) Corporate

Governance Principles Communiqué (Kurumsal Yönetim İlkeleri Tebliği) and qualify as independent members. Although duties of the Chairman of the Board of Directors and the Chief Executive Officer are fulfilled by different persons, our board members, other than the CEO, do not have any executive duty.

You may find detailed information about the structure of our Board of Directors on [our corporate website](#). You may find details of the members, structure and working principles of our committees on our corporate website and in our [2020 Annual Report](#), and other details of our operation and management in our [Corporate Governance Principles Compliance Report](#).



### CURRENT ACQUISITIONS AND CAPITAL CHANGES

During 2020, no changes were made in our company's paid-in capital, which was TRY 181,054,233. As stated in the material disclosure, dated January 26, 2021, of one of our company's partners, Kenan Investments S.A., Migros Ticaret A.Ş. shares owned by Kenan Investments S.A., with a total nominal value of TRY 21,308,336, were sold for 44.15 TL per each share, provided that payment would be in cash. After the said transaction, Kenan Investments S.A. no longer owns shares in Migros. Additionally, we opened 183 new stores in 2020, and at the end of the year, the area of our total domestic and international net sales exceeded 1.58 million m<sup>2</sup>.

There is no information restated according to previous reports. Our company did not receive any notification regarding anti-competitive behavior or violations of monopoly legislation in 2020.

*As of the end of 2020, our retail operations in Kazakhstan were terminated, our activities continue with 1 shopping mall. And as of March 2021, our North Macedonia operations, were terminated.*



**You may find detailed information on current purchases and sales in our 2020 Annual Report.**



# Business Ethics and Compliance with Corporate Policies and Laws

## RISK MANAGEMENT AND INTERNAL CONTROL

In order to manage the operational, functional and financial performance risks in our processes and units, these risks are defined in detail at the **Migros Internal Control System**, analyzed independently to ensure accurate information transfer, and the results are presented to our company's management. The building blocks of this system are as follows:



**Our Risk Management Unit:** This unit, which is affiliated to our CFO and Early Detection of Risk Committee, continues its activities to detect risks that may endanger the existence, development, and continuity of our company early on, and to take and implement necessary precautions regarding identified risks. In this context, various risk indicators are monitored in order to **foresee the risks** that may prevent the realization of our company's strategic business goals, **monitor the factors that create these risks**, and determine and **measure the probability of occurrence** of risks and their **effects**.

**Our Early Detection of Risk Committee:** Monitors the changes, whose analysis and follow-up are done by the relevant units, and evaluates whether appropriate actions are taken at **meetings held at least six times a year**.

**Our Internal Audit Department:** Researches and examines activities and transactions carried out by our company within the scope of internal audits performed throughout the year. When any irregularities are detected, detailed examinations are made in order to take the necessary measures, and suggestions are made to eliminate irregularities. Our Audit Committee: Our Internal Audit Department

is functionally affiliated to this committee, and regularly reports all important findings, results and analysis from the audits it performs related to topics such as ethics, the fight against bribery and corruption, and compliance with human rights.

In 2020, audits, approved by our Audit Committee, were performed, and their findings were shared with the committee every three months. Furthermore, control audits, on matters which were reported to the Senior Management and for which measures to be taken were determined, were performed.

As in previous years, our Internal Audit Department carried out its activities in 2020 **in compliance with the standards and ethical rules of the International Institute of Internal Auditing (IIA)**. As a result of the audits carried out by TSI, the **TS EN ISO 9001 Quality Management System Certificate was maintained in 2020 within the scope of "Internal Audit, Consultancy and Assurance"**. With this document, it is possible to routinize and standardize the "Internal Audit, Consultancy and Assurance" activities and establish a constantly developing structure.

## BUSINESS ETHICS, ANTI-BRIBERY AND ANTI-CORRUPTION

We consider the fight against bribery and corruption as part of our risk management practices, and evaluate it with a risk-focused approach. With an understanding and approach that covers all our company's domestic activities, our risks and potential impacts are subject to audits and evaluations. Our overseas audits are included in the risk-based internal audit plan and carried out, in the form of process and store audits, every year. The building blocks of this system are as follows:

**Our Internal Audit Department:** Makes inquiries, based on results obtained from the examination of daily and monthly transactions, and evaluates our employees' high-risk duties in terms of bribery and corruption risks. If there is a suspicious situation related to fraud, bribery or corruption within the scope of our activities, it is immediately investigated and clarified, the necessary legal process is followed, and stakeholders are informed, if necessary.

**Our Ethics Committee:** This committee, which consists of our company's Corporate Communications, Industrial Relations, Internal Audit, and Sales directors, evaluates internal audit findings, high-level risks and ethical principles within the scope of the fight against bribery and corruption, and meets four times a year.

**Our Executive Ethics Committee:** Our Ethics Committee reports our company performance, within the scope of our **Anti-Bribery and Anti-**

**Corruption Policy**, to the Migros Ethics Executive Committee, which consists of the General Manager and relevant Assistant General Managers in our senior management.

In 2020, our company did not face any controversial accusations in terms of bribery and corruption.

**Our related policies and rules:** We continue our activities in full compliance with the **Migros Code of Ethics and our Anti-Bribery and Anti-Corruption Policy**, implementation of which is firmly supported by our Board of Directors. Our Migros Code of Ethics, established within the framework of our company's ethical approach and ethical rules, and our Anti-Bribery and Anti-Corruption Policy, which includes the attitudes, responsibilities and sanctions to be taken in case of a suspicion of bribery or corruption, can be accessed by all our stakeholders on our corporate website. Both our Migros Code of Ethics and our Anti-Bribery and Anti-Corruption Policy comply with the membership declaration and ethical principles of the Ethics and Reputation Association (Etik ve İtibar Derneği - TEİD), of which we became a member in order to benefit from its knowledge on ethics, the fight against bribery and corruption, employee abuse and



third-party risks, to get opinions and to participate in its training on necessary issues.

After being evaluated based on the 80 items, including ethical values, business ethics, reputation management, corporate governance, corporate social responsibility, compliance management, leadership and creativity, at the **ETİKA Turkey Ethics Awards** organized by the Ethical Values Center Association (Etik Değerler Merkezi Derneği - EDMER), we were listed among the "Most Ethical Companies of Turkey".



## COMPLIANCE WITH CORPORATE POLICIES AND CODE OF CONDUCT

Our “**Human Resources**”, “**Human Rights and Equal Opportunity**”, “**Anti-Bribery and Anti-Corruption**”, and “**Responsible Sourcing**” policies are reviewed and updated each year by the relevant departments. **We share current policies with our employees via email and circulars, with our suppliers and contractors through our B2B channel MECOM, and with the public via our corporate website.** Our policies were last updated in 2020. Our guidebook, called the “**Orange Book**”, which explains all our corporate policies and the Migros Code of Ethics transparently and in detail, has been prepared for our employees. This guidebook is shared with all our employees via email when they start new jobs and is also available on the intranet.

In order to ensure that our corporate policies are understood and adopted, we present our policy contents, in the e-training format, to all our employees. While our current employees are expected to complete this training, our newly recruited employees receive the training within the first month of employment. Our employees who cannot pass the exam at the end of the training are required to repeat the training. As of 2020, the number of our employees who completed this online training, which covers our corporate policies, reached **37,290**. The same training was offered **to our suppliers via MECOM and our B2B channel, which has 1,441 active users.**

Within the scope of our activities with the Ramstore brand, our relevant corporate policies were translated into the local languages of Kazakhstan and North

Macedonia (Kazakh, Macedonian and Russian), uploaded to the websites and intranets of the company, and employees were informed via email. In addition to these, our corporate policies were posted on store boards for our store employees. \*

**Our Human Resources and Industrial Relations Departments** evaluate our employees’ violations in terms of ethics, bribery and corruption, and report them to our Senior Management. In case our union member employees violate these rules, the Disciplinary Committee is convened with the participation of union representatives, in parallel with the Collective Bargaining Agreement. Violation of the Migros Code of Ethics or the Anti-Bribery and Anti-Corruption Policy results in the termination of the employee’s employment contract.

If **our employees** have any doubt about the violation of ethical issues, especially bribery and corruption, they may send a notification to the email address **etikkurul@migros.com.tr** and the notifications are sent directly to the Migros Ethics Committee.

