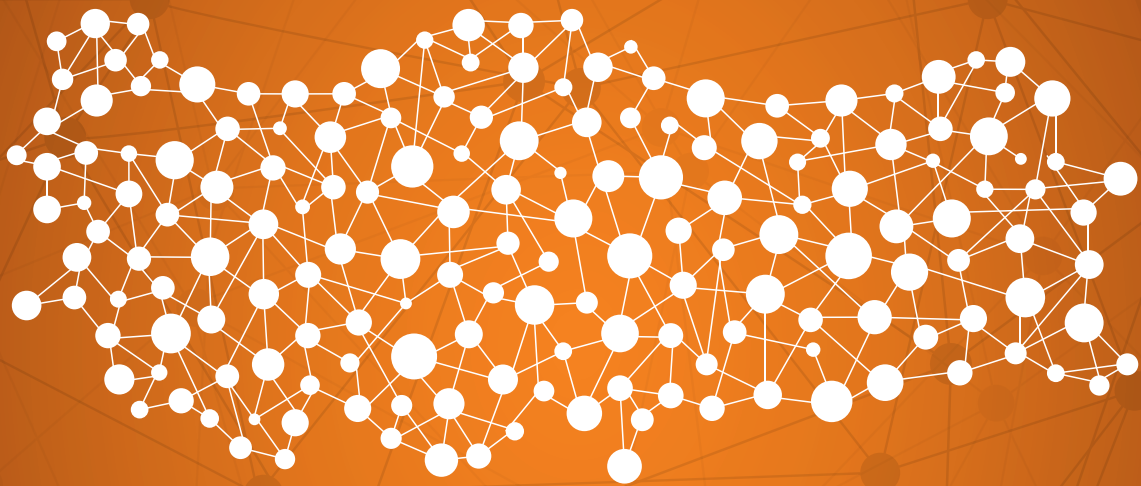


Good Future



ANNUAL REPORT 2020

MiGROS

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Migros' technological infrastructure and logistics capacity gave it wide-ranging mobility, agility, and resilience in its efforts to contend with the effects of the pandemic in 2020.

In addition to increasing capacity in its physical stores and online channels, Migros is now providing online shopping service in all 81 of Turkey's provinces.

Competitive prices





Our Formats



MİGROS

Celebrating its 66th operational year in Turkey's food retailing industry and with a presence in all 81 of the country's provinces, the innovative practices, family-budget-friendly competitive prices, and cheerful service of Migros' Migros Jet, M, MM, MMM, and 5M format stores offer customers an exceptional shopping experience. Moving forward at the leading edge of change in the country's organized food retailing sector, Migros continues to come forth with "the firsts" that radically transform retailing attitudes and approaches.

MİGROS

81 provinces

2,225 stores



MACROCENTER

An exclusive product portfolio, superior customer service standards, modern store design, and range of delicacies all position Macrocenter as Turkey's top-end supermarket chain. Customers are provided with outstanding offerings from Europe and the rest of the world as well as some of the choicest of Turkey's regional specialties that cater to their lifestyles and preferences. More than just offering the very best while delivering service quality that adds value to customers' lives and exceeds their expectations, Macrocenter embraces everything it does with a passion.

macrocenter

7 provinces

64 stores



MİGROS E-COMMERCE

Turkey's first online food retailer when it was set up in 1997, Migros Sanal Market today serves all 81 of Turkey's provinces. Migros has three other online formats: Macroonline, the Macrocenter format's online service channel; Migros Hemen, which promises to deliver orders within 30 minutes; and Tazedirekt, whose service network is growing day by day and which appeals especially to customers for whom a natural diet is important. By operating and investing in such online resources, Migros is not only providing customers with a range of solutions addressing their different needs but also shaping the future of retailing.

www.migros.com.tr
www.macrocenter.com.tr
www.tazedirekt.com



Sanal Market 81 provinces

Hemen 23 provinces

Macroonline 7 provinces

Tazedirekt 2 provinces



RAMSTORE

In addition to being a pioneer of Turkey's food retailing industry, Migros also serves customers in Kazakhstan and North Macedonia under the "Ramstore" brand. Ramstore is the name of an enjoyable shopping experience with international aspirations.

Ramstore

2 countries

Number of Stores from Past to Present



Establishment

45 Shopping Carts

30th Anniversary

25 Stores

60th Anniversary

DOMESTIC: 212 TANSAS, 28
MACROCENTER, 273 MIGROS JET, 319 M,
213 MM, 79 MMM, 24 5M STORES
INTERNATIONAL: 42 STORES

1,190 Stores in total

10th Anniversary

1 Store

20th Anniversary

3 Stores

40th Anniversary

38 M, 11 MM, 7 MMM

56 Stores in total

50th Anniversary

DOMESTIC: 463 STORES
INTERNATIONAL: 44 STORES

507 Stores in total

2019

DOMESTIC: 667 M, 389 MM, 138 MMM, 824
MIGROS JET, 58 MACROCENTER, 56 5M, 21
WHOLESALE
INTERNATIONAL: 45 STORES

193 Stores Serving Online
2,198 Stores in total

2020

DOMESTIC: 735 M, 406 MM, 142 MMM,
865 MIGROS JET, 64 MACROCENTER, 55
HYPERMARKETS AND 22 WHOLESALE
INTERNATIONAL: 30 STORES

529 Stores Serving Online
2,319 Stores in total

Milestones

Migros is established as a joint venture of the Swiss-based Migros Cooperatives Society and the İstanbul municipality.

1954



1954 ESTABLISHED

Migros is established as a joint venture of the Swiss-based Migros Cooperatives Society and the İstanbul municipality.

1957

First store opening in the İstanbul Beyoğlu fish market.

1975

Koç Group acquires a majority stake in Migros.

1988

Migros ventures outside İstanbul for the first time by opening four stores in İzmir.

1990

Large-scale retailing begins with the introduction of the "MM" and "MMM" formats.

Migros introduces part-time employment practices to Turkey's food retailing sector.

Migroskop begins publication.

Turkey's first computerized automatic-weighing cash registers are introduced at Migros stores.

1991

Migros goes public.

1995

Migros-branded private label products appear on the shelves of Migros stores.

Migros starts sales with credit cards in the retailing sector.

1996

Migros ventures abroad with its first store in another country.

First electronic shelf tags go into use.



The number of stores providing online service almost tripled.

2020

1997

Migros launches Migros Sanal Market, Turkey's first online food retail operation.

Migros opens its first shopping mall in the Beylikdüzü district of İstanbul.

1998

Migros introduces Migros Club Card, the first loyalty card system in Turkey's food retailing industry.

1999

Turkey's—and Europe's—first "self-checkout" customer activated terminal goes into service.

2005

Migros acquires Tansaş, a national food retailer.

Macrocenter format is launched.

2007

"5M" hypermarket format is launched.

2009

Following the transfer of Koç Group's stake in 2008, MH Perakendecilik ve Ticaret A.Ş. becomes Migros' major shareholder.

Migros introduces the first "express checkout lane" to shoppers in Turkey.

2011

Migros Jet convenience store format is launched.

2014

Migros celebrates its 60th anniversary.

2015

Anadolu Group acquired 40.25% of Migros shares.

2016

Migros added the Tazedirekt online food shopping brand to its portfolio.

2017

Anadolu Group's share in Migros reached 50%.

2018

Migros merged with Kipa, of which it acquired 95.50% stake in 2017, under the roof of Migros.

2019

Migros Hemen, a new e-commerce sales channel, was launched.

2020

Migros' online service network reached all 81 cities of Turkey.

Use of the contactless payment app Mkolay is expanded and the app is integrated into self-checkout counters.

The number of stores providing online service almost tripled.





Wide range of product offerings

Creating Value

Migros's sustainability approach powers the realization of its goal to create value for all of its stakeholders and is central to its business model as a company.



Integrating its 66 years of retailing experience and its digital transformation processes, Migros offers its customers the best shopping experience, the best quality, and a wide range of products at competitive prices through multiple channels. As the first and only foods retailer in Turkey to set up and operate its own R&D center, the company's many innovative practices and firsts lets shoppers experience the future of retailing today.

With its outstanding expertise in perishables, Migros sells more fresh fruits, vegetables, meat, and baked goods than any other national retailer in Turkey. Migros commands a vast and strong value-creation network consisting of nearly 50 thousand direct and indirect employees, more than 20 thousand producers, strategically-located distribution centers, and more than 2,500 suppliers and their own employees. Migros's sustainability approach powers the realization of its goal to create value for all of its stakeholders and is central to its business model as a company.



Migros is the first and only foods retailer in Turkey to set up and operate its own R&D center.

R&D



first-choice

VISION

To always be shoppers' first-choice address by providing superior customer attention and a dependable shopping experience.

MISSION

To offer a unique shopping experience that combines unrivalled service quality, innovative practices, rich product diversity, and prices that contribute to families' budgets. To engage in socially and environmentally beneficial activities that create value for all stakeholders.

OUR STRATEGIES

Migros' core strategies are;

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





Migros believes in the importance of having a strong corporate governance structure.

strong

VALUES

Migros' corporate values, which everyone adheres to and which are fashioned through the participation of all employees, are as follows;

- Customer Focus
- Trust
- Sensitivity
- Leadership
- Efficiency
- Innovation

Believing in the importance of having a strong corporate governance structure, Migros makes corporate governance principles its guide during every stage of every activity. As one outcome of its corporate governance attitudes, the Company acts in accordance with its awareness that adherence to the corporate governance principles published by the Capital Markets Board is beneficial not just to Migros itself but to all of its stakeholders

and to the country as a whole. Detailed, up-to-date information about Migros and its corporate governance practices is published on the Company's corporate website.

Migros has adopted all four basic tenets of corporate governance:

- Fairness
- Transparency
- Responsibility
- Accountability.

strong & steady

Migros registered strong and steady growth in its sales all year long by rapidly adapting itself to pandemic-caused conditions and substantially increasing its online operational capacity.

Migros continued to provide uninterrupted service to shoppers while also giving the utmost priority to the health and safety of its employees and customers. Many measures were introduced to prevent the spread of infection. Ministry of Health Scientific Advisory Board announcements and bulletins were followed closely and all due precautions were taken in all of the company's business units.

Migros' employees displayed the utmost dedication and perseverance in their unrelenting efforts to ensure the regular conduct of work in

stores, headquarters units, online operations, and distribution centers so that customers' most essential needs could be met.

In order to meet steadily growing customer demand during the epidemic, Migros took on thousands of new employees, thereby making a significant contribution to the country's economy.

Migros' countrywide reach of both physical stores and online access as well as its technological infrastructure and logistical capacity gave the company tremendous



mobility, agility, and resilience in the conduct of its operations. Migros registered strong and steady growth in its sales all year long by rapidly adapting itself to pandemic-caused conditions and substantially increasing its online operational capacity. Besides increasing the capacity of its online-shopping channel, the company also expanded its reach: Migros made online shopping and deliveries accessible to customers in all 81 of Turkey's provinces. Even as the company's online sales almost tripled last year however, there was no loss



By creating new jobs for thousands of people in 2020, Migros continued to increase its contribution to the national economy.

employment

of momentum in physical store openings. 183 new stores that were added to the store portfolio in 2020 brought the total number of stores to 2,319.

In line with Migros' "Agile management" culture, an "In-House Entrepreneurship Development Program" was launched in 2020. Based on the "lean enterprise" model, this program's goal is to put into practice the ideas which are capable of contributing to the company's performance. Under this program, inter-functional "business units" and "agile teams" are formed.



2020 at a Glance

In the "Turkey's Most Admired Companies" survey Migros headed the "Turkey's Most Admired Retailers" list for the 17th year in a row.

17 years in a row



Employing agile methods, the teams work in coordination with one another with the aim of achieving business results much faster and of better quality. Fifteen projects, which were initiated under this program last year, were managed to achieve quick and innovative results. Of these fifteen, six that were deemed to have immediate practical consequences were integrated into company operations and rolled out before customers. Pilot projects looking into the practicality of the other projects are currently under way.

Undertaking investments aimed at addressing customer expectations altered by the coronavirus outbreak, the company began producing ready meals and pizzas last year. A range of traditional Turkish dishes as well as pizzas were offered for sale both on physical stores and online-service. A new Macrocenter format, whose lesser floorspace requirements mean that premises can be found quickly, was also introduced.

Dubbed "Macro Kiosk", these stores are now in service in locations with heavy customer traffic. A pilot project looking into the feasibility of self-service outlets selling a limited inventory of products 24/7 has been initiated. These outlets, which are already being installed in freestanding locations as well as immediately adjacent to existing stores, are intended to sell a line of goods ranging from basic necessities to hygiene products and from facemasks to snacks and beverages. "Migros Assistant" points located within store premises have begun to provide customers with access to such services as cargo pickups and deliveries, dry-cleaning, footwear care, and the like. The Money Pay mobile app started to offer Migros customers brand-new payment options and quick, convenient, and secure access to financial solutions.

Despite all the difficulties and unpredictabilities that beset the year,



Fitch Ratings raised Migros' national long-term credit rating from "A+(tur)" to "AA(tur)".

AA(tur)

Migros nevertheless continued to carry out its investments while also achieving a significant reduction in its EUR-denominated debt. In its annual assessment, the international credit rating agency Fitch Ratings raised Migros' national long-term credit rating from "A+(tur)" to "AA(tur)" and also assigned a "Positive" outlook.

In the 2020 round of the "Turkey's Most Admired Companies" survey, Migros once again headed the "Turkey's Most Admired Retailers" list, this time for the 17th year in a row. Migros' efforts and performance in dealing with environmental, social, and economic sustainability issues as embodied in the "Migros Better Future Plan" once again made it the only food retailer whose shares qualify for inclusion in the Borsa İstanbul Sustainability Index for the seventh year in a row. Migros' Carbon Disclosure Project (CDP) progress reports qualified it as a CDP Climate Leader for the third time; in

2020 the company also joined the ranks of CDP Water Leaders as well.

In 2020 Migros continued to introduce innovative practices that are pointed to as models in the world of global retailing. The number of people reached through Migros' "Journey to Healthy Living" project, which draws attention to the importance of balanced nutrition, physical activity, and adequate water consumption and which offers personalized nutrition suggestions, topped 2.3 million last year. Migros is the only Turkish retailer to take part in the "10x20x30 Supply Chain Initiative" launched by the World Resources Institute. Having joined the initiative along with 23 of its own suppliers, Migros has pledged to reduce food waste by at least 50% by 2030.

Selling more fresh fruits & vegetables, meat, and baked goods than any other food retailer in Turkey and seeking to improve both

production quality and operational efficiency, in 2020 Migros began to have Digital Agriculture Stations installed on land under cultivation by farmers from whom the Company makes procurements. Designed to improve productivity by giving producers better control of their crucially important energy and water expenditures, the goal of these stations is to achieve long-term stability in fresh produce prices.

In 2020 Migros enhanced its collaboration with Agricultural Credit Cooperatives and procured a total of TL 100 million worth of goods from them. Migros also joined forces with Ziraat Bankası in an effort to ensure that producers are the ones who reap the rewards of their labors. This project, which should make an important contribution towards low pricing and stabilizing fresh-produce prices, will also help make Turkish agriculture more sustainable.

Awards & Recognitions

Success

In 2020 Migros once again received awards in recognition of its successful practices in many different areas.

Capital

In Capital magazine's annual "Turkey's Most Admired Companies" survey, Migros headed the list as the retailer held in the highest esteem by respondents.



Webrazzi

In the 6 January 2020 announcement of the winners of the annual "Best Of The Year" popularity poll conducted by Webrazzi, Migros Sanal Market was cited as "Online Grocery Delivery Service of the Year".



Good Life Brand

At the "Good Life Brands Awards" ceremony held by Sustainable Brands Istanbul on 17 September 2020, Migros received an award for the second time in the "Supermarkets" category.



Salute To Excellence

On 22 September 2020, Migros received awards in two different categories in the globally prestigious series of "International Salute To Excellence Awards" handed out by the Private Label Manufacturers Association (PLMA).



TUAD Owl Award

On 6 October 2020, Migros' conduct of consumer research earned it a "Silver Owl" in the "Insightful Owl" category from the Turkish Researchers Association.



"Agriculture Is Our Future"

At an agriculture and forestry summit held jointly by the Turkuvaz Media Group and the magazine Para with the involvement of the Ministry of Agriculture on 15 October 2020, Migros received an award for its "Agriculture Is Our Future" documentary.



EBRD (European Bank for Reconstruction and Development) Award

On 2 November 2020, EBRD presented Migros with a "Silver" award in the "Environmental And Social Best Practice" category of the year's EBRD Sustainability Awards for its long-term "investment loan" and "bond issuance" projects.





Tüm Meyve ve Sebzeler
Denetlendi, Sertifikalandı!