Our **customers, suppliers and other stakeholders** can report their complaints and notices on bribery, corruption and other ethical issues via the 444 10 44 Customer Service line or e-mail address **etik@migros.com.tr**.

Thanks to our **open-door policy, the contact information of all Senior Management and function managers of our company is available on our corporate website**, and all our stakeholders can



**anonymously report** any potential violation of ethical rules to Migros managers. Our company makes the commitment that **there will be no retaliation against personnel who report misconduct**, and none of our employees can be held responsible for damages that the company may incur due to their non-compliance with the Migros Code of Ethics or their refusal to act in an unethical manner. Furthermore, **they will not be subject to any sanction** in the event of such a situation.

*\*As of the end of 2020, our retail operations in Kazakhstan were terminated, our activities continue with 1 shopping mall. And as of March 2021, our North Macedonia operations, have been terminated. You may find detailed information in our **2020 Annual Report**.*

In case of non-compliance with our corporate policies and Code of Ethics, we have an **“Ethical Reporting Record Monitoring”** system in order to collect and evaluate all notifications reaching our company via various communication channels, such as the call center, email and mobile application, at a single point, and to monitor actions systematically.

In 2020, we received 451 reports on ethical issues from all our official communication channels, 139 of which came from employees. Based on evaluations of the relevant persons made by our Disciplinary Committee, warnings, aggravated warnings and termination of service contracts were performed, according to necessity. 15 notifications were received within the scope of abuse of duty, situations that do not comply with rules of morality and goodwill, unethical behavior, neglect of duty, harassment, intimidation, and illegal unjust gain. As a result of the investigation of the reports by our Disciplinary Committee, the contract of an employee, who was alleged to have practiced intimidation, was terminated. While three employees were given aggravated warnings about harassment allegations at the workplace, the service contracts of 11 employees were terminated. One of the 451 reports was about bribery and corruption. The Ethics Committee convened to discuss the 2 employees who were the subject of this allegation, and while one person left the job voluntarily, the Disciplinary Committee convened to discuss the other person, whose service contract was terminated.



### COMPLIANCE WITH HUMAN RESOURCES POLICIES

**The human rights risk assessment** is part of our company's risk assessment process. As part of the social compliance assessments focusing on human rights, our risks and potential impacts are subject to audits and evaluations for all our company's domestic activities.

**Chief Human Resource Officer** of our human resources processes and relations with our employees in line with our Human Resources Policy. Compliance with both this policy and our **Human Rights and Equal Opportunity Policy is regularly monitored by our Internal Audit Department** and reported to our Senior Management. In case of being informed about issues that may create an inappropriate situation or receipt of a complaint, additional audits are organized regarding the issue. Furthermore, **suggestions and feedback** from our internal customers, received via the **Work Life Evaluation Survey, provide input** to the work we perform to ensure full compliance with our Human

Rights and Equal Opportunity Policy. In addition to our corporate policy training, we have been providing online training to our employees since 2019 on **basic human rights**, defined in the Universal Declaration of Human Rights. In 2020, 38.28% of our employees completed this training, and since 2019, a total of **28,541 employees** have completed the training.

A total of **4,087 hours** of training were provided in 2020. According to pre-test and post-test results, we detected a **26% increase** in knowledge as a result of the training. In 2020, online training on the Human Rights Policy was provided for employees of the security companies that we outsource. 95% of our security employees have completed this training



**28,541** employees  
**4,087** hours

As stated in our Human Rights and Equal Opportunity Policy, in all markets in which we operate, including our foreign subsidiaries in North Macedonia and Kazakhstan, we perform our activities **in line with the UN Guiding Principles on Business and Human Rights, as well as the ILO Declaration on Fundamental Principles and Rights at Work**. We are committed to abiding by these standards, even in the event of a risky situation or an adverse development.

Our human resource processes, from recruitment and placement to compensation, within our operations in Turkey and our foreign subsidiaries in North Macedonia and Kazakhstan, are managed according to the job profiles that we have defined in detail. We employ applicants based on their competencies, regardless of culture, age, gender or disability. Accordingly, the starting level salary in our stores is based on the minimum wage and fringe benefits, regardless of gender. We implement our human resources evaluation system within the framework of the "equality for all" principle, and we monitor the competence, ability and performance of our employees by measuring them according to general and objective criteria.

As soon as our company received 1 notice of discrimination in 2020, the Ethics Committee convened, and it was determined that the allegations did not reflect the truth. Therefore, there were **no cases of discrimination**. Until 2025, we aim to perform our operations that constitute our field of activity and all other operations that constitute our value chain with 99% compatibility with our Human Rights and

Equal Opportunity Policy. **During internal audits carried out in 2020, no human rights violations were detected within our operations.** There is no child labor or forced labor among employees, either in our domestic operations or foreign subsidiaries. The male and female employees with children within our company are ensured all the rights specified by all legal permissions, laws, regulations and collective agreement provisions.

As part of our overseas operations, human rights and equal opportunity studies are performed at Ramstore Macedonia and Ramstore Kazakhstan\*, with the guidance of official authorities. In our operations conducted in our Ramstore Macedonia and Ramstore Kazakhstan, no case of discrimination, child labor or forced labor was detected.

In line with the international **ISAE 3000 (Revised) Standard**, our statements in the relevant report on maternity leave, the right to freedom of association and collective bargaining, the basic salary and the ratio of women's wages to men, the training received by employees in accordance with human rights policies/procedures, and security personnel trained on human rights have all been verified by an independent auditing firm.

**\*As of the end of 2020, our retail operations in Kazakhstan were terminated, our activities continue with 1 shopping mall. And as of March 2021, our North Macedonia operations, have been terminated. You may find detailed information in our 2020 Annual Report.**

You may access the Independent Assurance Statement on Human Rights and Supply Chain (Selected Criteria) in the **'Appendix'** section of our report.



# Responsible Advertising and **Marketing**

In our advertising and marketing activities, we are committed to ensuring that our advertisement production and broadcast communication are compliant with all regulations and rules. In line with our Broadcasting Policy, products that are not suitable for children's consumption are not communicated in programs and channels targeting audiences under the age of 12. Additionally, we perform all communications via television regarding processed foods, accompanied by an appropriate disclaimer text provided by the Ministry of Health. Within the scope of our advertising, promotion and sponsorship activities during the reporting year, 1 administrative fine and a suspension penalty were received for allegedly misleading campaign information. The legal process is ongoing.





# Appendix

# Sustainability Performance Indicators

## WATER CONSUMPTION TABLES FOR 2020

### Water Discharge Distribution

|  | 2016 | 2017  | 2018  | 2019  | 2020  |
|--|------|-------|-------|-------|-------|
| Discharged to Sewers (%)               | 98.4 | 98.78 | 97.09 | 99.20 | 98.81 |
| Discharged to Water Bodies (Other) (%) | 1.6  | 1.21  | 2.91  | 0.80  | 1.19  |

### Water Withdrawal by Source

|                               | 2016    | 2017    | 2018    | 2019      | 2020    |
|-------------------------------|---------|---------|---------|-----------|---------|
| Mains Water (m <sup>3</sup> ) | 678,308 | 747,246 | 859,014 | 1,235,162 | 936,220 |
| Well Water (m <sup>3</sup> )  | 13,490  | 13,906  | 25,776  | 47,375    | 40,930  |

## OUR STORES WITH AUTOMATION SYSTEMS

|                             | 2016  | 2017  | 2018  | 2019  | 2020  |
|-----------------------------|-------|-------|-------|-------|-------|
| Cooling Automation          | 1,137 | 1,586 | 1,756 | 1,864 | 1,978 |
| Air Conditioning Automation | 937   | 1,061 | 1,179 | 1,278 | 1,355 |
| Lighting Automation         | 706   | 856   | 933   | 1,071 | 1,119 |

## RECYCLED WASTE VEGETABLE OIL, WASTE BATTERY AND ELECTRONIC WASTE AMOUNTS BY YEAR

### Waste Vegetable Oil Collected (tons)

|                                      | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------------------------------------|------|------|------|------|------|
| Waste Vegetable Oil Collected (tons) | 24   | 23   | 28   | 30   | 31   |

2018 and 2019 data include waste vegetable oil collected from homes by Migros Sanal Market

### Waste Battery Collected (tons)

|                                  | 2016 | 2017 | 2018 | 2019 | 2020 |
|----------------------------------|------|------|------|------|------|
| Waste Batteries Collected (tons) | 2    | 3    | 3,5  | 4,5  | 5,68 |

2018 and 2019 data include waste batteries collected from homes by Migros Sanal Market

### Electronic Waste Collected from Our Customers (tons)

|                                   | 2016 | 2017 | 2018 | 2019 | 2020  |
|-----------------------------------|------|------|------|------|-------|
| Electronic Waste Collected (tons) | 105  | 95   | 211  | 92   | 77,38 |

### NUMBER OF SUPPLIERS BY YEAR

|                               | 2017  | 2018  | 2019  | 2020  |
|-------------------------------|-------|-------|-------|-------|
| Total suppliers*              | 2.028 | 1.901 | 1.863 | 1.878 |
| Total number of new suppliers | 247   | 199   | 229   | 376   |

\* Number of our active suppliers from whom we make purchases of TRY 1,000 and above

### PRODUCT QUALITY CONTROL AUDITS

| Product  | Number    |
|--|-----------|
| New food products internally checked for quality               | 3,301     |
| New non-food products internally checked for quality           | 6,138     |
| Products inspected in an accredited laboratory*                | 11,764    |
| Unannounced store verification audits                          | 2,154     |
| Number of stores analyzed for hygiene                          | 1,341     |
| Number of hygiene analyses (SWAB Analysis)                     | 20,300    |
| Number of Risk Based Process Audits                            | 700       |
| Number of Migros Sanal Market process audits                   | 393       |
| New stores and seasonal store compliance audits                | 301       |
| Number of bakery product controls                              | 146       |
| Number of products checked for quality in Distribution Centers | 4,162,248 |
| Number of products checked for quality in Distribution Centers | 1,133     |

\*Quality verification analyses of 11,764 new products have been completed in accredited laboratories based on 40,904 parameters

\*\*Vehicle controls have been completed by verifying vehicle temperatures with data loggers and temperature labels in distribution centers

### OHS TABLES

| Type of Injury (%)*          | 2018 | 2019 | 2020 |
|------------------------------|------|------|------|
| Cuts and lacerations         | 38   | 33   | 31   |
| Slips, trips and falls       | 14   | 15   | 14   |
| Being hit by falling objects | 8    | 8    | 11   |
| Crushes                      | 5    | 6    | 5    |
| Collisions and crashes       | 8    | 9    | 10   |
| Other                        | 27   | 29   | 30   |
| Accidental deaths            | 0    | 0    | 0    |

| Occupational accidents by gender* | 2018 | 2019  | 2020  |
|-----------------------------------|------|-------|-------|
| Male                              | 612  | 658   | 727   |
| Female                            | 315  | 389   | 423   |
| Total                             | 927  | 1,047 | 1,150 |

\*Occupational accidents entered through WorkSafe OHS software are classified based on the reasons for which they were entered. Within the scope of heavy work accidents, there are no accidents that caused incapacity for more than six months. Includes stores and administrative units.



## HUMAN RESOURCES TABLES

### Employee Profile by Gender and Working Status

| Employee Category | In İstanbul  |              | Outside Istanbul |               | TOTAL         | Overseas Subsidiaries |            | TOTAL         |
|-------------------|--------------|--------------|------------------|---------------|---------------|-----------------------|------------|---------------|
|                   | Female       | Male         | Female           | Male          |               | Female                | Male       |               |
| Full-time         | 4,471        | 7,845        | 9,640            | 14,957        | 36,913        | 486                   | 299        | 37,698        |
| Part-time         | 74           | 54           | 400              | 232           | 760           | 0                     | 0          | 760           |
| <b>Total</b>      | <b>4,545</b> | <b>7,899</b> | <b>10,040</b>    | <b>15,189</b> | <b>37,673</b> | <b>486</b>            | <b>299</b> | <b>38,458</b> |

## ÜRETİLEN VE DAĞITILAN EKONOMİK DEĞER

| CONSOLIDATED (000 TL) - IFRS              | %            | 2020              |
|---|--------------|-------------------|
| <b>REVENUES (Net Sales)</b>               | <b>100%</b>  | <b>28,790,190</b> |
| <b>ECONOMIC VALUE DISTRIBUTED</b>         | <b>92.4%</b> | <b>26,587,853</b> |
| Operating costs                           | 11.2%        | 3,218,541         |
| Sales costs (Payments to suppliers)       | 74.3%        | 21,391,323        |
| Employee wages and benefits               | 10.8%        | 3,117,625         |
| Payments to capital providers             | 0%           | 0                 |
| Bank interest expenses (net)              | 1.6%         | 466,402           |
| Payments to the government – Tax payments | 0.6%         | 172,141           |
| Social investments                        | 0%           | 0                 |
| Donations made                            | 0.01%        | 1,806             |
| <b>ECONOMIC VALUE HELD</b>                | <b>7.6%</b>  | <b>2,202,337</b>  |

Note: The table Economic Value Generated and Distributed above does not include exchange incomes/ expenses, derivative instrument incomes / expenses or other financial expenses. Payments to the government show the total cash payment to indicate the amount in the tax statement.

### Employees who have passed regular performance improvement assessments (%)

| Position               | Female        | Male          | Total         |
|------------------------|---------------|---------------|---------------|
| HQ                     | 38%           | 62%           | 100%          |
| Store Management       | 26,5%         | 73,5%         | 100%          |
| Store Personnel        | 42%           | 58%           | 100%          |
| <b>Total Employees</b> | <b>13,929</b> | <b>20,845</b> | <b>34,774</b> |

Operational changes and resignations are subject to the notice periods specified in collective labor agreements, or in the Labor Law for employees who are not covered by a collective labor agreement. Employees who leave Migros after one year of service due to reasons other than resignation or misconduct (such as for retirement or mandatory military service) are entitled to severance pay as mandated by law. Detailed information about the process is provided in our Severance Policy, which is available to the public on our corporate website.

### As of January 26, 2021, the capital structure of Migros Ticaret A.Ş is as follows:

| Name                              | Share Amount (TRY) | Share Rate (%) |
|-----------------------------------|--------------------|----------------|
| MH Perakendecilik ve Ticaret A.Ş. | 89,046,058         | 49.18          |
| Other                             | 89,046,059         | 49.18          |
| Migros Ticaret A.Ş.               | 2,962,116          | 1.64           |
| <b>Total</b>                      | <b>181.054.233</b> | <b>100,00</b>  |

# GRI Standards Content Index

For the Materiality Disclosures Service, GRI Services found that the GRI content index is clearly presented and the references for disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. The service was performed on the Turkish version of the report.



| GRI STANDARD                             | DISCLOSURES  | PAGE NUMBERS, URLs AND/OR DIRECT ANSWERS   |
|--|--|--|
| <b>GRI 101: FOUNDATION 2016</b>          | GRI 101 does not consist of indicators.  |  |
| <b>GRI 102: GENERAL DISCLOSURES 2016</b> |  |  |
| <b>Organizational Profile</b>            | 102-1 Name of the organization   | About the Report p. 6  |
|  | 102-2 Activities, brands, products and services  | About Migros p. 7<br>Our Products and Services Supporting Healthy Living p. 61-65<br><b>Health and Nutrition Policy</b>                    |
|  | 102-3 Location of headquarters   | Migros Headquarters are located in Atatürk Mahallesi Turgut Özal Bulvarı No:7 Ataşehir / Istanbul – Turkey                                 |
|  | 102-4 Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report | Migros has operations in three countries: Turkey, Kazakhstan and North Macedonia.<br>About the Report p. 6                                 |
|  | 102-5 Ownership and legal form   | Our Board of Directors and Capital Structure p. 116  |
|  | 102-6 Markets served   | About Migros p. 7<br>Generating Sustainable Economic Value p. 74-80<br>Digitalization and Our Innovative Practices p. 77-81                |
|  | 102-7 Scale of the organization  | Generating Sustainable Economic Value p. 74-80<br>Digitalization and Our Innovative Practices p. 77-81<br><b>Migros 2020 Annual Report</b> |