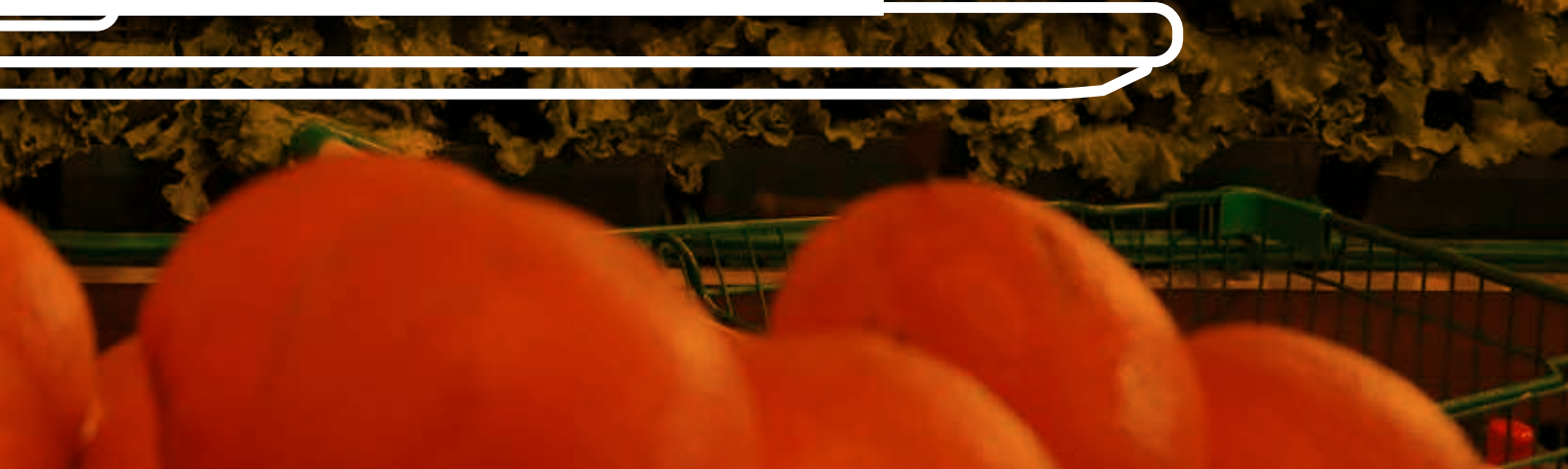
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Freshness and high quality



Sadece
Ruhsatlı Gübreler!



Key Indicators

In 2020, Migros increased its consolidated sales by 25.9% year-on-year, thereby bringing them to TL 28.8 billion.

The company's total assets reached TL 15.4 billion in value in 2020.

Summary Consolidated Balance Sheet

(TL thousand)	2020	(Re-adjusted) 2019	Değişim (%)
Assets			
Current Assets	7.330.921	5,273,679	39.0
Non-Current Assets	8.047.138	8,543,369	-5.8
Total Assets	15.378.059	13,817,048	11.3
Liabilities			
Current Liabilities	10.402.951	7,788,240	33.6
Non-current Liabilities	4.941.647	5,674,640	-12.9
Non-controlling Interests	2.400	1,665	44.1
Attributable to Equity Holders of the Parent	31.061	352,503	-91.2
Total Liabilities and Equity	15.378.059	13,817,048	11.3

15.4
TL billion

Summary Consolidated Statement of Income from Continuing Operations

(TL thousand)		(Yeniden Düzenlenmiş) 2019	Değişim (%)
Net Sales	28,790,190	22,864,760	25.9
Gross Profit	7,398,867	6,119,125	20.9
Operating Profit	1,033,952	831,224	24.4
Net Income	(403,945)	(471,735)	14.4
EBITDA	1,538,355	1,504,277	2.3
EBITDA (including IFRS 16 impact)	2,352,402	2,232,299	5.4
Domestic Sales	28.637.361	22,605,667	26.7





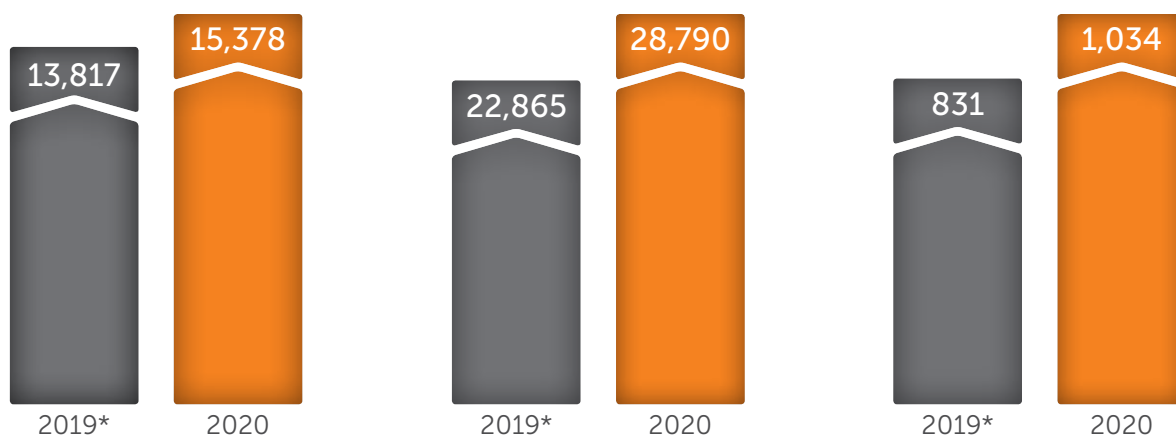
In 2020 Migros' consolidated operating profit increased by 24.4% as compared with 2019.

24.4%

Total Assets
(TL million)

Net Sales
(TL million)

Operating Profit
(TL million)



Re-adjusted

Cash Flow

Migros continued to generate free cash flow in 2020.

In line with its strategic goals, Migros decided last year to focus on its operations in Turkey. To this end, the company entered into negotiations to sell its subsidiary Ramstore Bulgaria and a preliminary sales agreement was signed as a result. For this reason, the company's North Macedonian operations are classified as "discontinued operations" in the financial statements for 2020 and 2019.

In 2020, Migros increased its consolidated sales by 25.9% year on year and raised them to TL 28.8 billion. Owing largely to pandemic-related restrictions, there was a

substantial increase in at-home consumption with consumer demand for food items and cleaning products being especially strong.

2020 was a year in which the company's sources of revenue were affected in different ways. The Covid-19 pandemic depressed the performance i) in the rental income the company coming from shopping malls, ii) in its wholesale operations, iii) in its mall-based supermarkets and iv) (owing to the decrease of international tourism) in its stores in the southern regions of Turkey . On the other hand, Migros' online sales tripled compared to 2019 thanks to

the huge surge in online shopping. In addition, the sales performance of the Company's stores located in streets and avenues remained strong unlike its stores located at shopping malls. The effects of the decrease in the number of customers in physical stores due to the pandemic were also more than made up for by huge increases in consumers' baskets.

While continuing to generate strong free cash flow in 2020, Migros focused last year especially on operational profitability and on reducing its debt denominated in foreign currency . Costs were kept under control even facing higher





In 2020, Migros improved its net debt/EBITDA ratio to 0.4x (1.5x with IFRS 16).

0.4x

Covid-19 related expenses. In 2020, the company generated EBITDA worth TL 2,352 million (including IFRS 16) while its EBITDA margin was 8.2%. EBITDAR (EBITDA before rent) amounted to TL 2,825 million and its margin was 9.8%.

In order to reduce its balance-sheet risks, Migros significantly decreased its euro-denominated debt in 2020. The free cash flow which the company generated as well as earnings from asset sales helped to lower its indebtedness. The company's gross euro debt, which was EUR 611 million at end-2018 and EUR 430 million at end-2019, decreased to EUR 95

million as of end-2020. As a result of early payment in February 2021, gross Euro indebtedness was further reduced to EUR 50 million. The short FX position of the Company, which was EUR 15 million at the end of 2020, became nil as of February 2021. 2020 also saw improvement in the company's net debt/EBITDA ratio, which was 0.4x (1.5x including IFRS 16).

On the other hand, Migros' strong operational performance was overshadowed by FX losses and the financial expenses of IFRS 16 which did not generate cash outflow resulting the company record a net loss of TL 403 million in 2020. As of

Financial Review

Migros expects to spend approximately TL 600 million of consolidated capital expenditures in 2021.

~600
TL million



31 December 2020, the company's shareholders' equity was TL 33 million. Equity-related issues are detailed in the footnote 2.6 of 2020 financial statements.

Migros' Profit Distribution Policy is presented in the Corporate Governance Principles Compliance Report section of the company's annual report.

Despite the challenges caused by Covid-19, Migros continued to undertake investments last year. The 183 new stores that were added to the store portfolio in 2020 brought the total number of stores to 2,319. In addition to new store openings, the company also invested in its online operations by increasing their service capacity and expanding their geographical coverage.

Performance Indicators	2019	Beklenti	2020	Performans/ Beklenti
Expansion Program (Number of NEW Stores)	137	160+	183	✓
Top-line Sales Growth*	24.1%	22%-23	25.9%	✓
EBITDA Margin* (with IFRS 16 impact)	9.8%	~8%	8.2%	✓
CAPEX (TL million)	341	~470	539	✓

* Restated figures, excluding discontinuing North Macedonian operations for 2019 & 2020.

Migros demonstrated strong operational performance in 2020 and reached all of its sales growth, EBITDA margin, new store openings, and capital expenditures targets for the year. In 2021, Migros expects that its consolidated sales will grow

in the 15-18% range and that its consolidated EBITDA margin with IFRS 16 impact will be around 8.0-8.5%. Migros also plans to open ~170 new stores and invest ~ TL 600 million as consolidated capital expenditures in 2021.

Liquidity Ratios	December 2020	December 2019
Current Ratio	0.70	0.68

Financial Structure Ratios	December 2020	December 2019
Financial Leverage (Total Liabilities/Total Liabilities & Equity)	1.00	0.97
Total Liabilities/Total Equity	458,58	38.01
Financial Liabilities (w/o Lease Liabilities) / Total Assets	0.25	0.32
Net Cash Position (w/o Lease Liabilities) (TL thousand)	-603,537	-2,059,211

Profitability Ratios (%)	1 January - 31 December 2020	1 January - 31 December 2019
Gross Profit Margin	25.7%	26.8%
Operating Profit Margin	3.6%	3.6%
EBITDA Margin (including IFRS 16 impact)*	8.2%	9.8%
EBITDA Margin	5.3%	6.6%
EBITDAR Margin	9.8%	11.3%
Net Profit Margin	-1.4%	-2.0%

Share Performance Ratios	December 2020	December 2019
Market Capitalization (TL thousand)	7,568,057	4,385,128
Share Price (TL)	41.80	24.22
Earnings/Loss per Share from Continuing Operations	-2.23	-2.61
Earnings/Loss per Share from Discontinuing Operations	0.01	0.06



Enjoyable shopping experience



New Investments

With a presence in all 81 of Turkey's provinces as well as abroad, the number of stores in the Migros chain reached 2,319.

Investments

Migros serves customers through its Migros, Macrocenter, 5M Migros, Sanal Market, and Migros Wholesale formats in Turkey and in other countries under its Ramstore brand.

In addition to its operations in all of Turkey's provinces, Migros is also active in retailing and shopping mall management in North Macedonia and in shopping mall management in Kazakhstan.

Migros opened 183 new stores in 2020 and its store portfolio in all 81 cities of Turkey and in abroad reached 2,319. As of end-2020,

the company's aggregate net sales space in Turkey and abroad was more than 1.58 million m2. In the e-commerce channel, Migros serves customers through its Sanal Market, Macroonline, and Migros Hemen formats.

In addition to the new investments that were started during 2020, the company also continued to renovate its existing stores.

In its home market last year, the company opened a total of 183 new stores consisting of 105 Migros (79 M, 21 MM, 5 MMM), 71 Migros Jet, 5 Macrocenter, and 2 Wholesale



outlets. The company withdrew from retailing in Kazakhstan.

As of year-end 2020, the Company's store portfolio held a total of 2,319 stores consisting of 735 M, 406 MM, 142 MMM, 865 Migros Jet, 64 Macrocenter, 55 Hypermarket, 22 Wholesale, and 30 Ramstore through its subsidiaries abroad.

With the addition of the Konacık Hub Distribution Center that was opened in 2020, the total number of these facilities (including fresh products and meat distribution centers) reached 28 as of end-2020.



Migros' online service capacity was increased substantially by a surge in multichannel demand among consumers during the pandemic.

online

In addition to its physical store investments in 2020, Migros' investments in its online operations also gained additional momentum last year. In response also to the outbreak related restrictions, there was a substantial surge in multichannel demand among consumers and the company's online service capacity was increased significantly.

In 2020 Migros Sanal Market's service territory was rapidly expanded to embrace all 81 of Turkey's provinces through a network of 529 stores

while the number of stores in the Migros Hemen network, which promises to deliver orders within half an hour, reached 107 stores in 23 provinces. Macroonline, Macrocenter's online shopping platform, now reaches customers through 51 stores in 7 provinces. Tazedirekt, an online Migros format that sells and delivers a range of fresh fruits and vegetables, meats, organic, unprocessed, and other natural products, broadened its service reach beyond İstanbul to include Ankara.



Migros Operations in 2020

Strong Growth

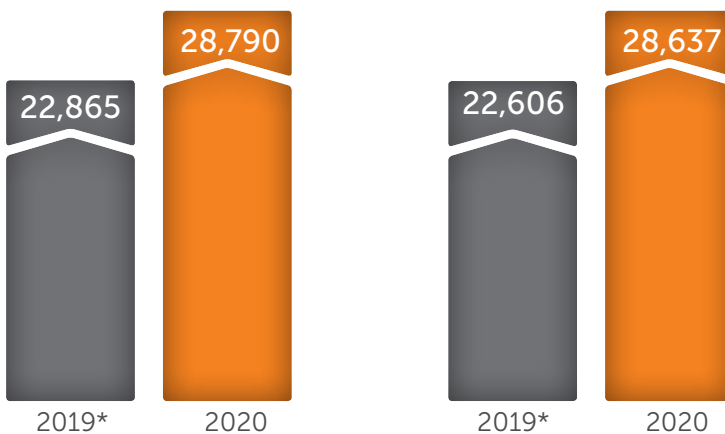
Migros' consolidated sales were up by 25.9% year-on in 2020 while its domestic sales grew by 26.7%.

Migros opened 183 new stores during 2020.

183
new stores

Net Sales
(TL million)

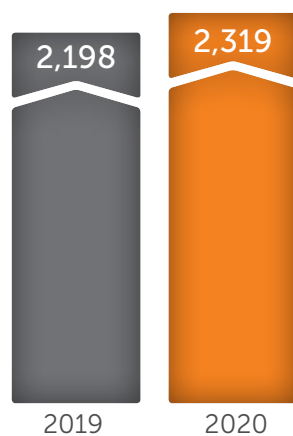
Domestic Sales
(TL million)



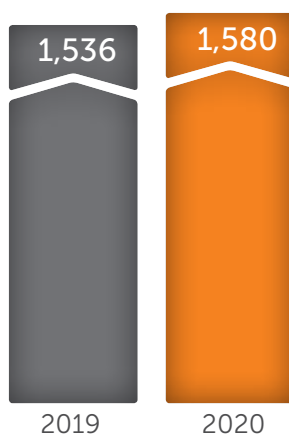
Re-adjusted



Total Number of Stores
(unit)



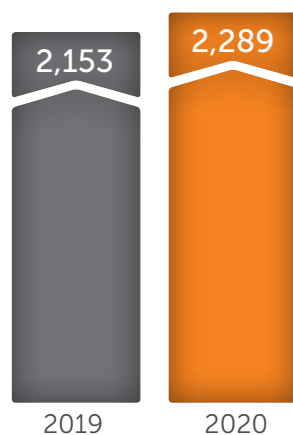
Total Net Sales Area
(thousand m²)



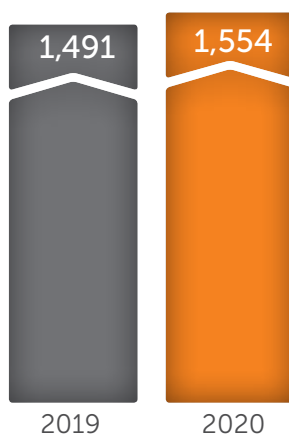
Aggregate sales area reached 1.58 million m² in 2020.

1.58
million

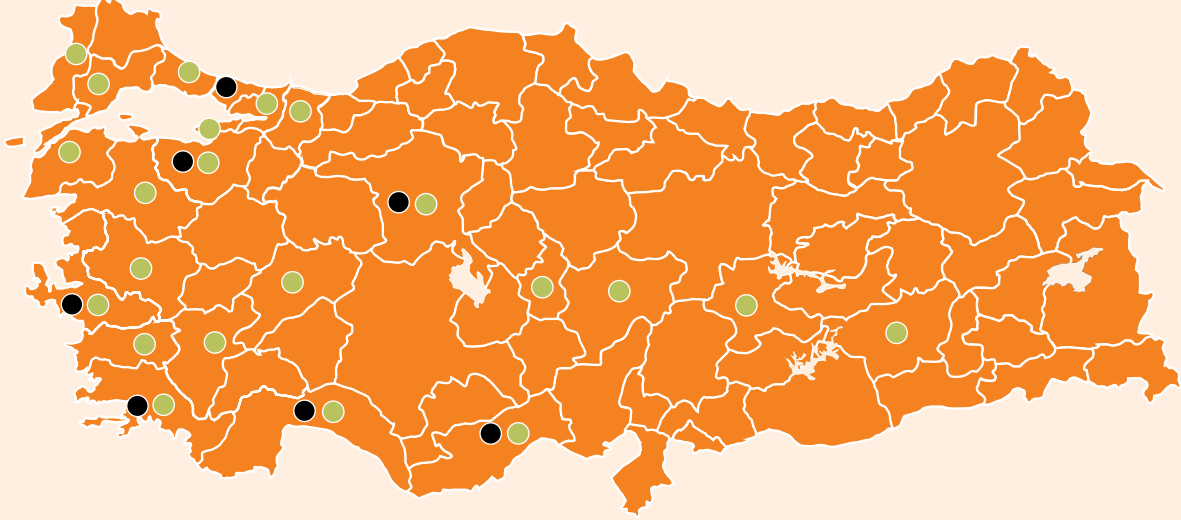
Total Number of Domestic
Stores (unit)



Net Sales Area of Domestic
Stores (thousand m²)



Migros Operations in 2020



■ Migros: 81 provinces

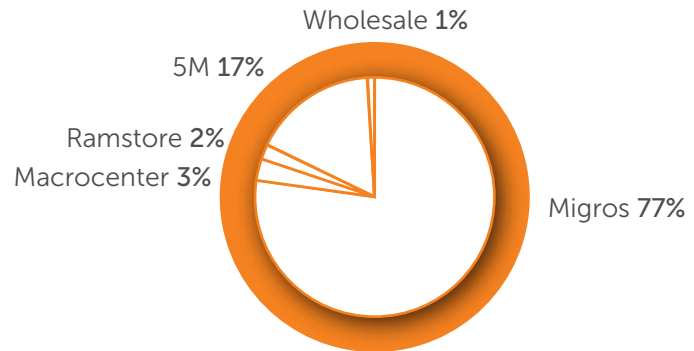
● 5M: Afyon, Ankara, Antalya, Aydın, Balıkesir, Bursa, Çanakkale, Denizli, Diyarbakır, Edirne, İstanbul, İzmir, Kayseri, Kocaeli, Malatya, Manisa, Mersin, Muğla, Nevşehir, Sakarya, Tekirdağ, Yalova

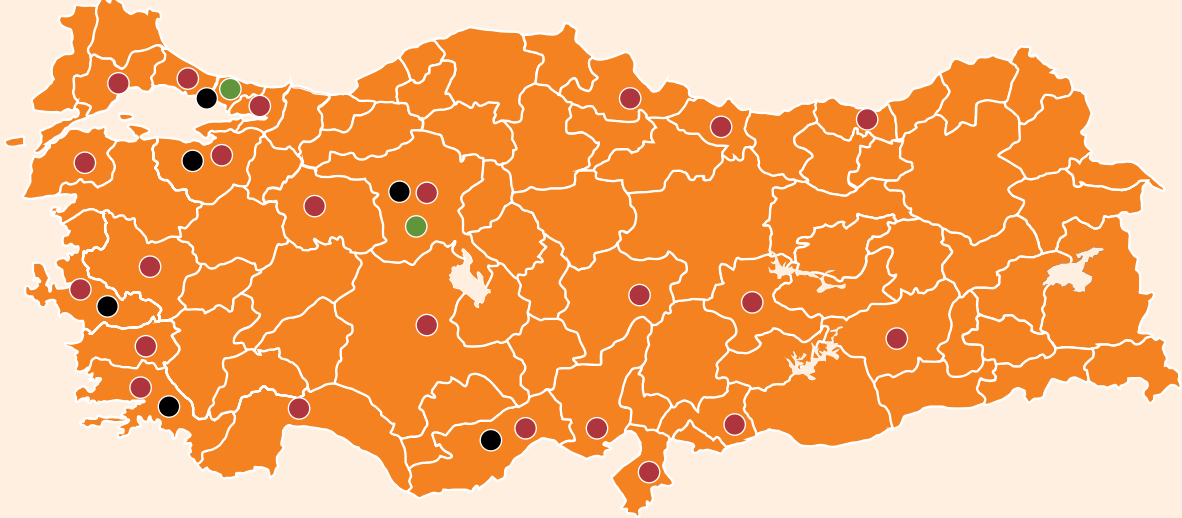
● Macrocenter: Ankara, Antalya, Bursa, İstanbul, İzmir, Mersin, Muğla

Stores in 81 provinces



Breakdown of Net Sales Area by Brands (%)





■ Migros Sanal Market: 81 provinces

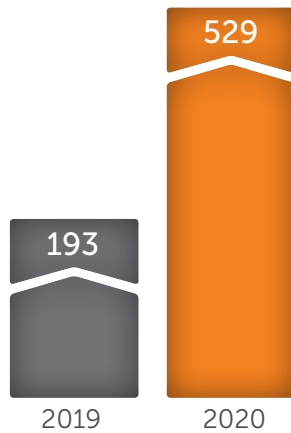
● Migros Hemen: İstanbul, Ankara, İzmir, Bursa, Eskişehir, Muğla, Kocaeli, Antalya, Adana, Mersin, Konya, Kayseri, Aydın, Manisa, Gaziantep, Hatay, Ordu, Samsun, Trabzon, Çanakkale, Tekirdağ, Malatya, Diyarbakır

● Macroonline: Ankara, Antalya, Bursa, İstanbul, İzmir, Mersin, Muğla

● Tazedirekt: İstanbul, Ankara

Online service in 81 provinces

Number of Stores Serving Online
(unit)



Friendly service





Migros Operations in 2020

Migros' goal is to deliver the best service to customers by offering and selling superior-quality products at the most affordable prices.

the best



Ürün Yönetimi Product Management

While offering an extensive range of competitively-priced products that appeal to customers, Migros' effective marketing strategies also set it apart from its rivals. Price competition remained an important issue for the company, whose aim is to deliver the best service to customers by offering the freshest and most wholesome superior-quality products at affordable prices.

Themed catalogues, weekend discounts, and "Seeing Is Believing" campaigns continued to be carried out throughout the year. Discounts which the company offers on

special days such as Mother's Day, International Women's Day, 23 April National Sovereignty and Children's Day, and World Animal Day have become a tradition at Migros. The company also continued to publish "Mother & Child" and similar special catalogs and to conduct effective campaigns such as "Wipe & Sweep", "The Taste of Happiness", and "Cosmetics Star".

Successful campaign operations last year included "Ramadan Box" during the month of religious fasting, the sale of Feast of Sacrifice livestock at stores and online, and "New Year's Basket". In addition to seasonal campaigns like "Summer/Winter" and "Back to School", a "Fantastic Friday" campaign was conducted





Locally-grown indigenous fruits and vegetables grown from seeds produced under "Indigenous Seeds are Our Heritage" project have gone on sale in Migros stores.

local

in November. Migros' "That's Taken Care Of!" promotional campaigns in which attractively-priced non-food product specials centered around a particular theme are put on sale also continued.

Continuing to supply perishable food products faster and in fresher condition to customers, Migros also supported the government's anti-inflation program by cutting the prices it charges on certain categories of perishable items.

With the opening of a perishables handling plant in Gebze near İstanbul in 2020, Migros has begun packaging fresh fruits and vegetables itself.

In line with its "Agriculture Is Our Future" philosophy, Migros is working increasingly more frequently with agricultural credit cooperatives. Indigenous fruit and vegetable varieties grown from seeds produced under the Ministry of Agriculture and Forestry's "Indigenous Seeds are Our Heritage" project have gone on sale in Migros' stores. Migros continued its efforts to provide distribution opportunities for the vendors of regional specialties.



Migros Operations in 2020

Migros' adherence to the high standards associated with "Good Agricultural Practices" supports concerns that goods reach customers in wholesome condition.

Good Agricultural Practices



Private Labels

Fresh Produce: Strong logistical network support gives Migros a tremendous competitive advantage in ensuring the quality and freshness of its fresh produce. Migros' adherence to the high standards associated with "Good Agricultural Practices" supports concerns that fresh fruits and vegetables reach customers in wholesome condition. The company satisfies all of its fresh meat requirements from its own meat processing facilities in İzmir, from which red meat products are supplied to stores on a daily basis. Ready-to-cook red meat products which are sealed using modified atmosphere packaging (MAP) technology without any manual intervention are sold under Migros' "Master Butcher" label.

Private-Label Products: As of end-2020, Migros was serving customers with more than 1,500 private-label products. Migros-branded products consist of basic necessities that possess the superior quality standards that are expected of Migros while being more economical than comparable products currently available on the market.

Migros continues to make new additions to its line of private-label products whose extremely competitive prices and superior quality appeal to customers and are attracting more and more of their attention and interest.

"M Life" is the brand of products that support healthy lifestyle and offer products in different sub-categories such as organic, low calorie, gluten-free. Additionally, there are private-label products such as Viva, Minies, Body Pure, Home Basix, M Toys,



Touch Me, Travepac in some non-food product categories such as paper goods, baby products, textile, home textiles, toys, glassware, and luggage.

"Anatolian Specialties", a project that was inaugurated as a result of surveys conducted in every region of Turkey in order to identify local specialties and crops, had been expanded to include 59 products and 165 stores as of end-2020. These are products which are distinguished by their local and/or cultural connotations, are produced by means of traditional methods, and are typically associated with a backstory. With this project Migros continues to preserve Turkey's culinary heritage and to pass it on to future generations.

In line with private-label products strategy, prices of private-label products were kept down while studies to raise their quality further continued in 2020.

Two Migros private-label products—M Life Gluten-Free Flour and Migros Ultra Sanitary Pads—received Excellence awards in the prestigious "International Private-Labels" competition. The company's line of M Life Bio Organic fruit juices also placed first among the private-label products of Europe's leading retailers and suppliers in the 2020 round of European Supermarket Magazine's "European Private Label Awards".

"Only at Migros" Branded Products:

"Only at Migros" branded products consist of more than 1,500 offerings that customers can find for sale only at Migros stores. This range of goods consists of products made by well-known brands exclusively for sale by Migros, brands that are only sold at Migros, products which are very popular abroad and which Migros was the first to import into Turkey, and products with innovative concepts.

"Anatolian Specialties" had been expanded to include 59 products and 165 stores as of end-2020.

Anatolian Specialties



Migros Operations in 2020

"Money" once again remained Turkey's biggest customer loyalty program in 2020, a year in which some 14 million individual customers qualified for discounts

14
million



MONEY CARD AND CRM

"Money", Migros' loyalty program, once again remained Turkey's biggest, most popular, and most widely-used customer loyalty program in 2020, a year in which some 14 million individual customers qualified for discounts and 3.1 million of them earned Money points that contributed to their household budgets.

"Meant For Me" is a Money program feature that offers customers personalized discounts tailored according to their own shopping habits. Continuing to expand the scope and appeal of the Money personalized experience, in 2020 the program conducted campaigns during which about 700 thousand Migros customers took advantage of

some 3.5 million individualized offers based on tracking and analyzing such things as the item categories a shopper buys from frequently, the quantities purchased, the frequency of store visits, and spending potential.

As of end-2020, Migros' mobile app had been downloaded a million times and had achieved an active-user rate of 60%. Besides making it easier for customers to access their "Meant For Me" shopping offers, the app also allows them to create "WellBeing Charts" based on their shopping habits and receive "WellBeing Suggestions" and to conveniently keep track of all of the Money Card purchases and all their accumulated loyalty points and earnings.



Bebe [Baby] Money, is another Money program feature that continues to contribute to the household budgets of families with infants by awarding “Bebe Money” points for their purchases of products for “Babies”. By keeping track of and analyzing such customers’ shopping habits over time, it is possible to spot the progressive stages of child development and to individualize customer communication accordingly.

In order to support healthcare workers struggling to continue doing their jobs in the face of the difficult conditions during the pandemic, Migros conducted special-discount campaigns that some 42 thousand of them benefitted from. Seeking to provide Migros shoppers with quick and convenient solutions as the pandemic unfolded, attention was given to addressing the needs

not just of individual customers but of commercial ones as well through communication and campaign activities targeting shoppers purchasing for the yacht-chandlery, hotel & restaurant, and services sectors.

Making use of information derived from data analysis, the Money program provides individualized experiences in both the traditional and the digital marketing channels. Making rapid progress in its own digitalization processes, Migros continues to provide customers with an entirely personalized shopping experience.

In addition to the ongoing collaborations which it has entered into with leading brands in other sectors, Money enters into seasonal collaborations with a variety of other brands during particular times of the year.

Migros customers took advantage of some 3.5 million offers under the “Meant For Me” program.

3.5
million



Migros Operations in 2020

Besides offering customers good prices, Migros also provides friendly service in a distinctive shopping environment.

friendly service



Brand Communication

In 2014, Migros repositioned its “Good Service”, “Good Variety”, “Good Farming”, “Good Meat”, “Good Chicken”, “Good Price”, and similar campaigns under a single umbrella called “Migros Will Do You Good”. Besides offering customers good prices, Migros also helps them live a better life by eating healthier and benefiting from superior-quality, friendly service in a distinctive shopping environment. Efforts such as these are what earned Migros Sanal Market the “Online Grocery Delivery Service of the Year” accolade in the 2020 round of Webrazzi awards.

Last year, Migros received its second award in the “Markets” category at the Good Life Brands Awards ceremony held by Sustainable Brands Istanbul. In the globally prestigious series of “International Salute To Excellence Awards” handed out by the Private Label Manufacturers Association, Migros received awards in two different categories. In 2020 Migros also received a silver EBRD Sustainability Award from the European Bank for Reconstruction and Development in the “Environmental And Social Best Practice” category for its long-term “investment loan” and “bond issuance” projects.



In 2020, Migros continued to make effective use of TV, newspaper, radio, outdoor, magazine and digital media channels. A variety of TV ads, events, sponsorships, and launches were carried out all year long in line with the company's communication strategy.

Migros TV provides access to more than 13 thousand videos dealing with everything from recipes to beauty care and from mother-child education to "do-it-yourself" ideas. As a result of communication and content-development efforts, the number of viewings of these videos reached 20 million in 2020. Migros TV videos continued to give viewers access to music concerts

as well as to a wide range of offerings presented by specialists in such subjects as food and meal preparation, personal care, makeup tips, and child care.

In line with its effective communication strategy, Migros also gives special attention to the use of social media. The company manages 2 Youtube, 5 Facebook, 4 Twitter, and 6 Instagram accounts. Migros communicates with 5.1 million followers through these accounts.

Migros communicates with 5.1 million followers through its social media accounts.

5.1
million
followers



Migros Operations in 2020

Rising to the challenges posed by the pandemic, Migros e-commerce personnel made a tremendous, dedicated effort.

dedicated



MİGROS E-COMMERCE

In keeping with its vision of supplying its e-commerce products to every household in Turkey and positioning customer focus at the heart of its strategies, Migros undertakes and carries out significant operational, organizational, and infrastructural change projects in order both to create new delivery channels and services and to devise sustainable business models.

Rising to the challenges posed by the pandemic, Migros e-commerce personnel made a tremendous, dedicated effort to ensure that consumers were able to access whatever they want whenever they want it. The online channel's delivery capacity was quickly enlarged in order to cope with a huge, nearly

threefold increase in customer demand, operational processes were beefed up, about 5 thousand new employees were taken on, and service channels were expanded.

The number of stores serving Migros Sanal Market nearly tripled as compared with the previous year. During the period when shopping malls had to remain closed owing to country-wide restrictions on people's movement, some mall-based Migros stores were temporarily converted into so-called "dark stores" and catered exclusively to the requirements of online shopping.

Migros' e-commerce sales grew rapidly in 2020 as did the number of Migros customers who were served online: approximately threefold year-on increases were also registered in both metrics.





In order to expand the scope of the service offerings to customers, the “Click & Collect” service was launched.

Click & Collect

Migros Sanal Market

www.sanalmarket.com.tr

Migros Sanal Market was Turkey’s first online supermarket when it opened for the first time in 1997.

Migros Sanal Market significantly expanded its territorial reach in 2020: with the number of stores keeping it supplied topping 500, the online channel is now in a position to provide service in all 81 of Turkey’s provinces. In townships where Migros Sanal Market still lacks an operational presence, recourse continued to be had to cargo service providers.

In line with company strategies, the process and organizational structures of both its physical store operations and its online operations were redesigned so as to increase productivity. As a result of service enhancements and resource

optimization in the omnichannel customer experience, improvements were made in operational costs.

Within the premises of some Migros stores in a number of locations, space has been allocated for the conduct of e-commerce operations. These areas are used as e-commerce “micro-warehouses”, which improves both order-filling efficiency and service quality. In another innovative Migros first, carrier robots have been installed in these micro-warehouses and have begun helping to ensure that orders are fulfilled quickly and correctly.

As the pandemic continued to transform and increase consumers’ needs during the year, efforts were made to keep pace with them by expanding service channels. One result of such efforts was the introduction of “Click & Collect”, a service that allows online shoppers to place orders through Migros Sanal

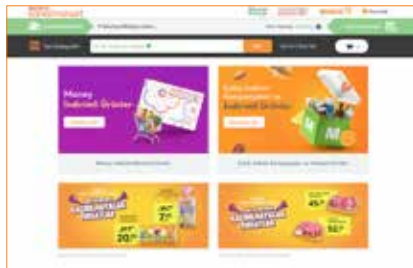


Migros Operations in 2020

During 2020, Migros Hemen's operational territory was enlarged to encompass 23 provinces.

23

provinces



Market and pick up their purchases from designated stores.

Complying with public-health measures to curtail the spread of infection, a no-contact delivery option was introduced for all customers. Another innovation along the same line was giving customers over sixty years of age precedence in the choice of delivery times.

In the 2020 round of Webrazzi awards recognizing companies that had the biggest impact on the year, Migros Sanal Market received the "Online Grocery Delivery Service of the Year" accolade.

Migros Hemen

Migros Hemen is a new sales channel that was created to keep pace with changes in consumer behavior and expectations while also increasing Migros' competitive strength and

customer satisfaction. During 2020, Migros Hemen's operational territory was substantially enlarged and quickly grew to encompass 23 provinces.

Migros Hemen distinguishes itself and creates value by combining Migros' usual competitive prices, product diversity, and quality together with an exceptional delivery model and a shopping experience that lets consumers make their purchases in the quickest and most convenient way possible. When customers place an order using the Migros Hemen app they know they have Migros' assurance that the goods they need will be delivered to them within 30 minutes at Migros prices and quality.

Having redesigned its Migros Hemen app and made it more functional, Migros continues to invest and pursue growth in technology.

The macrocenter.com.tr website was given a makeover and reopened for use in 2020.

new

In 2021, Migros intends to grow this channel by taking advantage of the company's nationwide store and logistical services network in order to rapidly expand Migros Hemen's service footprint so as to include more than 30 provinces around the country.

Macroonline

With its superior service standards and outstanding portfolio of excellent products and supported by the Macrocenter mobile app that was launched in 2018, Macrocenter's online sales operations recorded strong growth. The macrocenter.com.tr website was given a makeover and reopened for use in 2020.