| GRI STANDARD                  | DISCLOSURES   | PAGE NUMBERS, URLS AND/OR DIRECT ANSWERS   |
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| <b>Organizational Profile</b> | 102-8 Information on employees and other workers                    | Our Employee Profile p. 34<br>Gender Equality and Equal Opportunities p. 45-49<br>Sustainability Performance Indicators p. 127                                   |
|                               | 102-9 Supply Chain  | Sustainable Growth with Our Suppliers p. 53-58<br>Generating Sustainable Economic Value p. 74-76<br>Our Products and Services Supporting Healthy Living p. 61-65 |
|                               | 102-10 Significant changes to the organization and its supply chain | Our Board of Directors and Capital Structure p. 117  |
|                               | 102-11 Precautionary Principle or approach                          | Migros Better Future Plan p. 10<br>Business Ethics and Compliance with Corporate Policies and Laws p. 118-121  |
|                               | 102-12 External initiatives   | Memberships, Collaborations and Our Initiatives p. 21-23   |
| <b>Strategy</b>               | 102-13 Membership of associations                                   | Memberships, Collaborations and Our Initiatives p. 21-23   |
|                               | 102-14 Statement from senior decision-maker                         | CEO Message p. 4-5   |
| <b>Ethics and Integrity</b>   | 102-16 Values, principles, standards, and norms of behavior         | Migros Better Future Plan p. 10  |
| <b>Governance</b>             | 102-18 Governance structure   | Our Board of Directors and Capital Structure p. 116<br>Our Sustainability Approach p. 13-14  |
|                               | 102-40 List of stakeholder groups                                   | Communication with Our Stakeholders s. 19-20   |
| <b>Stakeholder Engagement</b> | 102-41 Collective bargaining agreements                             | Empowering Our Employees p. 39<br><b>Human Rights and Equal Opportunity Policy</b>   |
|                               | 102-42 Identifying and selecting stakeholders                       | Communication with Our Stakeholders p. 19-20   |
|                               | 102-43 Approach to stakeholder engagement                           | Communication with Our Stakeholders p. 19-20<br>Memberships, Collaborations and Our Initiatives p. 21-23   |
|                               | 102-44 Key topics and concerns raised                               | Communication with Our Stakeholders p. 19-20<br>Memberships, Collaborations and Our Initiatives p. 21-23   |
| <b>Reporting Practice</b>     | 102-45 Entities included in the consolidated financial statements   | About the Report p. 6  |
|                               | 102-46 Defining report content and topic Boundaries                 | About the Report p. 6<br>Migros Better Future Plan p. 10<br>Our Materiality Matrix in 2020 p. 24-25  |

| GRI STANDARD                                     | DISCLOSURES  | PAGE NUMBERS, URLS AND/OR DIRECT ANSWERS   |
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| <b>Reporting Practice</b>                        | 102-47 List of material topics   | Our Materiality Matrix in 2020 p. 24-25  |
|  | 102-48 Restatements of information   | There is no correction for the previous period report.   |
|  | 102-49 Changes in reporting  | Our Materiality Matrix in 2020 p. 24-25  |
|  | 102-50 Reporting period  | About the Report p. 6  |
|  | 102-51 Date of most recent report  | About the Report p. 6  |
|  | 102-52 Reporting cycle   | About the Report p. 6  |
|  | 102-53 Contact point for questions regarding the report                            | About the Report p. 6  |
|  | 102-54 Claims of reporting in accordance with the GRI Standards                    | About the Report p. 6  |
|  | 102-55 GRI content index   | GRI Content Index p. 128-158   |
| 102-56 External assurance                        | About the Report p. 6  |  |
| <b>GRI 200: ECONOMIC PERFORMANCE SERIES 2016</b> |  |  |
| <b>Economic Performance</b>                      |  |  |
| <b>GRI 103: Management Approach 2016</b>         | 103-1 Explanation of the material topic and its Boundary                           | Generating Sustainable Economic Value p. 74-76   |
|  | 103-2 The management approach and its components                                   | Generating Sustainable Economic Value p. 74-76   |
|  | 103-3 Evaluation of the management approach  | Generating Sustainable Economic Value p. 74-76   |
| <b>GRI 201: Economic Performance 2016</b>        | 201-1 Direct economic value generated and distributed                              | Sustainability Performance Indicators p. 127   |
| <b>Market Presence</b>                           |  |  |
| <b>GRI 103: Management Approach 2016</b>         | 103-1 Explanation of the material topic and its Boundary                           | Generating Sustainable Economic Value p. 74-76   |
|  | 103-2 The management approach and its components                                   | Generating Sustainable Economic Value p. 74-76   |
|  | 103-3 Evaluation of the management approach  | Generating Sustainable Economic Value p. 74-76   |
| <b>GRI 202: Market Presence 2016</b>             | 202-1 Ratios of standard entry level wage by gender compared to local minimum wage | <b>Human Rights and Equal Opportunity Policy</b><br>Generating Sustainable Economic Value p. 74-76 |

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| <b>Indirect Economic Impacts</b>                    |   |  |
| <b>GRI 103: Management Approach 2016</b>            | 103-1 Explanation of the material topic and its Boundary                              | Generating Sustainable Economic Value p. 74-76   |
|   | 103-2 The management approach and its components                                      | Generating Sustainable Economic Value p. 74-76   |
|   | 103-3 Evaluation of the management approach   | Generating Sustainable Economic Value p. 74-76   |
| <b>GRI 203: Indirect Economic Impacts 2016</b>      | 203-2 Significant indirect economic impacts   | Generating Sustainable Economic Value p. 74-76<br>Sustainability Performance Indicators p. 126 |
| <b>Anti-Corruption</b>                              |   |  |
| <b>GRI 103: Management Approach 2016</b>            | 103-1 Explanation of the material topic and its Boundary                              | Business Ethics and Compliance with Corporate Policies and Laws p. 118-121                     |
|   | 103-2 The management approach and its components                                      | Business Ethics and Compliance with Corporate Policies and Laws p. 118-121                     |
|   | 103-3 Evaluation of the management approach   | Business Ethics and Compliance with Corporate Policies and Laws p. 118-121                     |
| <b>GRI 205: Anti-corruption 2016</b>                | 205-1 Operations assessed for risks related to corruption                             | Business Ethics and Compliance with Corporate Policies and Laws p. 118-121                     |
| <b>Anti-Competitive Behavior</b>                    |   |  |
| <b>GRI 103: Management Approach 2016</b>            | 103-1 Explanation of the material topic and its Boundary                              | Our Board of Directors and Capital Structure p. 117  |
|   | 103-2 The management approach and its components                                      | Our Board of Directors and Capital Structure p. 117  |
|   | 103-3 Evaluation of the management approach   | Our Board of Directors and Capital Structure p. 117  |
| <b>GRI 206: Anti-Competitive Behavior 2016</b>      | 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | Our Board of Directors and Capital Structure p. 117  |
| <b>GRI 300: ENVIRONMENTAL STANDARDS SERIES 2016</b> |   |  |
| <b>Energy</b>                                       |   |  |
| <b>GRI 103: Management Approach 2016</b>            | 103-1 Explanation of the material topic and its Boundary                              | Combating Climate Change and Our Energy Management p. 87-93                                    |
|   | 103-2 The management approach and its components                                      | Combating Climate Change and Our Energy Management p. 87-93                                    |
|   | 103-3 Evaluation of the management approach   | Combating Climate Change and Our Energy Management p. 87-93                                    |