The territorial reach of the Macrocenter mobile app has been expanded to cope with pandemic-driven growth in customer demand. In 2020 customers were kept

supplied with Macrocenter product and service quality through more than 50 stores in seven cities.

Tazedirekt

Reaching out to consumers with its "What You Eat Matters" slogan, Tazedirekt's newly-made-over website, product portfolio, and advertisements continue to attract more and more of their attention. Tazedirekt is an online and mobile-platform purveyor of fresh fruits and vegetables that it procures directly from twenty farms which grow organic produce and with which it has entered into contractual agreements after a painstaking countrywide search and selection process. Customers are provided with completely transparent information about where the goods they're buying come from, exactly what they are, and who produces them. Tazedirekt's website and



Migros Operations in 2020

Tazedirekt serves in a total of 35 townships, 32 of which are in Istanbul and 3 in Ankara.

35
townships



mobile app give users access to more than 2,000 items along with videos in which producers describe both themselves and what they produce so that customers have a better idea of what they're buying.

Having started out in İstanbul, Tazedirekt added Ankara to its operational territory. This online format now serves customers in 35 townships, 3 of which are in Ankara. Tazedirekt's goals are to make life easier for customers, and to become a leading brand in the vanguard of the healthy-living and conscientious-consumption trend.

Joint projects

Under a strategic alliance between Migros Sanal Market and an online shopping platform that was initiated in 2019, Migros Sanal Market opened

a shop on the platform through which it gives the platform's users access to Migros' huge range of products as well as to its campaign offers. A Cargo Operations Center designed so as to cope with the high volumes which online shopping is capable of generating and also to provide customers with better service has been set up to support this alliance.

In the first phase of this project, purchases are being dispatched to customers everywhere in Turkey via the cargo services provider; in the second, purchases made through the platform are being delivered as a normal Migros Sanal Market operation from Migros stores as per Migros Sanal Market's appointment-delivery model.



Incorporating artificial-intelligence technologies, the Migros Interaction Platform provides needs-specific self-service solutions by anticipating customers' questions.

interaction

Customer Services / Service Channels

Through its attention-to-service approach, Migros seeks to communicate quickly and effectively with its customers. Adhering to a multichannel strategy in the conduct of its customer-communication processes, Migros takes a customer-focused approach whose aim is to provide shoppers with the very best experience. All customer feedback concerning Migros, Macrocenter, Migros Sanal Market, Macroonline, Migros Hemen, and Tazedirekt is responded to within 48 hours of its receipt.

Developmental work on the Migros Interaction Platform that began in 2020 is still continuing at this time. Incorporating artificial-intelligence technologies, this platform is intended to provide needs-specific self-service solutions by anticipating customers' questions.

- 444 10 44 Customer Contact Center deals with all incoming communications having to do

with Migros, Macrocenter, Migros Sanal Market and Migros Hemen.

- 444 75 15 "Happy Customer Line" deals with all incoming communications having to do with Tazedirekt.
- 530 300 13 00 is a corporate WhatsApp channel that deals with all incoming communications using both chatbots and live support.
- All feedback received through the iletisim@migros.com.tr email address, Migros corporate websites, Migros social media accounts, and the Migros mobile app are responded.

During 2020, Migros received more than 2 million instances of customer feedback through all of these channels. All incoming requests and suggestions were directed to appropriate company units and 90% of incoming messages were responded to within the targeted period.

In line with its TSE ISO 10002 Customer Satisfaction Management System certification, Migros respects customers' privacy when managing their feedback and it behaves fairly and objectively when responding to it. The conclusions of periodic reports based on detailed analyses of feedback are treated as inputs and guidance for making improvements and contributing to corporate development. Regarding customers' opinions as the company's primary focus at all times, Migros Customer Services engages in a constant effort to develop a service approach that keeps close to the customer.

Migros Operations in 2020

Migros is the first food retailer in Turkey to be awarded seven quality management system certifications by the Turkish Standards Institution.

the first



Quality and Environmental Management

In order to maintain its position as a retail industry leader in the provision of sustainable quality in line with its strategies and mission, Migros provides its customers with modern, reliable, economical, and high-quality service at all times. Migros is the first food retailer in Turkey to be awarded seven quality management system certifications by the Turkish Standards Institution.

- TS EN ISO 9001 Quality Management System
- TS EN ISO 9001 Quality Management System - Internal Audit Department
- TS EN ISO 22000 Food Safety Management System
- FSSC 22000 Food Safety Management System
- TS ISO 10002 Customer Satisfaction Management System

- TS EN ISO 45001 Occupational Health and Safety Management System
- TS EN ISO 14001 Environmental Management System

Mindful of the health of its employees, customers, suppliers, and other stakeholders threatened by the coronavirus epidemic, Migros took precautions to prevent the spread of Covid-19 outbreak by limiting contact and movement and by giving importance to hygiene issues. The company continued to conduct its operations and to provide service while still fulfilling its quality, food safety & hygiene, OHS, customer focus, and environmental management commitments. Having successfully met all of the criteria set by the Turkish Standards Institution (TSE) for combating the Covid-19 outbreak, the company was awarded TSE Covid-19 Safe Service/ Production and TSE Covid-19 Safe Production certifications in stores,





Migros was awarded TSE Covid-19 Safe Service/Production and TSE Covid-19 Safe Production certifications.

safe

production facilities, distribution centers, offices, and shopping malls at specified locations.

In recognition of its efforts to conserve energy, to use natural resources conscientiously, and to foster awareness among its employees of the need to make changes in lifestyles, Migros was granted the right to use the WWF Green Office logo and diploma at its head office. This recognition, which is given by WWF Türkiye to offices that strive to reduce their ecological footprint, is also an indication of Migros' sense of responsibility to the Earth and environment in the conduct of its business.

Having previously been awarded ISO 14064-3 Greenhouse Gases certification covering the validation and/or verification of greenhouse gas emission assertions, in 2020 the company had its corporate greenhouse gas emissions verified and its certification renewed.

The company once again demonstrated the importance it gives to agricultural production by maintaining the validity of its Organic Product and Good Agricultural Practices group certifications. Migros conducts all operations at its Miget and Gebze Et meat-processing plants in compliance with halal standards. This is attested to by the TSE Halal certification which the company has been awarded and continues to hold.

Taking the extraordinary conditions imposed by the Covid-19 pandemic into account, Migros ensured the continuity of its quality management system certifications in 2020 by having its internal inspections conducted online by about 900 internal inspectors at nearly 2 thousand stores and other business units. Migros has received a TSE citation as the company with more internal inspectors on its payroll than any other that TSE certifies.



Migros Operations in 2020

Migros has received a TSE citation as the company with more internal inspectors on its payroll than any other that TSE certifies.



internal inspectors



Combating the Epidemic with Measures and Information

In its efforts to combat the Covid-19 epidemic, Migros was mindful of the health and wellbeing not just of its own employees and customers but of all of its other stakeholders as well. The practices which were developed in line with its own precautions as well as with the requirements of laws and regulations were put into effect in all of the company's stores, storage areas, and administrative offices. All frequently-touched surfaces were regularly cleaned and disinfected; employees were provided with information about compliance with mask-wearing, social-distancing, and hand-hygiene rules; "Disinfection Ritual" training videos concerning the epidemic were prepared and all store personnel were required to view them online.

Cooperating with NGOs

Migros was one of the food industry businesses taking part in a Food Safety Association committee that was formed to prepare a series of guidebooks dealing with Covid-19 safety and hygiene issues, the first of which were published in 2020.

Ensuring Product and Service Quality

Guided by global standards in terms of product safety, Migros aims at providing its customers with healthy products in healthy conditions to perpetuate its customers' unconditional safety. In line with this goal, products are meticulously checked at all phases from their purchase until the point they reach the consumer.



Supplier Firm Audits

Just as it impacted on every other aspect of everyday life, the Covid-19 epidemic affected the company's supplier inspection and certification processes as well. Inspections were conducted online in order both to protect the health and wellbeing of suppliers and inspectors and to ensure that the company's product safety policy was adhered to without interruption.

Suppliers' product safety practices are audited in accordance with the IFS Global Market standards recognized by the Global Food Safety Initiative.

Besides making certain that it procures only safe products from its suppliers, Migros also has its suppliers audited to determine their compliance with SMETA (Sedex Members Ethical Trade Audit) 2-pillar auditing criteria. These audits look into suppliers' environmental

management, occupational health and safety, ethical behavior, and social responsibility practices and are important to the company's overall sustainability efforts.

New Product Quality Certification

Food and non-food products that are being considered for sale by Migros are first checked according to specifically-prepared manuals. Product labels, the results of product analyses, and producers' and/or manufacturers' licenses are also checked for compliance with the requirements of laws and regulations. Only products that pass all of these examinations are allowed to go on sale.

During 2020, nearly 10 thousand new products were examined in accordance with this system before being put on sale.

In response to the Covid-19 outbreak, the company had the

During 2020, nearly 10 thousand new products were examined in accordance with this system before being put on sale

**~10 thousand
new products**



Migros Operations in 2020

During 2020, product safety verification analyses were performed on more than 10 thousand food items in order to determine their compliance with more than 35 thousand quality parameters.

>35
thousand
parameters



masks and disinfectants offered for sale in its stores checked by accredited laboratories and only those found to be effective continued to be sold.

Product Analyses

To be sure that items sold on Migros store shelves comply with the Turkish Food Codex, Turkish standards, EU requirements, and all other applicable laws and regulations, the company has verification analyses performed on them by an accredited independent laboratory. During 2020, product safety verification analyses were performed on more

than 10 thousand food items in order to determine their compliance with more than 35 thousand quality parameters.

Private-Label Product Development Processes

The production facilities of all firms that supply Migros with its private-label products were inspected. Private-label products are analyzed periodically both by independent accredited firms and by quality control laboratories located in the Company's own distribution centers. A total of 3,306 items were sent for analysis according to more than 17 thousand different parameters.



Distribution Center Quality Processes

There are quality control laboratories located in all of Migros' distribution centers. These laboratories are responsible for checking all products sent by suppliers before the goods are accepted. Migros' cold-chain processes, which are of critical importance in ensuring the safety of some food groups, begin at the time goods are accepted and continue without interruption until the moment they reach the consumer. In 2020 quality specialists checked more than 3.8 million food and non-food items for compliance with 206 different parameters.

The quality controls normally carried out before fresh fruits and vegetables are accepted at distribution centers and warehouses were performed using an RF Traceability system. QC processes for about 500 thousand items were conducted in this way in 2020.

In 2020 quality specialists checked more than 3.8 million food and non-food items for compliance with 206 different parameters

**>3.8
million products**



Migros Operations in 2020

More than 3,600 unannounced system audits of the company's internal and e-commerce operations were carried out during 2020.

>3,600
unannounced audits



Effective Reporting by Means of Unannounced Store and E-Commerce Process Inspections

The effectiveness and continuity of stores' quality management system processes were checked by means of unannounced inspections carried out by Migros' own quality team and by accredited independent external auditing firms.

More than 3,600 unannounced system audits of the company's internal and e-commerce operations were carried out during 2020. Based on the findings of these audits, action was taken and improvements were made as deemed to be necessary.

For the conduct of these audits, an independent laboratory was contracted to perform more than 27 thousand analyses in order to check employee hygiene and equipment surface and service water cleanliness.

During 2020, more than 3,600 store quality team risk-based inspections, e-commerce process inspections, Migros shopping mall Covid-19 inspections, and new-store compliance inspections were carried out.



Migros continued to procure and sell fruits & vegetables and meat & dairy products that have been granted Good Agricultural Practices (GAP) certificates.

GAP

Good Agricultural Practices

Migros continued to procure and sell fruits & vegetables and meat & dairy products that have been granted Good Agricultural Practices (GAP) certificates by agencies which are authorized to do so by the Ministry of Agriculture and Forestry. These certificates can be issued for products whose consumption as food is proven to be safe by means of laboratory analyses and whose production processes are end-to-end traceable.

Good Agricultural Practices (GAP) - Fruits & Vegetables

The efforts that Migros initiated in 2020 to promote good agricultural practices in fruit & vegetable procurements continued in 2020 as well with the involvement of 124 suppliers and 1,061 smaller producers.

In order to further expand the scope

of its GAP procurements, in 2020 Migros had three GAP group certifications conducted by a Ministry of Agriculture and Forestry-accredited control and certification agency. This resulted in the certification of seven varieties of fresh produce and of the company's Western Mediterranean and Bursa produce-handling facilities.

Good Agricultural Practices (GAP) - Meat & Dairy Products

In 2020 Migros endeavors to sell poultry (chicken and turkey) meat, fresh eggs, and raw milk to the range of GAP-certified meat & dairy products that it offers for sale to customers in its stores.



Migros Operations in 2020

As of end-2020, the number of Migros distribution centers located all over Turkey was 28.

28

distribution centers



Distribution Centers & Logistics Management

Owing to the global pandemic, food supply chains and their continuity were matters of the utmost concern in 2020. Migros' distribution center and logistics management processes focused on taking the highest possible precautions to ensure that consumers would not be affected by supply and demand volatilities caused by the novel coronavirus outbreak while also making no concessions whatsoever either to service quality or to productivity. In the conduct of all of these operations, the health of the people involved in them was the top priority.

As of end-2020, the number of Migros-owned and operated fruit & vegetable and meat distribution centers located all over Turkey was 28. Work was also begun last year on planning a distribution center that is to be opened on the European side of Istanbul.

For its fast-moving/high-volume goods, Migros employs a network of hub distribution centers that not only improve delivery times but also help cut shipping costs because of their lower operational expenses. The Konacık Hub Distribution Center was added to this network in 2020.

Comprehensive process improvements were made in the delivery of white goods purchased



For its fast-moving/ high-volume goods, Migros employs a network of hub distribution centers. The Konacık Hub Distribution Center was added to this network in 2020.

Konacık

by Migros customers. Such deliveries are now being made from stores located in all 81 provinces and to home addresses anywhere in the country. Efforts are being made to improve delivery times by means of a second storage facility located in the Aegean region.

In order to keep customers supplied with fruits and vegetables in the freshest possible condition, the frequency of distribution center deliveries to stores was increased. This has also had the additional benefit of reducing fresh-produce waste in stores.

An automated item picking and sorting system in the Gebze

Distribution Center has made it possible for goods to be picked and shipped on a unit-count basis. This is especially useful for small-sized stores lacking in sales space because it means customers can be provided with greater variety while only minimal stocks need to be maintained.

As it does every year, Migros once again reported the carbon emissions generated during the conduct of all of its distribution center operations in 2020. Performance improvements comparable to those of previous years were again achieved.



Migros Operations in 2020

After listening carefully to users' wishes and expectations, Migros' Mkolay mobile app was completely redesigned and rebuilt.

Mkolay



Information Technologies

Changes in consumer behavior brought on by the Covid-19 pandemic and the emergence of new technological solutions to address them along with other developments made 2020 a quite extraordinary year that has implications for the future of retailing. On the one hand there was increased interest in e-commerce and technologies that minimize in-store contact; on the other, solutions making use of artificial intelligence entered our everyday lives and began to have an impact on business processes.

Fintech (financial-technology) solutions, some of which had been waiting in the wings for years, appeared on stage and as the pandemic unfolded they were widely embraced by customers because of their contactless nature and convenience. Along with these,

in-store shopping solutions that eliminated or minimized person-to-person contact and handling also gained increasingly greater importance.

In 2020 Migros Information Technologies brought to completion a large number of projects that had been initiated in previous years while also undertaking many new ones as well.

A next-generation Mkolay and a fully no-contact Migros Jet checkout experience

After listening carefully to users' wishes and expectations, Migros' Mkolay mobile app was completely redesigned and rebuilt. With Mkolay, customers in stores use their own devices to read the product-label barcodes of items that they put in their baskets and then complete the checkout process quickly and conveniently without the items having to be scanned again. Mkolay





Offering users a range of payment alternatives, the Money Pay app is a first step in this direction.

MoneyPay



has also been integrated into self-checkout counters, thereby allowing an end-to-end contact-free shopping experience from item selection to final payment. Other features were also added to the app, including one that makes it possible for the store in which customers are shopping to be automatically recognized.

The use of Mkolay was also expanded: the number of stores in which the app will work reached 62 last year. Mkolay has likewise been made accessible from within the main Migros app.

MoneyPay

The family of innovative Migros apps was joined by a new arrival in 2020. MoneyPay, a new product introduced by the company's subsidiary Moneypay Ödeme ve Elektronik Para Hizmetleri A.Ş., is a mobile payment app that offers brand-new payment options.

Created to give customers quick, convenient, and secure access to financial solutions, the Money Pay app offers users a range of payment alternatives. As a first step in this direction, Migros customers are assigned ready-to-use limits which they can use in conjunction with the app's "Shop now, pay later" feature.

In addition, customers can have additions made to their limit using a credit card, by means of bank transfers, and from any Migros checkout. Using Money Pay's QR code feature, customers can make contactless payments in Migros stores and even on Migros Sanal Market.

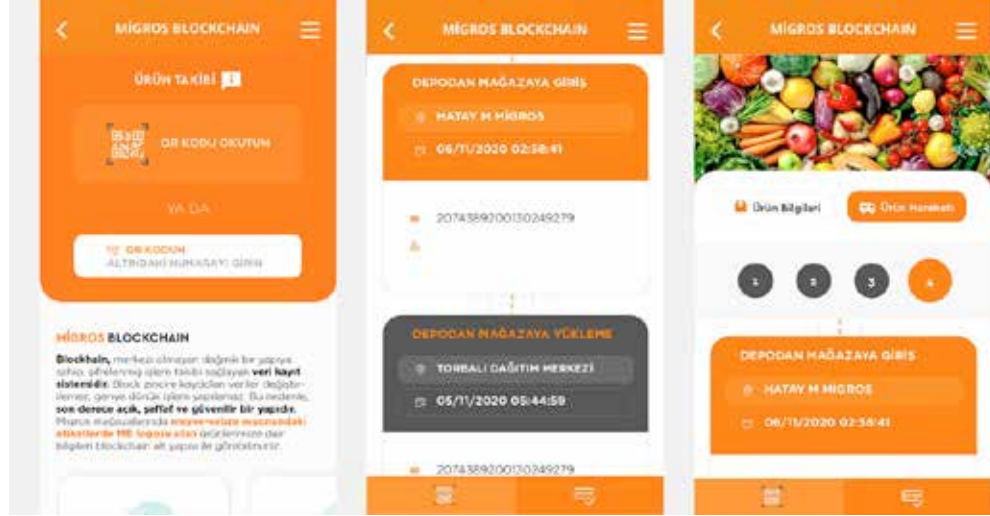
A Money Pay user who is also a member of the Money Loyalty Program can link the two accounts and immediately benefit from all of the program's discounts and other offerings when shopping in stores and online. Money Pay users can have money transferred among



Migros Operations in 2020

Focusing on food safety and transparency, Migros has introduced a food-retailing first by incorporating blockchain technology into the product-verification process.

blockchain



themselves whenever they wish. If they associate credit cards with Money Pay's digital wallet feature, they can use this feature to pay for their shopping as well.

Fruit & Vegetable Blockchain: End-to-end fresh-produce handling transparency

Continuing to make important progress in the conduct of its digital transformation and focusing especially on food safety and transparency, Migros has introduced a food-retailing first by incorporating blockchain technology into the product-verification process. Using the "Migros Blockchain" feature of the Migros Mobile App, customers can easily get information about how more than 750 fresh produce items bearing the MB (Migros Blockchain) logo moved from field to shelf.

SmartStock AI for fresh produce management

Under a project being carried out jointly by Migros, Microsoft Turkey, and mobile app developer Motiwe, the fresh-produce sections of Migros stores are video-monitored and, using artificial-intelligence (AI) solutions benefitting from Microsoft Azure Cognitive Services resources, the system keeps constant track of what products are available in what quantities in real time and immediately notifies the store's operations management if anything is likely to be out of stock. By improving the speed and efficiency of stores' restocking functions, this system ensures that shelves are kept supplied with fresh produce and that customers never encounter out-of-stock situations. The SmartStock project also provides Migros with



Robot Process Automation (RPA) is an important feature in Migros' digital transformation roadmap.

RPA

opportunities to understand its customers' buying habits in fresh-produce categories. The AI video-processing skills being acquired in fresh-produce categories can also be used in other categories as well. Additional work in this direction is currently in progress. The SmartStock project has made the Migros-Microsoft partnership one of the top three success stories in the Microsoft MEA region. (<https://customers.microsoft.com/en-us/story/790224-migros-retail-azure-tr-turkey>)

RPA process automation

Robot Process Automation (RPA), which is an important feature in Migros' digital transformation roadmap, is also being widely used today by different companies in many different sectors. Many frequently-repeated routine processes taking place in Migros' Human Resources, IT, Finance,

Marketing, and other departments are now being performed 24/7 robotically and without manual intervention. This makes it possible for employees to focus their attention not on repetitive tasks but rather on those with higher added value.

Smart Farming Project: Digital Agriculture Stations

In 2020 Migros began installing "digital agriculture stations" on land under cultivation by farmers from whom it makes procurements in order to improve both their production quality and their operational efficiency. Set up in producers' fields in many different parts of Turkey, these stations are components of an early warning system that helps improve farmers' production and productivity. These stations give farmers access to



Migros Operations in 2020

Migros is carrying out an end-to-end renovation of all of its after-sales services.

interaction



solutions and software resources that enable them to reduce their energy, water, and other input costs by means of earlier and more accurate weather forecasts and other projections while also helping them to protect crop and environmental health by watering, fertilizing, and spraying properly and at the right time. Smart-farming solutions such as this enable Migros to better manage the quality, quantities, and stocks of the cultivated produce that it sells in its stores.

Migros Interaction Platform and Chatbot Integration

Migros is carrying out an end-to-end renovation of all of its after-sales services. This renovation is intended to strengthen the customer experience through a new call center equipped with such technologies as an interactive voice response system that recognizes what a speaker says and Turkey's first "Easy Menu"

solution. Migros will continue to undertake investments that improve its understanding of what after-sales services customers are asking for through different channels such as WhatsApp Chatbot solutions, Live Chat personnel on duty, and WebChat solutions that support customers when making payments at www.migros.com.tr.

Migros Up

Migros Up is a program that Migros has launched in order to add value to Turkey's entrepreneurial ecosystem. Migros Up is a Joint Innovation Platform whose aim is to bring Migros together with entrepreneurs i) who have ideas that may be capable of satisfying current needs and expectations in areas ranging from human resources practices to supply chain solutions and store operations or ii) who are interested in becoming involved in newly-emerging sectors.



Migros Up is a program that Migros has launched in order to add value to Turkey's entrepreneurial ecosystem.

Migros Up

From among entrepreneurs who submit applications, five will be selected to take part in training provided by Silicon Valley specialists. They will also be given a chance to show off their projects to Silicon Valley investors and get feedback from them.

Store Opener

Store Opener is a project whose aim is to digitalize and formulate a quantifiable/verifiable flowchart for all new-store processes from identifying potential locations to actually opening the store. One project which formally was dealt with manually has been digitalized.

Digital Gift Code

Digital Gift Code is a project to create structures that make it possible for customers to purchase

digital gift codes not only at checkout counters in stores but also through WhatsApp. The digitalization of these prepaid cards makes it possible for their users to provide help or gifts to others not just by giving them the physical cards but also through the digital codes embodied in them.

Migros E-Sport

Migros E-Sport is a platform that has been created for the conduct of E-Sport tournaments. The introduction of this platform during the Covid-19 pandemic has increased customer satisfaction.



Migros Operations in 2020

Migros' employees make up a youthful and energetic family whose members average 32 years in age and, when indirectly-employed personnel are included, number about 50 thousand people.

50

thousand employees



Human Resources

The Migros Human Resources Department's goal is to develop human resources who will further advance Migros' leading position in its sector and who are exceptional in their knowledge and customer-focus. In line with this goal, the company's human resources policy is grounded in the principle of "create employees who will create competitive advantages". Migros' employees make up a youthful and energetic family whose members average 32 years in age and, when indirectly-employed personnel are included, number about 50 thousand people. With 40% of its workforce female, Migros has more women on its payroll than most other companies in Turkey. Average seniority among Migros' white-collar staff is 12 years.

81% of Migros' employees were born between 1980 and 2000

("Generation Y") and 5% were born after 2000 ("Generation Z"). When communicating with existing and prospective personnel, Migros brands itself as an employer whose motto is "Good Job Good Future". The company's talent acquisition focus puts emphasis on both university and social media activities in parallel with young adults' career choices. Frequent postings on various social media platforms keep the company's followers up to date about many current issues. Work has also begun on a "Brand Ambassador" program whose aim is to promote Migros' employer brand through internal and external channels.

During 2020, Migros received more than 800 thousand job applications and hired nearly 10,000 new employees. Vacancies are also filled through the company's internal transfer/promotion system: 215





In 2020, twelve innovative HR projects were launched.

12 projects

positions were filled in this way in 2020. Migros placed first in the "Retailing Company I'd Most Like To Work For" category of the 2020 round of the "Most Popular Companies" survey.

Recognizing that agile methodologies need to be treated not just as processes but rather as vital elements of corporate culture is one of the Migros Human Resources Department's foremost strategies for ensuring the sustainability of Migros' success as a retailer in the future as well. For this purpose, inter-functional "business units" and "agile teams" employing agile methodologies and working in coordination with one another have been created with the aim of achieving superior business results much more quickly. In order for Migros Human Resources to

contribute more promptly and with a more innovative perspective to employees' own development as well as to processes, "HR f5"-branded project teams continued to work and twelve innovative HR projects were launched.

A Goal-Awareness Workshop that is attended by more than 200 management-level personnel representing all company functions is conducted every year in order to ensure that the company's objectives and strategies are fairly, equally, and clearly understood by all Migros employees. The introduction of the OKR (Objectives & Key Results) model in 2020 has made the structure of the performance management process much more dynamic, traceable, and transparent. As a result of the performance management process of white-collar employees working in



Migros Operations in 2020

More than
9,500 individual
performance
evaluations were
carried out in 2020.

>9,500
evaluations



administrative units and stores, more than 9,500 individual performance evaluations were carried out in 2020. Store blue-collar personnel performance management processes by comparison require semi-annual assessments of the basic competencies, occupational skills, service quality, and job performance of about 26 thousand people. As one of the most important pillars upholding the principle of equality of opportunity, objectively-conducted performance management processes play a key role in the management of employees' career and development plans.

When evaluating administrative-unit and store white-collar employees' competency-based performance, two different methods are used to identify the areas in which they are

strong and the ones that are in need of further improvement. After these areas have been identified, a practical development plan is agreed upon for each person. One of these methods is known as "360° Feedback" in which employees see how their superiors, subordinates, and peers perceive their competencies based on their observations and also compare them with their own observations of themselves. The other is a set of "Self-Assessment Tools" that provide the means for each individual employee to reliably inventory their own competencies and discover their own potential. This method gives employees an opportunity to invest in their own personal development.

The results of the competency and performance-evaluation process provide the basis for Migros' strategic



human resources planning. At strategic human resources planning meetings, proactive decisions are taken about Migros' critical positions and backup plans, potential employees, and future organization.

The company continued to manage its career planning and promotion processes both online and offline through the Migros Career Paths Program, which provides a systematic, fair, and objective way for employees in all stores and departments to determine the course of their own career and which was the recipient of the "Retail Sun Most Successful Human Resources Program" award.

A "Working Life Assessment Survey" is conducted every year by an independent research company

in order to measure and to further improve the levels of Migros employees' job satisfaction and company loyalty. A recipient of the "Employee Engagement Success Award" for having joined the ranks of companies that have raised their employee loyalty and satisfaction score the most for three years in a row, in 2020 Migros received the "2019 Best Place To Work In Turkey - Kincentric Best Employers" award.

Migros Retail Academy (MRA) designs, in line with company strategies, the most effective employee career-path models, methods, and tools. Throughout the year MRA supports the personal and professional development of Migros employees with an extensive and varied mix of the classroom training, field training, and distance learning

Migros has joined the ranks of companies that have raised their employee loyalty and satisfaction score the most for three years in a row, in 2020

employee loyalty



Migros Operations in 2020

MRA's array of training and development programs have earned it 36 international awards to date.

36
awards



content and resources that are contained in the academy's training catalog. MRA's array of training and development programs have earned it 36 international awards to date. Every Migros employee took part in at least one training program in 2020, a year during which total classroom training time corresponded to 232,000 work days and personnel completed 1,027,000 instances of distance learning.

In order to prevent any disruption of employee training and development on account of changes in work arrangements, procedures, and schedules made necessary by the pandemic, all training processes were quickly revised so as to make greater use of distance-learning models

and digital content. As a result also of employees being given training on dealing with pandemic-specific issues in addition to their regular professional and competency-development training, there was a fourfold increase in online training last year.

While continuing to be actively used for the conduct of webinars dealing with high-agenda topics, MRA's Teams channel also carried live webcasts of nearly 50 experts addressing employees on a variety of subjects having to do with adapting themselves to current conditions.

Supporting women in their efforts to become professionals in every field in line with its equal-opportunity policies, Migros has provided master-





butcher training to 265 of its female employees, thereby equipping them with new skills. Although only 1% of all of Turkey's butchers are women, at Migros this figure is 9% thanks to this program.

A "Valuing Equality" online training course was prepared in order to support furtherance of the concept of social gender equality as an element of Migros' corporate culture. This training was also added to orientation programs as content helping newly-hired personnel to adapt themselves to Migros corporate culture's equal-opportunity concept.

Migros has committed itself to support the "CEO Pledge" initiative of LEAD Network, a major international alliance whose mission

is to attract, retain, and advance women in the retail and consumer goods industry in Europe through education, leadership and business development. In addition to being the first food retailer in Turkey to sign this pledge, Migros is also represented on the LEAD Network's advisory board. By means of this pledge, Migros commits itself to increasing female representation at the company director level and above by at least 5% by 2023.

The company's e-learning platform "www.akademig.com" and its "Migros Sosyal" social learning platform give all Migros employees the ability to access all online training resources whenever they want, wherever they may be, and from both their computers and their mobile devices.

Migros has provided master-butcher training to 265 of its female employees, thereby equipping them with new skills.

265

female butchers



Migros Operations in 2020

Migros commits itself to increasing female representation at the company director level and above by at least 5 percentage points by 2023.

+5
percentage points



Introduced to make it easy for personnel to quickly and conveniently access information about human resources processes from mobile devices and tablets, Migros HR Mobile is an app that is frequently used by company employees.

Through its DEHA “Flexible Fringe Benefits” program that has been specially designed for the company’s administrative and store white-collar personnel, Migros allows its employees to customize their existing fringe benefit rights according to their personal needs. A “Stevie Awards for Great Employers” winner, the DEHA Flexible Fringe Benefits Program was made accessible to more than 5,400 employees in 2020.

Through the Migros Reward System’s “Migros Reward Tree Program”, the company continues to recognize and reward employee performance in a variety of categories. Migros employees received many rewards in 2020. Last year more than 3,500 employees submitted suggestions to “GOOD Ideas GOOD Projects”, a Migros employee rewards program whose aim is to spur in-house innovation and cooperation. New programs and practices based on some of these suggestions have been put into effect.

“My Family & Me” is a program under which Migros employees and their family members take advantage of discounts and other benefits related to their clothing, hobbies, sports, education, personal care, healthcare etc purchases. “Psychological and



Medical Counseling" is a new service introduced last year that gives Migros employees 24/7 telephone access to advice on dealing with such issues. This line received some 34,400 calls from employees, whose questions were quickly responded to and resolved. Furthermore, Migros' employees living in Elazığ and İzmir who were affected by last year's earthquakes were provided with supplementary financial support.

Even with Covid-19 affecting every aspect of their own lives, Migros employees continued to do their jobs and to fulfill their duties with tremendous dedication arising from their strong sense of social responsibility. The members of the Migros family not only demonstrated their resilience and endurance as they continued to meet the

essential needs of society under the most trying of conditions but they also served as beacons of optimism and hope for the future in their interactions with others. As one of the companies that quickly sprang into action as soon as the pandemic began, Migros' approach from the outset was that the health of its employees and customers is its highest priority. In keeping with this, the company introduced many material and moral firsts for its employees, customers, and suppliers under the headings of "network & support", "work schedules & arrangements", "immunity-boosting & protective measures", "supplementary resources" and "added value".

The interaction line received some 34,400 calls from employees, whose questions were quickly responded to and resolved..

34,400 calls



Migros Operations in 2020

Owing to coronavirus-related precautions and practices, heightened attention was given to the meticulous management of OHS issues during 2020.

meticulous



Health and Safety

During 2020 Migros once again continued its intensive efforts to provide and maintain a sustainable workplace environment that protects the health and safety of every member of the Migros family both today and in the future.

The Occupational Health & Safety Committee (OHS) plans and oversees corrective safety measures referred to in risk-assessment reports, and continues its efforts to constantly improve Migros' OHS performance. In keeping with this, risk assessments were conducted for business units. Risk assessments were also conducted at the premises of newly-opened workplaces and the requirements of all OHS documentation were fulfilled without exception.

Owing to coronavirus-related precautions and practices, heightened attention was given to

the meticulous management of OHS issues during 2020. Risk assessments, emergency and incident action plans, and all other OHS-related documentation was reviewed and updated in line with the needs dictated by the Covid-19 pandemic.

From the moment of the very first reports of the novel coronavirus outbreak in China, a close watch was kept on worldwide developments. Action plans were formulated according to potential scenarios for all company units to follow. In light of ongoing health ministry advisories these plans were updated and the changes were immediately reflected in operational practices. The layout and material arrangements needed to contain the spread of Covid-19 in workplaces were quickly satisfied. Meanwhile all personnel were provided with information and training on "Mask-Distancing-





Hygiene" practices and compliance was monitored and enforced.

Health ministry-supplied HES (contact-tracing) codes were required not only of all Migros employees but also of any business partner or subcontractor personnel who physically interacted with any Migros workplace. Covid-19 screening tests of personnel were conducted by specialist healthcare teams at Migros workplaces.

Migros personnel are given OHS training immediately upon recruitment and also on a regular basis while they remain in the company's employ. Owing to Covid-19, classroom training was replaced with distance learning and virtual classrooms in order to ensure that employees received their mandatory OHS practice and awareness training. During 2020, more than 16,300 employees received their OHS training through

distance learning and more than 7,600 of them received it through virtual classrooms; only 1,600 or so received it through face-to-face classroom sessions. Specific Covid-19 training was also provided to nearly 40,000 employees through distance learning while 8,200 or so of them received it through face-to-face classroom sessions conducted by workplace physicians.

Independent OHS consultants and professionals accompanied by Migros OHS management personnel visited all company units, during which each unit's OHS processes and practices were vetted and corrective action was taken as needed. During 2020, a total of 6,538 onsite inspections were carried out by OHS specialists and workplace physicians. Of this number, 1,091 were normal OHS inspections while 5,447 were Covid-19 specific.

A total of 6,538 onsite inspections were carried out by workplace physicians.

6,538

inspections





Wide-access network



Creating Value

The notion of sustainability is both the core of Migros' business model and the engine that powers its efforts to create value for all of its stakeholders.