| GRI STANDARD                             | DISCLOSURES   | PAGE NUMBERS, URLS AND/OR DIRECT ANSWERS                               |
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| <b>GRI 302: Energy 2016</b>              | 302-1 Energy consumption within the organization  | Combating Climate Change and Our Energy Management p. 87-93            |
|  | 302-4 Reduction of energy consumption   | Combating Climate Change and Our Energy Management p. 87-93            |
| <b>Water and Effluents</b>               |   |  |
| <b>GRI 103: Management Approach 2016</b> | 103-1 Explanation of the material topic and its Boundary  | Sustainable Water Management p. 94-96                                  |
|  | 103-2 The management approach and its components  | Sustainable Water Management p. 94-96                                  |
|  | 103-3 Evaluation of the management approach   | Sustainable Water Management p. 94-96                                  |
| <b>GRI 303: Water and Effluents 2018</b> | 303-1 Interactions with water as a shared resource  | Sustainable Water Management p. 94-96                                  |
|  | 303-2 Management of water discharge-related impacts   | Sustainable Water Management p. 94-96                                  |
|  | 303-3 Water withdrawal  | Sustainability Performance Indicators p. 125                           |
|  | 303-4 Water discharge   | Sustainability Performance Indicators p. 125                           |
|  | 303-5 Water consumption   | Sustainable Water Management p. 96                                     |
| <b>Biodiversity</b>                      |   |  |
| <b>GRI 103: Management Approach 2016</b> | 103-1 Explanation of the material topic and its Boundary  | Our Contribution to Sustainable Agriculture and Biodiversity p. 97-103 |
|  | 103-2 The management approach and its components  | Our Contribution to Sustainable Agriculture and Biodiversity p. 97-103 |
|  | 103-3 Evaluation of the management approach   | Our Contribution to Sustainable Agriculture and Biodiversity p. 97-103 |
| <b>GRI 304: Biodiversity 2016</b>        | 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | Our Contribution to Sustainable Agriculture and Biodiversity p. 97-103 |
|  | 304-2 Significant impacts of activities, products, and services on biodiversity   | Our Contribution to Sustainable Agriculture and Biodiversity p. 97-103 |
| <b>Emissions</b>                         |   |  |
| <b>GRI 103: Management Approach 2016</b> | 103-1 Explanation of the material topic and its Boundary  | Combating Climate Change and Our Energy Management p. 87-93            |
|  | 103-2 The management approach and its components  | Combating Climate Change and Our Energy Management p. 87-93            |
|  | 103-3 Evaluation of the management approach   | Combating Climate Change and Our Energy Management p. 87-93            |

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| <b>GRI 305: Emissions 2016</b>                | 305-1 Direct (Scope 1) GHG emissions                         | Combating Climate Change and Our Energy Management p. 87-93   |
|   | 305-2 Energy indirect (Scope 2) GHG emissions                | Combating Climate Change and Our Energy Management p. 87-93   |
|   | 305-3 Other indirect (Scope 3) GHG emissions                 | Combating Climate Change and Our Energy Management p. 87-93   |
|   | 305-4 GHG emissions intensity                                | Combating Climate Change and Our Energy Management p. 87-93   |
|   | 305-5 Reduction of GHG emissions                             | Combating Climate Change and Our Energy Management p. 87-93   |
| <b>Effluents and Waste</b>                    |  |   |
| <b>GRI 103: Management Approach 2016</b>      | 103-1 Explanation of the material topic and its Boundary     | Sustainable Water Management p. 94-96<br>Our Food Waste Prevention Practices p. 104-108<br>Our Effective Waste Management p. 109-114    |
|   | 103-2 The management approach and its components             | Sustainable Water Management p. 94-96<br>Our Food Waste Prevention Practices p. 104-108<br>Our Effective Waste Management p. 109-114    |
|   | 103-3 Evaluation of the management approach                  | Sustainable Water Management p. 94-96<br>Our Food Waste Prevention Practices p. 104-108<br>Our Effective Waste Management p. 109-114    |
| <b>GRI 306: Effluents and Waste 2016</b>      | 306-1 Water discharge by quality and destination             | Sustainability Performance Indicators p. 126  |
|   | 306-2 Waste by type and disposal method                      | Our Food Waste Prevention Practices p. 108<br>Our Effective Waste Management p. 109-114<br>Sustainability Performance Indicators p. 126 |
| <b>Environmental Compliance</b>               |  |   |
| <b>GRI 103: Management Approach 2016</b>      | 103-1 Explanation of the material topic and its Boundary     | Migros Better Future Plan p. 10-11<br>Our Environmental Management p. 86  |
|   | 103-2 The management approach and its components             | Migros Better Future Plan p. 10-11<br>Our Environmental Management p. 86  |
|   | 103-3 Evaluation of the management approach                  | Migros Better Future Plan p. 10-11<br>Our Environmental Management p. 86  |
| <b>GRI 307: Environmental Compliance 2016</b> | 307-1 Non-compliance with environmental laws and regulations | Our Environmental Management p. 86  |

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| <b>Supplier Environmental Assessment</b>               |  |  |
| <b>GRI 103: Management Approach 2016</b>               | 103-1 Explanation of the material topic and its Boundary   | Sustainable Growth with Our Suppliers p. 53-58   |
|  | 103-2 The management approach and its components   | Sustainable Growth with Our Suppliers p. 53-58   |
|  | 103-3 Evaluation of the management approach  | Sustainable Growth with Our Suppliers p. 53-58   |
| <b>GRI 308: Supplier Environmental Assessment 2016</b> | 308-1 New suppliers that were screened using environmental criteria                                      | Sustainable Growth with Our Suppliers p. 54-56   |
|  | 308-2 Negative environmental impacts in the supply chain and actions taken                               | Sustainable Growth with Our Suppliers p. 57  |
| <b>GRI 400 SOCIAL STANDARDS SERIES 2016</b>            |  |  |
| <b>Employment</b>                                      |  |  |
| <b>GRI 103: Management Approach 2016</b>               | 103-1 Explanation of the material topic and its Boundary   | Our Employee Profile p. 34<br>Business Ethics and Compliance with Corporate Policies and Laws p. 121-122 |
|  | 103-2 The management approach and its components   | Our Employee Profile p. 34<br>Business Ethics and Compliance with Corporate Policies and Laws p. 121-122 |
|  | 103-3 Evaluation of the management approach  | Our Employee Profile p. 34<br>Business Ethics and Compliance with Corporate Policies and Laws p. 121-122 |
| <b>GRI 401: Employment 2016</b>                        | 401-1 New employee hires and employee turnover   | Our Employee Profile p. 34   |
|  | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | Empowering Our Employees p. 38   |
| <b>Labor/Management Relations</b>                      |  |  |
| <b>GRI 103: Management Approach 2016</b>               | 103-1 Explanation of the material topic and its Boundary   | Business Ethics and Compliance with Corporate Policies and Laws p. 121-122                               |
|  | 103-2 The management approach and its components   | Business Ethics and Compliance with Corporate Policies and Laws p. 121-122                               |
|  | 103-3 Evaluation of the management approach  | Business Ethics and Compliance with Corporate Policies and Laws p. 121-122                               |
| <b>GRI 402: Labor/Management Relations 2016</b>        | 402-1 Minimum notice periods regarding operational changes   | Sustainability Performance Indicators p. 127   |

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| <b>Occupational Health and Safety</b>               |   |   |
| <b>GRI 103: Management Approach 2016</b>            | 103-1 Explanation of the material topic and its Boundary  | Our Employees' Health and Safety p. 40-44   |
|   | 103-2 The management approach and its components  | Our Employees' Health and Safety p. 40-44   |
|   | 103-3 Evaluation of the management approach   | Our Employees' Health and Safety p. 40-44   |
| <b>GRI 403: Occupational Health and Safety 2018</b> | 403-1 Occupational health and safety management system  | Our Employees' Health and Safety p. 40-44   |
|   | 403-2 Hazard identification, risk assessment, and incident investigation  | Our Employees' Health and Safety p. 40-44<br>Sustainability Performance Indicators p. 126   |
|   | 403-3 Occupational health services  | Our Employees' Health and Safety p. 40-44   |
|   | 403-4 Worker participation, consultation, and communication on occupational health and safety                       | Empowering Our Employees p. 39<br>Our Employees' Health and Safety p. 40-44   |
|   | 403-5 Worker training on occupational health and safety   | Our Employees' Health and Safety p. 42-43   |
|   | 403-6 Promotion of worker health  | Our Employees' Health and Safety p. 40-44   |
|   | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Our Employees' Health and Safety p. 40-44   |
|   | 403-9 Work-related injuries   | Our Employees' Health and Safety p. 41<br>Sustainability Performance Indicators p. 126  |
|   | 403-10 Work-related ill health  | During the reporting period, we do not have any employees who have been diagnosed with an occupational illness due to Company activities. |
|   | <b>Training and Education</b>   |   |
| <b>GRI 103: Management Approach 2016</b>            | 103-1 Explanation of the material topic and its Boundary  | Empowering Our Employees p. 35-39   |
|   | 103-2 The management approach and its components  | Empowering Our Employees p. 35-39   |
|   | 103-3 Evaluation of the management approach   | Empowering Our Employees p. 35-39   |

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| <b>GRI 404: Training and Education 2016</b>                           | 404-1 Average hours of training per year per employee  | Empowering Our Employees p. 35-39   |
|   | 404-2 Programs for upgrading employee skills and transition assistance programs                                      | Empowering Our Employees p. 35-39   |
|   | 404-3 Percentage of employees receiving regular performance and career development reviews                           | Empowering Our Employees p. 35-39<br>Sustainability Performance Indicators p. 127 |
| <b>Diversity and Equal Opportunity</b>                                |  |   |
| <b>GRI 103: Management Approach 2016</b>                              | 103-1 Explanation of the material topic and its Boundary   | Gender Equality and Equal Opportunities p. 45-49                                  |
|   | 103-2 The management approach and its components   | Gender Equality and Equal Opportunities p. 45-49                                  |
|   | 103-3 Evaluation of the management approach  | Gender Equality and Equal Opportunities p. 45-49                                  |
| <b>GRI 405: Diversity and Equal Opportunity 2016</b>                  | 405-1 Diversity of governance bodies and employees   | Gender Equality and Equal Opportunities p. 45-49                                  |
|   | 405-2 Ratio of basic salary and remuneration of women to men   | Gender Equality and Equal Opportunities p. 45-49                                  |
| <b>HUMAN RIGHTS</b>   |  |   |
| <b>Non-Discrimination</b>   |  |   |
| <b>GRI 103: Management Approach 2016</b>                              | 103-1 Explanation of the material topic and its Boundary   | Business Ethics and Compliance with Corporate Policies and Laws p. 118-122        |
|   | 103-2 The management approach and its components   | Business Ethics and Compliance with Corporate Policies and Laws p. 118-122        |
|   | 103-3 Evaluation of the management approach  | Business Ethics and Compliance with Corporate Policies and Laws p. 118-122        |
| <b>GRI 406: Non-Discrimination 2016</b>                               | 406-1 Incidents of discrimination and corrective actions taken   | Business Ethics and Compliance with Corporate Policies and Laws p. 118-122        |
| <b>Freedom of Association and Collective Bargaining</b>               |  |   |
| <b>GRI 103: Management Approach 2016</b>                              | 103-1 Explanation of the material topic and its Boundary   | Empowering Our Employees p. 39  |
|   | 103-2 The management approach and its components   | Empowering Our Employees p. 39  |
|   | 103-3 Evaluation of the management approach  | Empowering Our Employees p. 39  |
| <b>GRI 407: Freedom of Association and Collective Bargaining 2016</b> | 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | Empowering Our Employees p. 39  |

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| <b>Child Labor</b>                              |  |  |
| <b>GRI 103: Management Approach 2016</b>        | 103-1 Explanation of the material topic and its Boundary                                       | Sustainable Growth with Our Suppliers p. 53-58<br>Business Ethics and Compliance with Corporate Policies and Laws p. 118-123 |
|   | 103-2 The management approach and its components   | Sustainable Growth with Our Suppliers p. 53-58<br>Business Ethics and Compliance with Corporate Policies and Laws p. 118-123 |
|   | 103-3 Evaluation of the management approach  | Sustainable Growth with Our Suppliers p. 53-58<br>Business Ethics and Compliance with Corporate Policies and Laws p. 118-123 |
| <b>GRI 408: Child Labor 2016</b>                | 408-1 Operations and suppliers at significant risk for incidents of child labor                | Sustainable Growth with Our Suppliers p. 53-58<br>Business Ethics and Compliance with Corporate Policies and Laws p. 118-123 |
| <b>Forced or Compulsory Labor</b>               |  |  |
| <b>GRI 103: Management Approach 2016</b>        | 103-1 Explanation of the material topic and its Boundary                                       | Sustainable Growth with Our Suppliers p. 57<br>Business Ethics and Compliance with Corporate Policies and Laws p. 118-123    |
|   | 103-2 The management approach and its components   | Sustainable Growth with Our Suppliers p. 57<br>Business Ethics and Compliance with Corporate Policies and Laws p. 118-123    |
|   | 103-3 Evaluation of the management approach  | Sustainable Growth with Our Suppliers p. 57<br>Business Ethics and Compliance with Corporate Policies and Laws p. 118-123    |
| <b>GRI 409: Forced or Compulsory Labor 2016</b> | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | Suppliers Audit Result for 2020 p.58<br>Business Ethics and Compliance with Corporate Policies and Laws p. 121-122           |
| <b>Human Rights Assessment</b>                  |  |  |
| <b>GRI 103: Management Approach 2016</b>        | 103-1 Explanation of the material topic and its Boundary                                       | Business Ethics and Compliance with Corporate Policies and Laws p. 121-122   |
|   | 103-2 The management approach and its components   | Business Ethics and Compliance with Corporate Policies and Laws p. 121-122   |
|   | 103-3 Evaluation of the management approach  | Business Ethics and Compliance with Corporate Policies and Laws p. 121-122   |
| <b>GRI 412: Human Rights Assessment 2016</b>    | 412-1 Operations that have been subject to human rights reviews or impact assessments          | Business Ethics and Compliance with Corporate Policies and Laws p. 121-122   |
|   | 412-2 Employee training on human rights policies or procedures                                 | Business Ethics and Compliance with Corporate Policies and Laws p. 121-122   |

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| <b>SOCIETY</b>                                  |  |   |
| <b>Local Communities</b>                        |  |   |
| <b>GRI 103: Management Approach 2016</b>        | 103-1 Explanation of the material topic and its Boundary                                       | Our Projects Supporting Community Health p. 66-67<br>Gender Equality and Equal Opportunities p. 50-51<br>Our Collaborations Providing Social Contribution p. 71-72  |
|   | 103-2 The management approach and its components   | Our Projects Supporting Community Health p. 66-67<br>Gender Equality and Equal Opportunities p. 50-51<br>Our Collaborations Providing Social Contribution p. 71-72  |
|   | 103-3 Evaluation of the management approach  | Our Projects Supporting Community Health p. 66-67<br>Gender Equality and Equal Opportunities p. 50-51<br>Our Collaborations Providing Social Contribution p. 71-72  |
| <b>GRI 413: Local Communities 2016</b>          | 413-1 Operations with local community engagement, impact assessments, and development programs | Our Projects Supporting Community Health p. 66-67<br>Gender Equality and Equal Opportunities p. 50-51<br>Our Collaborations Providing Social Contribution p. 71-72<br>Our Accessibility Practices p. 70                   |
| <b>Supplier Social Assessment</b>               |  |   |
| <b>GRI 103: Management Approach 2016</b>        | 103-1 Explanation of the material topic and its Boundary                                       | Sustainable Growth with Our Suppliers p. 53-58  |
|   | 103-2 The management approach and its components   | Sustainable Growth with Our Suppliers p. 53-58  |
|   | 103-3 Evaluation of the management approach  | Sustainable Growth with Our Suppliers p. 53-58  |
| <b>GRI 414: Supplier Social Assessment 2016</b> | 414-1 New suppliers that were screened using social criteria                                   | Sustainable Growth with Our Suppliers p. 54-56  |
|   | 414-2 Negative social impacts in the supply chain and actions taken                            | Sustainable Growth with Our Suppliers p. 57   |
| <b>Customer Health and Safety</b>               |  |   |
| <b>GRI 103: Management Approach 2016</b>        | 103-1 Explanation of the material topic and its Boundary                                       | Quality, Freshness and Hygiene p. 59-60<br>Our Products and Services Supporting Healthy Living p. 61-65<br>Our Projects Supporting Community Health p. 66-67<br>Transparent and Fast Flow of Product Information p. 82-83 |
|   | 103-2 The management approach and its components   | Quality, Freshness and Hygiene p. 59-60<br>Our Products and Services Supporting Healthy Living p. 61-65<br>Our Projects Supporting Community Health p. 66-67<br>Transparent and Fast Flow of Product Information p. 82-83 |