The Migros Approach to Sustainability

The notion of sustainability is both the core of Migros' business model and the engine that powers its efforts to create value for all of its stakeholders. Migros addresses sustainability-related environmental, social, and economic-priority issues, focus issues, and roadmap issues under twelve separate headings in its "Migros Better Future Plan". To this end, activities are undertaken to address many different issues such as protecting biodiversity, supporting sustainable agriculture, preventing food waste, reducing plastic waste, combating climate

change, standardizing product content information and making it more transparent, making products and services more accessible through digitalization, promoting gender and opportunity equality, and contributing to public wellbeing.

Acting on behalf of the Migros Board of Directors, Migros CEO Ömer Özgür Tort has charged the Migros Sustainability Committee with responsibility for conducting, managing, monitoring, and quantifying sustainability-related matters. All of the core functions of the company are represented on this committee equally and have an equal say in the conduct



of the committee's business. The committee's chairman has supra-departmental authority to supervise the company's international relations and sustainability-related matters independently of all company departments. The Migros Sustainability Committee considers any legal, physical, environmental, operational, or socioeconomic risks and opportunities that might affect the existence and operations of the company; it keeps abreast of and analyzes sustainability-related issues and initiates new sustainability-related practices within the company as circumstances may warrant. Sustainability-related developments and results are reported four times



Migros endeavors to conduct and report its operations in line with the UN's 2030 Sustainable Development Goals.

SDG

a year (once every quarter) to the CEO and to senior executives. Of the annual targets that are set for each of the company's core functions, at least one must be concerned with at least one sustainability issue, the degree of whose target-fulfillment has a direct impact on yearly performance bonuses. The company identifies short (1-year), medium (5-year), and long-term (10-year) sustainability-related goals and actions; it also endeavors to carry out and report its operations in line with the United Nations' 2030 Sustainable Development Goals.

In the conduct of all of its operations, Migros' actions are informed by its approach of creating shared value

for all of its stakeholders. In line with this, a wide range of stakeholder opinions, especially those of the company's core stakeholder groups, are consulted and used when determining and prioritizing the impact of the company's activities. Topics identified during a Migros Sustainability Committee workshop that took into account GRI standard-compatible feedback and stakeholder-survey results obtained in previous years were revised in 2018 in order to improve their focus on worldwide retailing-industry trends, global reports, and newly-identified risks and opportunities.



Having already qualified as a CDP Climate Leader three times, in 2020 Migros joined the ranks of CDP Water Leaders as well.

CDP Water Leader



In 2019, stakeholder survey questions were updated and a "Students" category was added to the list of potential respondents. In addition to Migros Sustainability Committee feedback and to the results of employee, customer, student, and supplier surveys, the priorities of national and international NGOs of which the company is a member are also taken into account.

Migros is also a member of the Consumer Goods Forum (CGF), a global umbrella organization of the world's leading retailers and manufacturers that provides the consumer goods industry with guidance on ways to conduct its activities more sustainably. Migros CEO Özgür Tort has also been serving as CGF Co-Chair. Migros plays a proactive role in issues that CGF focuses on, such as collaborations for healthier societies, product content digitalization and standardization and prevention of food waste. Migros is the only Turkish corporate member of the

One Planet Business for Biodiversity (OP2B) coalition, one of whose aims is to protect global biodiversity with a specific focus on agriculture. The company is also a member of Lead Network EU, one of whose aims is to increase the percentage of women in the ranks of the retailing and consumer-goods industries' senior executives.

Reporting and verification

Migros regularly and transparently reports its sustainability-related activities and performance by means of annual GRI standard-compliant sustainability reports that are published on its corporate website. Migros' greenhouse gas emissions data conforming to the ISO 14064-3 Greenhouse Gases ("Verification and validation of greenhouse gas statements") standard, the results of its supply-chain audits, and information concerning its activities falling within the scope of human rights (prohibition of discrimination, child labor, forced labor; freedom of association and collective



Migros was the only food retailer in Turkey qualified for inclusion in Borsa İstanbul's BIST Sustainability Index for the seventh year in a row.

7th year in a row

bargaining rights; minimum wage and the ratio of women's pay to that of men's; training that employees receive concerning human rights policies and procedures) are all independently audited and verified to be compliant with GRI standards. Because 2020-year greenhouse gas, water and electricity-consumption, and human rights-compliance data had not been verified as of the date on which this report was published, 2019 figures are presented instead. A sustainability report presenting verified 2020-year data will be published at <https://www.migroskurumsal.com/en/sustainability> as of July 2021.

As of 2020, Migros was the only food retailer in Turkey whose efforts on behalf of sustainability qualified its shares for inclusion in Borsa İstanbul's BIST Sustainability Index. This is the seventh year in a row that they have so qualified. Migros' Carbon Disclosure Project progress reports qualified it as a CDP Climate Leader for the third time in 2020; last year

the company joined the ranks of CDP Water Leaders as well. In 2020 and for the second time, Migros was recognized as a "Good Life Brand" in retailing by Sustainable Brands İstanbul,

Compliance with corporate governance policies

All of Migros' human rights, environment, OHS, quality-standard, ethical-behavior, and workplace criteria and rules; Migros' Environmental, Health & Nutrition, Human Resources, Human Rights and Equal-Opportunity, Anti-Bribery and Anti-Corruption, Responsible Sourcing, Severance and OHS policies; and the Migros Code of Ethics with which suppliers are expected to comply are all publicly and transparently disclosed. All Migros corporate policies, which are reviewed every year and revised as needed, are published on the company's corporate website. Migros employees are notified of any changes in company policies by

Migros'un politikalarına ulaşmak için aşağıdaki QR kodları okutunuz.

Environmental Policy:



Responsible Sourcing Policy:



Health & Nutrition Policy:



Severance Policy:



Human Resources Policy:



OHS Policy:



Human Rights and Equal-Opportunity Policy:



Migros Code of Ethics



Anti-Bribery and Anti-Corruption Policy



Sustainability

All of Migros' policies and the Migros Code of Ethics with which employees and suppliers are expected to comply are all transparently disclosed.

transparent



means of email, company circulars, and online training while Migros' suppliers are given access to such policies and to online resources through the company's "Mecom" and "MeMobil" business-to-business apps.

In the conduct of its operations, the company's position on the matters of ensuring equality of opportunity, preventing discrimination, respecting collective bargaining and unionization rights, preventing forced and child labor, preventing workplace abuse and harassment, and complying with working-hour, remuneration, and employee-service rights is quite explicit and remedial action is initiated whenever situations to the contrary are detected. All human resources processes from recruitment and placement to remuneration are conducted in accordance with detailed job descriptions. Job applicants are hired on the basis of their competencies, irrespective of any distinctions having to do with cultural background,

age, gender, or disability. There were no instances of child or forced labor or of discrimination reported concerning the operations of the company in 2019.

An "Ethics Violation Complaint Tracking System" has been set up to ensure that all violations of Migros' corporate policies that may be received via the call center, by email, through mobile apps, or in other ways are collected and assessed at a single location and that all action related to these complaints is systematically tracked. During 2019, a total of 447 reports (250 of them from employees) concerning ethical issues were received through all of Migros-owned communication channels. These reports were considered and finalized by the Disciplinary Board with verbal warnings, written warnings, and termination proceedings being initiated against the persons concerned as was deemed to be necessary.

MIGROS SAĞLIKLI YAŞAM YOLCULUĞU



With the WellBeing Journey program, which has topped 2.3 million people since its inception, individualized suggestions for a balanced diet are offered.

2.3 million

During 2019, no contract with any supplier was terminated due to non-compliance with company policies concerning combating bribery/ corruption, human rights, or equality of opportunity. One supplier's contract was terminated on the grounds of their having contravened the company's Responsible Sourcing Policy by failing to fulfill the requirements of law in the conduct of their production operations.

Verified 2020 data concerning the matters above will be presented in the sustainability report that will be published in July 2021.

Sustainability projects

WellBeing Journey

The WellBeing Journey project that Migros launched in 2018 seeks to create awareness about balanced nutrition, being physically more active, drinking sufficient amounts of water, oral and dental hygiene and care, and changing one's behavior for the better. This is achieved by providing customers with

individualized notices, interactive suggestions, and discounts on recommended products.

In the "WellBeing Journey" section of Migros' mobile app, the food purchases of Money Card holders are compared with recommended consumption levels and positive behavioral changes are supported by means of messages concerning what food groups are needed to achieve balanced nutrition on the one hand along with discounts on recommended products on the other. In 2020 Migros collaborated with the Anadolu Medical Center in the development of an app specifically for customers following vegan/vegetarian diets. The same app has also recently begun presenting informational video messages prepared by professional dietitians. The number of people reached through this program since its inception has topped 2.3 million. In 2020 Migros introduced its Balanced Nutrition Index (BNI) in partnership with KPMG Turkey. A



Sustainability

The offerings of Family Clubs, which have more than 121 thousand members, cover 105 different training activities.

105

training activities

Gender and Opportunity Equality

With 40% of the people on its payroll female, Migros is in the front ranks of companies that provide employment opportunities for women. Migros offers all of its employees equal training and career-progression opportunities. Having set itself the goal of increasing the proportion of female managers in its employ to 31% by 2025, Migros has also committed itself to support the "CEO Pledge" initiative of LEAD Network to raise the proportion of its female senior executives to 23% by 2023. Migros likewise conducts programs such as "Family Clubs" and "Better Future Ambassadors" with the aims of encouraging women to go into business and of empowering them in social life.



12-month average of a customer's food purchases is broken down according to the basic food groups and compared with recommended consumption levels in order to calculate a personalized BNI score. Before this project began, the average BNI score of customers taking part in the program was 70.5; by December 2020, it was up to 77.1. This increase may be interpreted as the program's contribution to customers' adoption of more balanced diets.

Family Clubs

Family Clubs is a program that Migros developed in partnership with county-level public education centers with the aim of contributing to a thriving society that is productive and creates added value. Family Clubs have been set up at Migros stores in 30 locations around the country. They provide free-of-charge occupational and skill development courses as well as opportunities to meet socially with other people who have similar interests. Family Clubs'

offerings cover 105 different activities that include baking and cooking, embroidery, making and painting ceramics, paper-marbling, wood-finishing, oil-painting, diction, sign language, Pilates, foreign language instruction, photography, and robot-programming.

The great majority of the more than 121 thousand Migros Family Club members are women. In this way, Migros is supporting efforts to encourage women in general to play more active roles in everyday life, to invest in their personal development, to put their occupational talents and skills to work, and to be strong role models for their children. Those who attend and complete Migros Family Club courses are awarded Ministry of Education-approved certificates. More and more women are putting the knowledge and skills that they acquire through these courses to earn their own money.

In 2020 a Migros Family Club Instagram account (migros_ailekulubu) was opened because of



the suspension of all face-to-face education and training. Short training videos specially compacted for the channel have received 145 thousand views.

Growing Healthy with Migros

In its efforts to promote public awareness of health and wellness, Migros devotes special attention to children. Since 2016, Migros has been conducting an "Growing Healthy with Migros" program whose aims are to cultivate and strengthen such awareness among youngsters.

To date, tours to which children and their families are invited have been conducted by volunteer management personnel at 396 stores in 70 of Turkey's provinces. Children taking part in "Healthy and Good Living" programs are given information on a host of subjects ranging from the benefits of fresh fruits and vegetables to the checks that foods undergo before they are allowed on store shelves and from Good Agricultural Practices to tips on how to read labels correctly. Children

are also told about the benefits of the waste-collection bins in stores and how they are contributing to a better future by bringing in waste for recycling.

Migros Healthy Growth Guide, a booklet prepared in collaboration with the Food Safety Association, is presented to children during tours in which the importance of balanced nutrition and exercise is emphasized. Before the program's obligatory suspension in 2020, more than 176 thousand children had taken part in "Growing Healthy with Migros" activities.

Respecting Food Project

Migros strives to prevent any loss or destruction of food in the conduct of its operations. Employing an automatic ordering system that incorporates a machine-learning algorithm, Migros sells perishables that are approaching their sell-by date as well as past-its-prime produce at a discount. Food products which cannot be sold but

More than 176 thousand children has taken part in "Growing Healthy with Migros" activities.

176
thousand



Sustainability

In 2020, Respecting Food has donated 2.5 million meals to those in need of them.

2.5
million meals

**TAZELERİ
ATMIYORUZ
PAYLAŞIYORUZ!**



Her gün benzeri kaliteyi, görsel eşikler aynı standartta olmak zorunda değil. Bu yüzden gıda kalitesi yüksek olmalı. Her gün benzeri kaliteyi, görsel eşikler aynı standartta olmak zorunda değil. Bu yüzden gıda kalitesi yüksek olmalı. Her gün benzeri kaliteyi, görsel eşikler aynı standartta olmak zorunda değil. Bu yüzden gıda kalitesi yüksek olmalı.



are still nutritionally wholesome are donated to foodbanks and to other charitable outlets in partnership with a digital platform called “Fazla Gıda” [Whole Surplus], which was the first of its kind in Turkey when it was launched in 2017. By means of this platform, donatable food products are matched with requests from those in need of them, thus ensuring that donated foods are supplied to the right addresses and in the right quantities. Even under the extraordinary circumstances that prevailed in 2020, Migros continued to donate food with no loss of momentum: since the project’s inception, Respecting Food has donated enough food to provide 6.8 million meals, 2.5 million of them in 2020 alone.

In 2020 Migros joined “Save Your Food”, a program initiated by the Ministry of Agriculture and Forestry to promote consumer awareness on the problem of food waste. In the international arena, Migros is

the only Turkish retailer to join the World Resource Initiative’s “10x20x30 Initiative”, whose aim is to get at least 10 of the world’s retailers to engage at least 20 of their largest suppliers to measure and reduce their rates of food loss. In support of Sustainable Development Goal Target 12.3 (“By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses”) Migros has joined the initiative along with 23 of its own suppliers and pledged along with them to voluntarily reduce food waste.

Fresh Leftovers to Our Four-Legged Friends Project

Since 2014, Migros has been conducting its “Fresh Leftovers to Our Four-Legged Friends” project to feed wildlife and stray animals. The aim of this project is to keep from throwing away food products that are still edible simply because the products have approached their



sell-by date. In 2020, 1,120 tons of food were donated to HAYTAP (Animal Rights Federation) for them to use in this way. The company has contributed to the feeding of animals in distress by providing a total of 3,016 tons of food assistance to date.

Other Social Responsibility Activities

Migros also engages with its stakeholders in a variety of projects in the areas of education, sport, and health.

Under its project for children with special needs in the 2-7 age group, a portion of the proceeds from the sale of Procter & Gamble products at Migros stores is donated to the Turkey Special Olympics Committee to fund that committee's campaign focusing on increasing the children's coordination skills and on helping them to socialize by interacting positively with other kids their own age. Before its obligatory suspension in 2020, the program had made it possible for 6,238 teenagers and

children with special needs to take part in sports. The "Clothes for Kids" donation campaign that Migros conducts jointly with Ariel (a P&G detergent brand) and the Community Volunteers Foundation (TOG) has been running now for 10 years. Under this project to date, 45 thousand garments brought into Migros stores have been washed and cleaned using Ariel detergent and then given to those in need of them by TOG. Since the project's inception, such garments have been donated to 440 thousand people.

Migros also collaborates with its stakeholders in a variety of projects focusing on health, safety, and environment-related issues. In 2020 the company once again continued to support a wildlife-protection social-responsibility project that it has been undertaking jointly with Nestlé and WWF Turkey since 2018. Under this project, in which Migros is involved as a recycling partner, a portion of the proceeds from the sale of Nestlé breakfast cereals at Migros stores is used to support

Within the scope of the "Fresh Leftovers to Our Four-Legged Friends" Project, Migros has provide a total of 3,016 tons of food to feed wildlife and stray animals.

1,120
tons of food



Sustainability

In two projects, which encompasses all 81 of the country's provinces, a total of more than 547 thousand donated tree saplings have been planted so far.

547
thousand saplings



WWF Turkey's wildlife protection activities and donations of t-shirts and stationery sets whose theme is protecting wildlife species in Turkey that are under threat. To date, this project has resulted in the recycling of 4 thousand tons of packaging and the donation of 1,000 stationery sets and WWF t-shirts to the Van Provincial Directorate of National Education.

A portion of the proceeds from Migros stores' sales of olives grown by the Aegean Forest Foundation is used to finance not only the planting of thousands of trees in localities that have been ravaged by fire or deforestation but also the creation of new forested areas. In two projects, one involving the Aegean Forest Foundation which has been running for twelve years and focuses on Turkey's Aegean region and the other involving the Ministry of Agriculture and Forestry which encompasses all 81 of the country's provinces, a total of more than 547 thousand donated tree saplings have been planted so far.

In addition, in 2020 Migros teamed up with Falim, a maker of chewing gums and candies, in an agreement in which a portion of the proceeds from the sale of that company's products at Migros stores is used to support the Aegean Forest Foundation's Mastic Tree Forestation Project. The project has gotten under way with the planting of 138 mastic tree saplings in İzmir's Çeşme county. Under another project with Nestlé, Migros customers who purchased that company's Damak-branded chocolate and pistachio bars contributed to the planting of 1,000 pistachio saplings.

In collaboration with Uni Baby, a maker of skin care products formulated specially for newborns and infants, 1,000 saplings have been planted in afforestation projects carried out by the Foundation for the Protection and Promotion of the Environment and Cultural Heritage.

A portion of the proceeds from the sale of Finish Powerball 0% dishwasher tablets containing no



phosphates, fragrances, or allergens at Migros stores was used to support the refilling of a 50-hectare area near the Kuyucuk lake, turning it back into a habitat for 110 species of birds.