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| <b>GRI 103: Management Approach 2016</b>    | 103-3 Evaluation of the management approach   | Quality, Freshness and Hygiene p. 59-60<br>Our Products and Services Supporting Healthy Living p. 61-65<br>Our Projects Supporting Community Health p. 66-67<br>Transparent and Fast Flow of Product Information p. 82-83 |
|   | 416-1 Assessment of the health and safety impacts of product and service categories                 | Quality, Freshness and Hygiene p. 59-60<br>Sustainability Performance Indicators p. 126   |
|   | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | Quality, Freshness and Hygiene p. 59-60<br>Sustainability Performance Indicators p. 126   |
| <b>PRODUCT RESPONSIBILITY</b>               |   |   |
| <b>Marketing and Labeling</b>               |   |   |
| <b>GRI 103: Management Approach 2016</b>    | 103-1 Explanation of the material topic and its Boundary  | Responsible Advertising and Marketing p. 123  |
|   | 103-2 The management approach and its components  | Responsible Advertising and Marketing p. 123  |
|   | 103-3 Evaluation of the management approach   | Responsible Advertising and Marketing p. 123  |
| <b>GRI 417: Marketing and Labeling 2016</b> | 417-1 Requirements for product and service information and labeling                                 | Quality, Freshness and Hygiene p. 59-60<br>Transparent and Fast Flow of Product Information p. 82-83  |
|   | 417-2 Incidents of non-compliance concerning product and service information and labeling           | Responsible Advertising and Marketing p. 123  |
| <b>Customer Privacy</b>                     |   |   |
| <b>GRI 103: Management Approach 2016</b>    | 103-1 Explanation of the material topic and its Boundary  | Effective Communication with Our Customers p. 68-69<br>Privacy and Data Security p. 84  |
|   | 103-2 The management approach and its components  | Effective Communication with Our Customers p. 68-69<br>Privacy and Data Security p. 84  |
|   | 103-3 Evaluation of the management approach   | Effective Communication with Our Customers p. 68-69<br>Privacy and Data Security p. 8   |
| <b>GRI 418: Customer Privacy 2016</b>       | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data  | Effective Communication with Our Customers p. 68-69<br>Privacy and Data Security p. 84  |

| GRI STANDARD                                  | DISCLOSURES  | PAGE NUMBERS, URLs AND/OR DIRECT ANSWERS       |
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| <b>SOCIOECONOMIC COMPLIANCE</b>               |  |  |
| <b>GRI 103: Management Approach 2016</b>      | 103-1 Explanation of the material topic and its Boundary                       | Generating Sustainable Economic Value p. 74-76 |
|   | 103-2 The management approach and its components                               | Generating Sustainable Economic Value p. 74-76 |
|   | 103-3 Evaluation of the management approach                                    | Generating Sustainable Economic Value p. 74-76 |
| <b>GRI 419: Socioeconomic Compliance 2016</b> | 419-1 Non-compliance with laws and regulations in the social and economic area | Generating Sustainable Economic Value p. 74-76 |

# Independent Assurance Statement for Human Rights and **Supply Chain**



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## Independent Limited Assurance Report

We were engaged by Migros Ticaret A.Ş. (hereinafter "Company" or "Migros") to provide limited assurance on whether the "Selected Information" as defined in the Appendices of this Sustainability Report (hereinafter "the Report") has been prepared by Migros for the year ended 31 December 2020, in all material respects, in accordance with the Global Reporting Initiative Standards ("GRI").

The scope of our assurance is limited to the Selected Information listed for Migros below:

- Number of discrimination incidents – in accordance with the definition of GRI 406-1
- Percentage of employees covered by collective bargaining and measures taken to promote this right - in accordance with the definition of GRI 407-1
- Number of child labor incidents and measures taken - in accordance with the definition of GRI 408-1
- Operations evaluated at significant risk for forced or compulsory labor and number of incidents identified - in accordance with the definition of GRI 409-1
- Percentage of the new suppliers that were screened through social audits - in accordance with the definition of GRI 414-1
- Number of social audits conducted on suppliers, number of identified incidents that have significant negative social impact and actions taken, rate of improvement upon measures taken on incidents and number of suppliers with which the relationship is terminated due to negative social impact - in accordance with the definition of GRI 414-2
- Employee training on human rights policies or procedures - in accordance with the definition of GRI 412-2
- Requirements for product and service information and labeling - in accordance with the definition of GRI 417-1
- Diversity and equal opportunity - in accordance with the definition of GRI 405-2
- Parental leave - in accordance with the definition of GRI 401-3
- Security personnel trained in human rights policies or procedures - in accordance with the definition of GRI 410-1



## Management's responsibilities

Management is responsible for the preparation and presentation of the Report for the Selected Information in accordance with the definition of GRI, and the information and assertions contained within it; for determining the Migros objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that Migros complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and the Selected Information are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

## Our responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement.

We apply International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.



#### ***Procedures performed***

A limited assurance engagement on a Selected Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Selected Information, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Interviews with relevant staff at the corporate and business unit level responsible for providing the information in the Selected Information.
- Comparing the information presented in the Selected Information to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the Selected Information.
- Reading the information presented in the Selected Information to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Migros.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

#### ***Inherent limitations***

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities in the information presented in the Selected Information may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Selected Information, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.



#### ***Conclusion***

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Selected Information as defined in the Appendices of the Report of Migros for the year ended 31 December 2020 is not presented, in all material respects, in accordance with the GRI Sustainability Reporting Standards.

In accordance with the terms of our engagement, this independent limited assurance report on the Selected Information has been prepared for Migros in connect with reporting to Migros and for no other purpose or in any other context.

#### ***Restriction of use of our report***

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Migros, for any purpose or in any other context. Any party other than Migros who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Migros for our work, for this independent limited assurance report, or for the conclusions we have reached.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of KPMG International Cooperative

Şirin Soysal,  
Partner  
İstanbul, 25 June 2021

# Greenhouse Gas Emissions Verification Statement




**Carbon Footprint Verification**  
Verification Opinion Statement

This is to verify that:

**Migros Ticaret A.S.**  
Turgut Özal Cd. No:12  
34758, Atasehir, Istanbul, Turkey

*Holds Statement No: GHGEV 709258*

| EMISSIONS DETAILS                                   |                       |
|---|-----------------------|
| Reporting Year(s):                                  | 01/01/2020-31/12/2020 |
| Date of Emissions Report:                           | 18.06.2021            |
| Scope 1 Emissions in tCO <sub>2</sub> e             | n/a                   |
| Scope 2 Emissions in tCO <sub>2</sub> e             | n/a                   |
| Scope 3 Emissions in tCO <sub>2</sub> e             | 82.398                |
| <b>Total Reported Emissions in tCO<sub>2</sub>e</b> | <b>82.398</b>         |

| FACILITY VERIFICATION DETAILS                               |      |
|---|------|
| Proportion of facilities inspected during the verification? | 100% |

**OPINION - verified:** BSI Group Eurasia Certification Services Inc has conducted a verification of the greenhouse gas data reported by *Migros Ticaret A.S.* in its Emissions Report dated 18<sup>th</sup> June 2021 and presented above. On the basis of the verification work undertaken (see Annex 1) these data are fairly stated.

**OPINION - verified with comments:** As a result of verification procedures, it is the opinion of BSI with limited assurance that: The Greenhouse Gas Emissions for the period from 01/01/2020 to 31/12/2020 is 82.398 tonnes of CO<sub>2</sub> equivalent (materiality level is 10%). No material misstatements in the selected base year Greenhouse Gas Emissions calculation for *Migros Ticaret A.S.* were revealed. Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2006.

Lead Verifier : *Furkan Sadıkoğlu*

Technical Reviewer : *Mehmet Kumru*

Signed on behalf of BSI Group Eurasia Certification Services Inc :

Date of Opinion : 21.06.2021

*Yonca Çakır*

21.06.2021







**ANNEX 1 - BASIS OF THE OPINION**

**Objectives and scope of the Verification:** To examine the Reporting Company's emissions report for the Greenhouse Gas (GHG) Program identified above; and to confirm compliance with the rules, principles and monitoring requirements of the Program; and to verify that the reported emissions figures and associated information are compliant and accurate to within the agreed Materiality threshold.