The contents of disused battery collection bins installed in Migros stores as well as disused batteries obtained from Migros Sanal Market customers are sent to TAP, the Portable Battery Manufacturers and Importers Association, which is licensed by the Ministry of Environment and Urbanization to accept and dispose of them. Under a TAP project being carried out jointly with Koruncuk, the Foundation for Children in Need of Protection, 5,676 liters of milk corresponding to the value of the collected batteries were provided to children by the foundation in 2020.

Accessible Migros Project

Migros launched a "Accessible Store" project in order to consolidate all of the special services which its stores provide to make shopping easier for handicapped and elderly customers.

Introduced 2017, the project was rebranded as the "Accessible Migros Project" in 2018 after its scope was expanded with the inclusion of Migros Sanal Market.

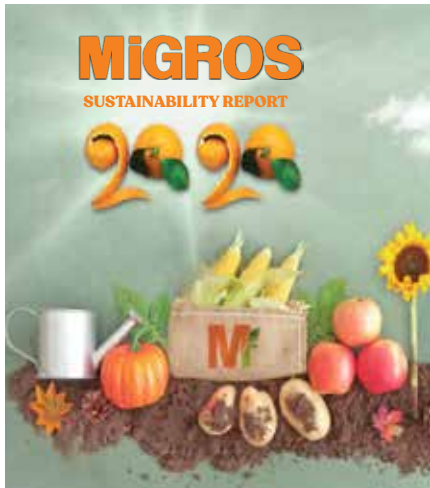
Migros Sanal Market's mobile app is compatible with screen-reader programs that visually-impaired people use. As of 2020, the number of Migros and Macrocenter stores that had been remodeled to make them compatible with the requirements of the Accessible Store concept had reached 346 in 54 provinces. These stores have at least one employee on duty who is trained in sign language in order to help hearing-impaired customers; for the benefit of customers who are confined to wheelchairs, there are wheelchair access ramps equipped with guardrails at the stores' entrances and store aisles are designed so as to be wide enough for wheelchairs to get around. At least one of a store's checkout aisles is prioritized for handicapped shoppers.

346 Accessible Migros stores in 54 provinces have at least one employee on duty who is trained in sign language

346

Accessible Stores





Highlights In 2020

Turkey's Most Admired Retail Company
17 Times
in a row



We ranked **17th** largest company in "Fortune 500 Turkey" list



Our Corporate Governance Rating as rated as

9,67 (96,69)

as of 28 December 2020



According to the "Capital 500" list, we are the **19th** largest company of Turkey



We are the only retail company that is listed **7 years** in a row in the Istanbul Stock Exchange Sustainability Index



We have been selected as the **Good Life Brand** in the retail sector for 2 years in a row



We have been among the leaders **3 times** in the CDP Climate Change Program

We entered among the leaders in the **CDP Water Program** in 2020



Migros Better Future Plan

Consider human rights compliance in all our activities and to respect gender and equal opportunities;



To generate a shared value by incorporating our stakeholders into our sustainable development goals with the economic value and employment, we generate, and our business partners;

To measure our carbon footprint and strive to reduce it;



To implement the innovative practices that would increase our efficiency and provide convenience for and speed up life for our stakeholders;



To combat environmental, water, air, soil, noise and visual pollution, and to develop preventive solutions;



To measure, reduce, recycle or re-economize the waste resulting from our operations;



To conduct an environmental impact assessment before establishing our new areas of activity;



To develop solutions with our suppliers in order to improve the life cycle of the products we offer to our customers;

To develop projects for the purpose of efficient use of the water and energy resources;



To carry out awareness raising activities for the contributions that might be provided by our stakeholders for a more livable world and future;



To ensure that the product contents and information flow in a transparent, accurate and rapid manner;



To support the activities for preserving the biodiversity and sustainable agriculture, and to eliminate any negative effect that might result from our operations;



Our Contributions to Waste Collection and Recycling

Effective Waste Management



In 2020, we recycled **16,902 tons** packaging waste



We saved **98,776** by using recycled wood, paper and cardboard products



We collected **77.38 tons** of electronic waste

We collected **5.67** tons of waste batteries. **5,679**

liters of milk donation to Koruncuk Foundation in return for waste batteries collected through the "Batteries for Migros, Milk for Children" project

We collected **31 tons** of vegetable oil

With Turkish Marine Environment Protection Association we ensured that **400,000 liters** of seawater remained clean



Effective Waste Management

Our Plastic Waste Reduction Practices

Effective Waste Management



There was a **66%** decline in the use of plastic bags



We sold **1,764,437** environmentally friendly, non-woven and cloth bags



The packaging of our **40 PL** product contains on average **47%** less plastic per item compared to the leading brand

Our Contribution to Sustainable Agriculture and Biodiversity

Responsible Production, Healthy World

GOOD AGRICULTURAL PRACTICES (GAP)



We delivered **963,414 tons** of GAP-certified fruits and vegetables to our customers in a decade



100% of our poultry products were produced in accordance with the procedures and principles of GAP



We sold **952.7 tons** of GAP -Certified raw milk and **1,077,674** GAP-Certified eggs in 2020

ANADOLU LEZZETLERİ (TASTES OF ANATOLIA) PROJECT

59 Tastes of Anatolia products were produced using the local seeds and centuries-old recipes



COMBATING DEFORESTATION

In 12 years, we helped planting **547,048 olive trees**



Contribution to the 'Mastic Tree Forestation' project with Falim and Aegean Forest Foundation, and "Let Damak Pistachios be Abundant" with Nestlé.

Our Food Waste Prevention Practices

Responsible Use of Our Resources



We saved **4,774 tons** of food through the 'upcoming expire date' & 'ripe' discounts



Fresh Leftovers to our Four-legged Friend: **3,016 tons** of donated foods are delivered to stray animals by HAYTAP



Respecting Food: We have delivered more than **6.8 million** meals to those in need.



2,458 tons of compost was obtained from **4,254 tons** of organic waste. It is equal to the energy to run a 100-watt bulb for **372,308 days**

Combating Climate Change and Our Energy Management

Combating Climate Change

OUR CARBON FOOTPRINT*

We reduced our daily CO₂ emissions per square meter of sales by **26,6%**** compared and exceeded our 2023 target by 4 years in advance

Our new target for 2024 is to achieve a **7%** reduction compared



We aim expand the system to **17** locations

OUR ENERGY MANAGEMENT*

Combating Climate Change

We reduced our electricity consumption by **16,3% percent** compared to 2013



We aim to reduce our consumption per square meter of daily sales by **18,5%** by 2024

SUSTAINABLE WATER MANAGEMENT

Our goal: To reduce our water consumption per sales m² in 2024 by **3.5%** compared to 2019.

OUR SUSTAINABLE DISTRIBUTION SYSTEMS*

Combating Climate Change

In 1 year, we reduced our Co₂ emissions per unit transported by **6%**



We optimize our routes in every year and transport **80% percent** of our products to the stores by fully loaded trucks



* Since calculation of 2020 data has not been completed yet, 2019 results are given.

* Our 2019 greenhouse gas emissions are independently verified through ISO 14064-3 standard and GHG protocol.

Sustainable Growth

GENERATING SUSTAINABLE ECONOMIC VALUE



Our consolidated sales increased by **24%**

We opened **183 new stores** in 2020



We have **50,000 employees** working under the umbrella of Migros



Our network of **1,878 active suppliers** and **15,000 farmers**

We increased the ratio of our household penetration in Turkey to **85%**

DIGITAL INNOVATION AND ACCESSIBILITY

MIGROS sandalmarket

MIGROS hemen

taze Direkt .com

macroonline



Our online sales channels have **7.9 MILLION MEMBERS**.

Our online sales **TRIPLED** last year.

MONEY

13 MILLION Money Card members.

SUSTAINABLE GROWTH WITH OUR SUPPLIERS



BRC - IFS Product Safety audits for **285** suppliers, GC-SEDEX Environment and Ethics audits for **279** suppliers.



65% of them were successful in both audits and were entitled to receive the "GC Migros Approved"

Sustainability

<h2>Human Focused Approach</h2> <p>QUALITY, FRESHNESS AND HYGIENE</p> <div> </div> <div> </div> <div> </div>	<p>Encouragement to Healthy Life</p> <p>We performed quality control of 4,162,248 products in our distribution centers</p> <p>We have provided more than 20 thousand hygiene controls in our stores</p> <p>We conducted 9,439 new product audits</p>	<p>Encouragement to Healthy Life</p> <h2>CONSCIOUS SHOPPING SUPPORT WITH TRANSPARENT PRODUCT INFORMATION</h2> <p>GS1 between manufacturer and retailer transparent through the barcode system and it is aimed to ensure consistent data flow</p> <p>In cooperation with 19 supplier companies, a minimum data set of 2,400 products was defined in the system</p> <p>At the end of 2021, the data of all products sold at Migros will be in the system</p>
<p>PROMOTING HEALTHY LIFESTYLE</p> <div> </div> <p>We offered a variety of products, 180 of which are original brands, and 1,831 products that support healthy life</p> <p>We sold 1,161 tons of organic fruits and vegetables</p> <div> </div> <p>28% of the eggs we sell are organic</p>	<p>Encouragement to Healthy Life</p> <h2>Our Projects That Support Public Health</h2> <p>OUR WELLBEING JOURNEY PROGRAM</p> <p>Our program, which offers personalized balanced nutrition recommendations based on food shopping analysis, reached 2.3 million customers</p> <p>Balanced nutrition recommendations for vegans and vegetarians were added in cooperation with Anadolu Medical Center</p> <p>We created Balanced Nutrition Index with KPMG Turkey and determined that BNI of our customers engaged to the programme has improved by 6.6 point.</p>	<p>Encouragement to Healthy Life</p> <h2>I'm Growing Healthy With Migros Project</h2> <p>With the "Migros Healthy Growth Guide" prepared with the Food Safety Association, store tours for children were suspended in 2020.</p> <p>To date, 176,122 children have been trained in a healthy and good life with tours organized at 396 Migros stores in 70 cities</p>
<p>Encouragement to Healthy Life</p> <h2>Health and Safety of Our Employees</h2> <p>Our employees were given 25,708 hours of face-to-face on-the-job training and 52,306 hours of remote Occupational Health and Safety training.</p> <p>A total of 106,334 employees from our 19 different employee health programs benefited.</p> <p>7/24 "Psychological and Medical Consultancy Service "line has been activated.</p>	<p>Strengthening</p> <h2>Our Employees Strengthening</h2> <p>81% of our employees are Y generation</p> <p>56 of our employees were deemed university graduates by completing the Migros Retailing Undergraduate Program</p> <p>39,328 our employees 1,259,900 (employee x days) trained</p> <p>11 years Administrative unit and store management average seniority</p>	<p>Strengthening</p> <h2>Gender and Equal Opportunity</h2> <p>Female employee rate is 40%</p> <p>Our rate of female managers is 29%</p> <p>Our 2025 goal is 31%</p> <p>2023 Target: 23% of women among senior executives</p> <p>İyi Gelecek Elçileri Good Future Ambassadors</p> <p>Digital platform where 120,000 female members share ideas and opinions while contributing to the family budget</p> <p>450 women were employed</p>

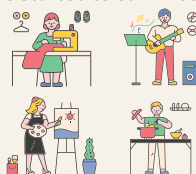
FAMILY CLUBS

Strengthening

Free vocational and talent courses in **30 locations, 105 different fields**, in cooperation with District Public Education Centers

121 thousand members in total of which **74 thousand** are women

1,300 women members started to earn income after their training.



Social Contribution

Strengthening



LITTLE ATHLETES*: P&G and Special Olympics Committee of Turkey in **6,238** a total of cooperation we meet special and young people and children with sport



CLOTHES DONATION CAMPAIGN: 440,000 people donated clothes in 10 years in cooperation with Ariel (P&G) and Community Volunteers Foundation (TIG)

* The project had to take a break in 2020.



With a portion of the revenue from Finish Powerball 0% products, **50**-hectare area of Kuyucuk Lake was filled with water and **110** bird species returned to their home.

Supported efforts of WWF-Turkey to save endangered animal species by allocating a part of sales revenue of Nestlé Breakfast Cereals.

Packaging wastes of the products were collected, **4 tons of waste** was recycled



In collaboration with Turkish Paraplegic Association (TOFD), Migros contributed to the plastic cap collection project, and donated **2 wheelchairs**.



In cooperation with the Book for Everyone Foundation, we have contributed to the delivery of **58,588 books** to schools so far with our customers.

Trust and Reputation

Exceeding Expectations

BRAND RESEARCH



We conducted consumer and trend research covering **79,740 people**

The only food retailer in the Diamond category in the Economic Benefit Index



Good Customer Experience

Exceeding Expectations



In 2020, we received more than **2 million** customer feedback from all our channels



We tracked and analyzed **4,700,000** messages via social media



Self-service solutions with artificial intelligence supported applications with **Migros Interaction Platform**

Our Accessibility Practices

Exceeding Expectations

- Migros Sanal Market mobile application is compatible with visually impaired people
- We have **346** Accessible Stores in **54** provinces.



Entrances & aisles to accommodate wheelchairs



Priority checkout for the disabled and elderly



Support during shopping



At least one employee who knows sign language

Our Responsible Way of Working

Exceeding Expectations

BUSINESS ETHICS AND CORPORATE COMPLIANCE WITH POLICIES AND LAWS

37,290 employees completed trainings on our Corporate Policies.



Our **14,423** employees received Human Rights training and **8,788** employees received Gender Equality training.



Scan the QR code to access the 2019 Migros Sustainability Report.

The 2020 Sustainability Report will be published in July 2021.

Board of Directors



Tuncay Özilhan
Chairman

Tuncay Özilhan was born in Kayseri. He studied in Saint-Joseph High School, then graduated from the Faculty of Economics of Istanbul University. He received his MBA degree from Long Island University in the United States. He started his career in 1977 as General Director of Erciyas Brewery and has undertaken responsibilities such as Coordinator of the Beer Group and General Coordinator of Anadolu Group. Tuncay Özilhan acted as the CEO of Anadolu Group from 1984 to February 2017.

Outside positions held

He is the Chairman of Anadolu Group since May 2007. He has also been serving as Chairman of Anadolu Foundation as well as various Group companies. Özilhan served as the Chairman of TÜSIAD (Turkish Industrialist's and Businessmen's Association) from 2001 to 2003 and he is currently Chairman of its High Advisory Council. His other responsibilities include; Member of The Board at the Foreign Economic Relations Board (DEİK), Honorary Consul for the Republic of Estonia and President of Anadolu Efes Sports Club. He also served as Chairman of the Turkish – Russian Business Council at DEİK. Tuncay Özilhan holds Ministerial Medal by the Ministry Foreign Affairs of the Republic of Estonia and "The Order of the Rising Sun, Gold and Silver Star", constituting one of the most important orders awarded by Japanese government.



Kamilhan Süleyman Yazıcı
Vice Chairman

Kamil Yazıcı graduated from New York Military Academy as lieutenant captain (96'), holds a BA degree from Emory University's Goizueta Business School (00'), an MBA degree from American Institute of Business and Economics (05') and has completed the GMP program at the Harvard Business School (17'). Starting his career in Anadolu Group in 2000, Yazıcı completed the orientation program at the holding later continuing his career in Anadolu Efes's Russian beer operations where he assumed the roles of Supply Chain Director and Business Development Director during 2008-2011. In 2011, Yazıcı was appointed as General Manager of Efes Vitanta in Moldova and resumed this role until 2014. In 2014 he was appointed as Anadolu Efes Market Development Director and held this position until 2017.

Outside positions held

Since 2017, Yazıcı has been serving as Board Member and Vice-Chairman at Anadolu Group and its subsidiary boards. In addition, Yazıcı serves as Board Member for TAIK (Turkish-American Business Council), TOGG (Turkish National Auto Initiative), HBS Alumnus (Harvard Business School's Alumni Board) and is Chairman of KYYDAS (the Kamil Yazıcı Family Trust).



Talip Altuğ Aksoy
Board Member

Talip Altuğ Aksoy received his bachelor's degree in economics from Oglethorpe University in USA. He began his career as Finance Assistant Specialist at Anadolu Group in 1995 and was appointed as a Finance Specialist in 1996. Aksoy worked as Human Resources and Treasury Specialist from 1998 to 2000. He served as Director of Sales and Marketing at Efes Invest from 2000 to 2003 and was appointed as the Director of Trade and Export at Efes Beer Group in January 2003. Continuing his career at Anadolu Group as the Director of Purchasing and Logistics between 2006-2008, Aksoy was appointed as Director of Supply Chain of Efes Beer Group in June 2008. In November 2011, he was appointed as Efes Turkey Managing Director and served in this position until January 2017.

Outside positions held

Talip Altuğ Aksoy still continues to serve as a Board Member in various Anadolu Group companies.



Mehmet Hürşit Zorlu
Board Member

Hürşit Zorlu holds a BSc degree in Economics from Istanbul University. Prior to joining Anadolu Group as a Marketing Specialist at the Efes Beverage Group in 1984, he held various positions in Toz Metal and Turkish Airlines. During his career at Efes Beverage Group, he held various positions including Assistant Marketing Manager, Assistant Project Development Manager, Project Development Manager and Business Development & Investor Relations Director respectively. Zorlu held the position of Chief Financial Officer (CFO) at Efes Beverage Group between 2000-2008 and the position of CFO at Anadolu Group between 2008-2013. In January 2013, Zorlu was appointed as Deputy CEO and as of February 2017 he was appointed as CEO of Anadolu Group.

Outside positions held

Hürşit Zorlu, a Board Member of various Anadolu Group companies, is also the Chairman of the Sustainability Committee of the Group. Zorlu is a board member of DEIK Outbound Investment Business Council, Board Member of the Turkish Investor Relations Association (TÜYİD) and served as the 8th Term Chairman of the Corporate Governance Association of Turkey (TKYD) between 2015-2017.