**Responsibilities:** The Reporting Company (named above) is solely responsible for the preparation and reporting of GHG Emission for the purposes of the GHG Program (named above); for any information and assessments that support the reported data; for determining the Company's objectives in relation to GHG information and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

In accordance with the verification contract dated 2019 it is the responsibility of BSI Group Eurasia Certification Services Inc to form an independent opinion, based on the examination of information and data presented in the Emissions Report, and to report that opinion to the Company. We will also report if, in our opinion (see Annex 2) :

- any information or assessments relating to the disclosed data are inconsistent with the verification findings; or
- the verification team has not received all the information and explanations that it requires to conduct its examination; or
- we become aware of additional information, the omission of which may result in the reported data being materially misstated or misleading.

Without qualifying our Opinion, we may also report to the Company any opportunities identified for improvement in the robustness of emissions accounting and reporting processes (these are identified in Annex 2).

**Work performed & basis of the opinion:** We conducted our examination having regard to the reference documents 1-# outlined below. This involved examining, on a test basis, evidence to give us limited assurance that the amounts and disclosures relating to the data have been properly prepared in accordance with the rules and principles of ISO14064-1:2006, as outlined in reference documents A-# below. In testing the emissions accounting and reporting processes, we examined elements at both entity consolidation level and a selection of local facilities. This examination also involved assessing where necessary estimates and judgments made by the Company in preparing the data and considering the overall adequacy of the presentation of the data in the Emissions Report.

**Reference documents cited :**

**Conduct of the Verification**

- 1) ISO 14065:2007 - Requirements for GHG validation and verification bodies for use in accreditation and other forms of recognition
- 2) ISO 14064-3:2006 - Part 3 - Specification with guidance for the validation and verification of greenhouse gas assertions

**Rules etc of the GHG Program**

A) ISO14064-1:2006 - Part 1 - Specification with guidance at organizational level for quantification and reporting of greenhouse gas emissions and removals







| ANNEX 2 - ISSUES ARISING FROM THE VERIFICATION THAT ARE REQUIRED TO BE REPORTED |   |
|---|---|
| <b>A.</b>   | <b>Material Non-Conformances with Reporting Protocols etc and/or Material Mis-statement</b>           |
| A1  |   |
| A2  |   |
| A3  |   |
| A4  |   |
| A5  |   |
| A6  |   |
| A7  |   |
| A8  |   |
| A9  |   |
| A10   |   |
| <b>B.</b>   | <b>Other improvement opportunities (e.g. to aid information system robustness, transparency etc.)</b> |
| B1  |   |
| B2  |   |
| B3  |   |
| B4  |   |
| B5  |   |
| B6  |   |
| B7  |   |
| B8  |   |
| B9  |   |
| B10   |   |







### Carbon Footprint Verification

#### Verification Opinion Statement

This is to verify that:

**Migros Ticaret A.S.**  
Turgut Özal Cd. No:12  
34758, Atasehir, Istanbul, Turkey

*Holds Statement No: **GHGEV 709258***

| EMISSIONS DETAILS                                   |                       |
|---|-----------------------|
| Reporting Year(s):                                  | 01/01/2020-31/12/2020 |
| Date of Emissions Report:                           | 18.06.2021            |
| Scope 1 Emissions in tCO <sub>2</sub> e             | 268.001               |
| Scope 2 Emissions in tCO <sub>2</sub> e             | 236.014               |
| Scope 3 Emissions in tCO <sub>2</sub> e             | n/a                   |
| <b>Total Reported Emissions in tCO<sub>2</sub>e</b> | <b>504.015</b>        |

| FACILITY VERIFICATION DETAILS                               |      |
|---|------|
| Proportion of facilities inspected during the verification? | 100% |

**OPINION - verified:** BSI Group Eurasia Certification Services Inc has conducted a verification of the greenhouse gas data reported by *Migros Ticaret A.S.* in its Emissions Report dated *18<sup>th</sup> June 2021* and presented above. On the basis of the verification work undertaken (see Annex 1) these data are fairly stated.

**OPINION - verified with comments:** As a result of verification procedures, it is the opinion of BSI with reasonable assurance that:  
The Greenhouse Gas Emissions for the period from 01/01/2020 to 31/12/2020 is 504.015 tonnes of CO<sub>2</sub> equivalent.(materiality level is 5 %).  
No material misstatements in the selected base year Greenhouse Gas Emissions calculation for *Migros Ticaret A.S.* were revealed.  
Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2006.

Lead Verifier : *Furkan Sadıkoğlu*  
Technical Reviewer : *Mehmet Kumru*  
Signed on behalf of BSI Group Eurasia Certification Services Inc : *Yonca Çakır*  
Date of Opinion : *21.06.2021*






**ANNEX 1 - BASIS OF THE OPINION**

|   |  |
|---|--|
| <b>Objectives and scope of the Verification:</b>  | To examine the Reporting Company's emissions report for the Greenhouse Gas (GHG) Program identified above; and to confirm compliance with the rules, principles and monitoring requirements of the Program; and to verify that the reported emissions figures and associated information are compliant and accurate to within the agreed Materiality threshold.  |
| <b>Responsibilities:</b>                          | <p>The Reporting Company (named above) is solely responsible for the preparation and reporting of GHG Emission for the purposes of the GHG Program (named above); for any information and assessments that support the reported data; for determining the Company's objectives in relation to GHG information and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.</p> <p>In accordance with the verification contract dated 2019 it is the responsibility of BSI Group Eurasia Certification Services Inc to form an independent opinion, based on the examination of information and data presented in the Emissions Report, and to report that opinion to the Company. We will also report if, in our opinion (see Annex 2) :</p> <ul style="list-style-type: none"> <li>any information or assessments relating to the disclosed data are inconsistent with the verification findings; or</li> <li>the verification team has not received all the information and explanations that it requires to conduct its examination; or</li> <li>we become aware of additional information, the omission of which may result in the reported data being materially misstated or misleading.</li> </ul> <p>Without qualifying our Opinion, we may also report to the Company any opportunities identified for improvement in the robustness of emissions accounting and reporting processes (these are identified in Annex 2).</p> |
| <b>Work performed &amp; basis of the opinion:</b> | <p>We conducted our examination having regard to the reference documents 1-# outlined below. This involved examining, on a test basis, evidence to give us reasonable assurance that the amounts and disclosures relating to the data have been properly prepared in accordance with the rules and principles of ISO14064-1:2006, as outlined in reference documents A-# below.</p> <p>In testing the emissions accounting and reporting processes, we examined elements at both entity consolidation level and a selection of local facilities.</p> <p>This examination also involved assessing where necessary estimates and judgments made by the Company in preparing the data and considering the overall adequacy of the presentation of the data in the Emissions Report.</p>   |
| <b>Reference documents cited :</b>                | <p><b>Conduct of the Verification</b></p> <p>1) ISO 14065:2007 - Requirements for GHG validation and verification bodies for use in accreditation and other forms of recognition</p> <p>2) ISO 14064-3:2006 - Part 3 - Specification with guidance for the validation and verification of greenhouse gas assertions</p> <p><b>Rules etc of the GHG Program</b></p> <p>A) ISO14064-1:2006 - Part 1 - Specification with guidance at organizational level for quantification and reporting of greenhouse gas emissions and removals</p>  |




**ANNEX 2 - ISSUES ARISING FROM THE VERIFICATION THAT ARE REQUIRED TO BE REPORTED**

|  |   |
|--|---|
| <b>A.</b>  | <b>Material Non-Conformances with Reporting Protocols etc and/or Material Mis-statement</b>           |
| <p>A1</p> <p>A2</p> <p>A3</p> <p>A4</p> <p>A5</p> <p>A6</p> <p>A7</p> <p>A8</p> <p>A9</p> <p>A10</p> |   |
| <b>B.</b>  | <b>Other improvement opportunities (e.g. to aid information system robustness, transparency etc.)</b> |
| <p>B1</p> <p>B2</p> <p>B3</p> <p>B4</p> <p>B5</p> <p>B6</p> <p>B7</p> <p>B8</p> <p>B9</p> <p>B10</p> |   |





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**Migros Ticaret A.Ş.**

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34758 Ataşehir – İSTANBUL

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suggestions: [surdurulebilirlik@migos.com.tr](mailto:surdurulebilirlik@migos.com.tr)

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Sustainability Services

**Graphic Design**

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