Esel Yıldız Çekin
Yönetim Kurulu Üyesi

Esel Çekin has been Executive Director of the Harvard Business School MENA Research Center since it opened in 2013. She manages the School's research activities in Turkey, the Middle East, North Africa and Central Asia. With a degree in economics from Boğaziçi University, she went on to earn her PhD in the same field from the City University of New York Graduate School. She also completed the Advanced Management Program at Harvard Business School. Ms. Çekin started her career as a consultant at Bain & Co. Management Consultancy in their Istanbul office. In 1999, she joined Boyner Holding, Turkey's largest non-food retail group, as Vice President of Strategy and Business Development. From 2004 to 2009, she served as Chief Executive Officer of Beymen, Boyner Holding's luxury department store chain. Prior to taking on the director position at the MENA Research Center, she served as Executive Director of the Graduate School of Business at Koç University.

Outside Positions Held

Esel Çekin has been Executive Director of the Harvard Business School MENA Research Center. She currently teaches an undergraduate course in retail management at the College of Administrative Sciences at Koç University.



Rasih Engin Akçakoca
Board Member

R. Engin Akçakoca received his undergraduate degree from Middle East Technical University in Management and started his career in banking in 1974. He assumed Deputy General Manager position in Koç-Amerikan Bank during 1986 and 1991 and General Manager position in Koçbank A.Ş. during 1991 and 2000. He was appointed as the Chairman of the Banking Regulation and Supervision Agency and the Savings Deposit Insurance Fund in 2001 responsible for a large-scale banking sector restructuring program held in Turkey. Akçakoca has been working as a consultant since 2004.

Outside positions held

R. Engin Akçakoca holds board member positions in various Anadolu Group companies.

Board of Directors



Recep Yılmaz Argüden
Board Member

Dr. Argüden is the Chairman of ARGE Consulting, a globally recognized Turkish management consulting firm known for value creating strategies, governance, and sustainability. He is also the Chairman of Rothschild&Co investment bank in Türkiye. His career spans the private sector, public sector, multinational institutions, NGOs, and academia. Dr. Argüden served on the boards of more than 70 national and international corporations. He is an adjunct Professor of Business Strategy, an author of numerous books and a columnist focusing on business, strategy, governance, and sustainability.

He is a renowned governance expert and served as the Vice-Chairman of the Governance Committee of the Business at OECD, as a member of the IFC's Corporate Governance Advisory Board, and as the Chairman of Trustees of the Argüden Governance Academy. He is also the Vice-Chair of the Turkish Basketball Federation. As a social entrepreneur he has founded and led numerous NGOs and initiated the National Quality Movement. As the elected Global Chair of the National Networks, he has served on the Board of the UN Global Compact, the world's largest sustainability platform.

He is an Eisenhower Fellow, a recipient of numerous leadership, distinguished citizenship, and career awards and was selected by the World Economic Forum as a "Global Leader for Tomorrow" for his commitment to improving the state of the world.

Outside positions held

Dr. Argüden holds board member positions in various Anadolu Group companies.



Ömer Özgür Tort
Board Member and CEO

Ö. Özgür Tort joined the Business Development Department of Migros in 1996 and went on to lead, in chronological order, Project Management, International Investments Coordination and Customer Relationship Management (CRM). In 2002 he was posted as Chief Operations Officer of Ramstore retail operations in Russia where he stayed for the next four years before returning to Migros, Turkey as Chief Human Resources Officer in 2006. In 2008 Ö. Özgür Tort was appointed Chief Executive Officer of Migros and has served in this role ever since. Tort graduated from Istanbul Technical University with a BSc in Industrial Engineering and in addition holds an MS degree in Engineering Management from Missouri University of Science and Technology. He is currently working on his doctoral thesis in the same academic field at Marmara University.

Outside positions held

Since 2013 Ö. Özgür Tort has been a board member of the Consumer Goods Forum (CGF), a global organization formed by the world's leading retailers and manufacturers. In 2019 he was appointed Co-Chair (retail) of the CGF. On the national level, Ö. Özgür Tort is the Vice Co-Chair of Food Retailers Association (GPD) and board member of the Turkish Federation of Shopping Centers and Retailers (TAMPF). In 2020, Tort became a board member of both GS1 Global and GS1 Turkey. Ömer Özgür Tort, is also the Chairman of Migros' subsidiary Moneypay Ödeme ve Elektronik Para Hizmetleri A.Ş.



İzzet Karaca
Independent Board Member

Born in 1954, İzzet Karaca received his degree in industrial engineering from Boğaziçi University in 1977. He started his professional career the same year at Koç Research and Development Centre. He held Industrial Engineer and IT Manager position until 1985. From 1985 to 1988, he served as Systems and Organization Director at Ford Otosan. From 1988, he held several positions at Unilever in Germany, Turkey and Baltic States including Internal Audit Group Manager, Logistics Manager, Commercial Director and Managing Director.

From 2011 to 2013, Mr. Karaca served as Chairperson of International Investors Association. After serving as the Executive Chairman at Unilever Turkey and Unilever NAMET RUB (North Africa, Middle East, Russia, Ukraine and Belarus) region, and as member of Unilever CEO Forum, he retired on 31 December 2013.

In 2015, he published his first book titled "The New CEO is... You".

İzzet Karaca possesses the qualifications of an independent board member as per the CMB's Corporate Governance Principles. He is not related in whatsoever manner to Migros Ticaret A.Ş. and/or its related parties.



Hüseyin Faik Açıkalin
Independent Board Member

After receiving his degree in business administration from the Faculty of Economic and Administrative Sciences at the Middle East Technical University in 1987, Hüseyin Faik Açıkalin began his professional life and banking career as an assistant specialist at Interbank. He worked in various positions including internal auditor, customer relationship manager, branch manager and marketing manager at Interbank, Marmarabank, Kentbank, Finansbank and Demirbank between 1992 and 1998. In May 1998, he joined Dışbank (subsequently named Fortis upon the acquisition of Dışbank by the international finance group Fortis) as Executive Vice President, and later that year, he was appointed as an executive director responsible for the coordination and communication between the Board of Directors and business units. Having started to function as a member of the Credit Committee at the same time, Açıkalin assumed the roles of Deputy Chief Executive Officer and Board member of Dışbank in June 1999. Appointed as CEO and Executive Director in December 2000, he continued to serve as CEO of Dışbank when it was renamed Fortisbank following the acquisition of Dışbank by Fortis Group. In the same period, he also began assuming roles in the international management of Fortis.

In October 2007, he resigned from his duties at Fortisbank and became Chief Executive Officer at Doğan Gazetecilik, a media holding company, before being appointed as an Executive Director of Yapı Kredi Board of Directors and Chief Executive Officer in April 2009. After serving as the CEO of Yapı Kredi from May 2009 until December 2017, Açıkalin was assigned as Managing Director and CEO at Koç Finansal Hizmetler in 2010, in tandem with his ongoing roles. In addition to his existing functions, he was brought to the position of Koç Holding Banking and Insurance Group President in August 2011. Furthermore, he served as the Chairman of Yapı Kredi Invest, Yapı Kredi Leasing, Yapı Kredi Factoring, Yapı Kredi Bank Nederland NV, Yapı Kredi Bank Azerbaijan, Yapı Kredi Bank Malta, Yapı Kredi Bank Moscow, Yapı Kredi Koray REIT, and Koçfinans, as Deputy Chairman of Banque de Commerce et de Placements S.A. and Allianz Life and Pension, and as Board member of the Banks Association of Turkey.

Hüseyin Faik Açıkalin qualifies as an independent member according to the CMB's Corporate Governance Principles. He is not related in whatsoever manner to Migros Ticaret A.Ş. and/or its related parties.



Şevki Acuner
Independent Board Member

After receiving his degree in business administration from Boğaziçi University in 1976, Şevki Acuner got a Graduate Diploma from the Stockholm University and then an MBA from the Concordia University in Montreal. Having started his banking career at the Central Bank of the Republic of Turkey, he then worked at the Bank of Montreal in Canada and later at the Royal Bank of Canada in various countries. He has been functioning in various roles at the European Bank for Reconstruction and Development (EBRD) since 1996. Having played a key role in the launch of EBRD's Turkey operations in 2009, he served as Deputy Country Director for Turkey at EBRD until 2013, during which post he was based in İstanbul. He has been serving as EBRD's Director for Ukraine based in Kiev since 2013. Acuner has fulfilled Board of Directors member role as the Bank's representative in a number of EBRD's equity investments.

Having served as the President of the Turkish Bankers Association – United Kingdom (TBA) for many years during his career in London, Acuner led the EBRD's growth in our country within the frame of his position in İstanbul. Acuner takes place among the leading supporters of the country's economic transformation and the leaders of the finance world in Ukraine. Among his many responsibilities are functioning as the Chairman of the Board of the Business Ombudsman Council, board member at public companies and Head of the Nomination Committee responsible for appointment of CEOs, and Deputy Chairman of the Board of the American Chamber of Commerce in that country.

Şevki Acuner qualifies as an independent member according to the CMB's Corporate Governance Principles. He is not related in whatsoever manner to Migros Ticaret A.Ş. and/or its related parties.



Tom Heidman
Independent Board Member

Born in 1959 in Amsterdam, the Netherlands, Tom Heidman received his degree in business administration and economics from Erasmus University Rotterdam, followed by an MBA from the Delft University of Technology. He began his professional life in 1987 at Albert Heijn, one of the largest supermarket chains in the Netherlands. He joined the Gall & Gall company in 1990, where he served as General Manager between 1994 and 1997. Tom Heidman functioned in various roles at Albert Heijn between 1997 and 2002.

Having joined Retail Network company in 2002 as CEO, Heidman was named the CEO of Logo International in 2006. Having assumed the position of CEO at Schuitema B.V. from 2009 to 2012, Heidman worked as CEO of Vion N.V. company from February 2015 until August 2015.

Tom Heidman qualifies as an independent member according to the CMB's Corporate Governance Principles. He is not related in whatsoever manner to Migros Ticaret A.Ş. and/or its related parties.

Board of Directors Report and Corporate Governance Practices

Board of Directors Report

Board of Directors	
Tuncay Özilhan	Chairman
Kamilhan Süleyman Yazıcı	Vice-Chairman
Talip Altuğ Aksoy	Member
Mehmet Hurşit Zorlu	Member
Esel Yıldız Çekin	Member
Rasih Engin Akçakoca	Member
Recep Yılmaz Argüden	Member
Ömer Özgür Tort	Member and CEO
İzzet Karaca	Independent Member
Hüseyin Faik Açıklalın	Independent Member
Şevki Acuner	Independent Member
Tom Heidman	Independent Member

Board of Directors

At the Company's annual general assembly meeting on 29 April 2020, Tuncay Özilhan, Kamilhan Süleyman Yazıcı, Talip Altuğ Aksoy, Mehmet Hurşit Zorlu, Esel Yıldız Çekin, Rasih Engin Akçakoca, Recep Yılmaz Argüden and Ömer Özgür Tort were elected to seats on the Board of Directors as board members while İzzet Karaca, Hüseyin Faik Açıklalın, Şevki Acuner and Tom Heidman were elected to serve as independent board members for one year until the general assembly meeting during which the Company's 2020 accounts will be discussed.

According to the Board of Directors decision passed on 20 May 2020, Tuncay Özilhan was elected as the Chairman of the Board and Kamilhan Süleyman Yazıcı as the Vice-Chairman.

The Board of Directors is authorized to take decisions about all matters except those which are reserved to the general assembly under the Turkish Commercial Code or by the Company's articles of association.

Under article 17 of the articles of association, board members may serve for a maximum term of three-year unless a shorter term of office is specified at the general assembly meeting at which they are elected. A board member whose term of office expires may be reelected. Shareholders assembled in a general assembly meeting may, for just cause and at any time that they deem such action to be necessary, dismiss any board member whether or not such an item is on the meeting agenda.

In compliance with CMB regulations and the provisions of the Turkish Commercial Code, an audit

committee, a corporate governance committee, and an early detection of risk committee have been set up at the Company. The duties of a nominating committee and of a remuneration committee are performed by the Migros Corporate Governance Committee.

Senior Management

Under Migros' articles of association, senior executives are chosen and appointed by the Board of Directors.

Migros Senior Management consists of Executive Committee members Ömer Özgür Tort (CEO), Mustafa Murat Bartın (COO) and Ekmel Nuri Baydur (CMO), and Assistant General Managers Ferit Cem Doğan (CFO), Hakan Şevki Tuncer (Chief Expansion & Property Officer), Tarık Karlıdağ (Chief Construction Officer), Bülent Kuntay (Chief Supply Chain & Logistics Officer), Kerim Tatlıcı

Board of Directors Report

(Chief Information Officer) and Olcay Yılmaz Nomak (CHRO).

Cem Lütfi Rodoslu, who served as a Member of the Executive Committee (CMO) in 2020, retired as of 31 January 2021, and Ahmet Fuat Yanar, who served as a Member of the Executive Committee (COO) between 1 January 2020 – 30 June 2020, retired as of 30 June 2020.

Our Company's Board Member and CEO Ömer Özgür also serves as the Chairman, and Assistant General Managers Ferit Cem Doğan, Olcay Yılmaz Nomak and Kerim Tatlıcı serve as Board members at Moneypay Ödeme ve Elektronik Para Hizmetleri A.Ş., 80% subsidiary of Migros. Mustafa Murat Bartın and Ferit Cem Doğan are also Board members at Paket Lojistik ve Teknoloji A.Ş., 25% subsidiary of Migros.

Independent Auditing

At a meeting of the Board of Directors on 25 March 2020, the board, acting upon the

recommendation of the Audit Committee and in compliance with the requirements of CMB Communiqué on capital market independent auditing standards (Serial: X, No: 22) and of the Turkish Commercial Code, decided to select DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. to be the Company's independent auditor for 2020 fiscal year subject to the provisions of capital market laws and regulations and of the Turkish Commercial Code. This decision was approved at the general assembly of shareholders on 29 April 2020.

Changes in the Articles of Association

There was no change in the articles of association in 2020.

The Company's current articles of association is available under the Investor Relations tab on the corporate website at the address www.migroskurumsal.com and on the Public Disclosure Platform (KAP).

Changes in Paid-in Capital during the Reporting Period

There were no changes in our Company's paid-in capital of TL 181.054.233 during the reporting period.

As stated in the public disclosure dated 26 January 2021 by Kenan Investments S.A., one of our Company's shareholders, sales of Migros shares with a nominal value of TL 21,308,336 held by Kenan Investments S.A. took place at a sales price of TL 44.15 per share payable in cash. As a result of the said transaction, Kenan Investments S.A. does not have any shares in Migros.

Capital Structure

The Company's capital structure as of 31 December 2020 is as follows:

Migros Ticaret A.Ş. Shareholder Structure		
Shareholder	Share (%)	Share Amount (TL)
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
Others	67,737,723	37.41
Total	181,054,233	100.00

After the sale of all Migros Ticaret A.Ş. shares owned by Kenan Investments S.A. on 26 January 2021, the capital structure of the Company as of 26 January 2021 is as follows:

Migros Ticaret A.Ş. Shareholder Structure		
Shareholder	Share (%)	Share Amount (TL)
MH Perakendecilik ve Ticaret A.Ş.	89,046,058	49.18
Others	89,046,059	49.18
Migros Ticaret A.Ş.	2,962,116	1.64
Total	181,054,233	100.00

Migros' Position in the Sector and Investments in 2020

Migros Ticaret A.Ş. operates in the foods and consumer products sector. The Company is both a retailer that sells such products directly to consumers and a wholesaler that sells them to other retailers. The Company also operates shopping malls in Turkey and in other countries through its foreign subsidiaries.

For Migros 2020 has been a year in which both investments in online operations and investments in physical stores gained momentum.

In 2020, new openings by Migros consisted of 105 Migros (79 M, 21 MM, and 5 MMM), 71 Migros Jet, 5 Macrocenter and 2 Wholesale stores in Turkey. Thus, a total of 183 new store investments went into service last year.

As of end-2020, the Company reached 2,319 stores consisting of:

- 735 M, 406 MM, 142 MMM, 865 Migros Jet, 64 Macrocenter, 55 hypermarket, and 22 Wholesale stores located in all 81 cities of Turkey, and

- 30 Ramstores through its international subsidiaries.

Investments in e-Commerce

In order to cater to the increased customer demand triggered by the restrictions imposed during the pandemic, Migros significantly augmented the capacity of its online operations.

While the service network of Migros Sanal Market rapidly increased to reach 529 stores in 81 cities during the reporting period, the service network of Migros Hemen that delivers products within 30 minutes after an order is placed went up to 107 stores in 23 cities.

Macroonline, the online platform of Macrocenter, on the other hand, offers online shopping service out of 51 stores in 7 cities.

In addition to those, Tazedirekt offering online service in natural and fresh produce categories began providing service in Ankara after İstanbul.

On another note, a collaboration established with an online shopping platform allows customers all over

the country to order numerous products with the privileged service understanding of Migros.

Evaluations regarding International Subsidiaries

Migros' Board of Directors made evaluations about the Company's subsidiaries in North Macedonia and Kazakhstan, and disclosed the associated developments on the Public Disclosure Platform (KAP).

Ramstore Macedonia

As stated in our Company's public disclosure dated 01 February 2021:

In line with our growth targets as well as our strategic focus in markets where we operate; Ramstore Macedonia DOO ("Ramstore Macedonia") operations, which is engaged in shopping mall management and retailing in North Macedonia, have been re-evaluated.

Following the evaluations, the negotiations have been initiated with regard to the sale of %100 of our subsidiary Ramstore Bulgaria EAD ("Ramstore Bulgaria") that holds 99% of the shares in Ramstore Macedonia to CITY PLAZA DOO Skopje ("the

Board of Directors Report

Buyer"). In this respect, a preliminary sales agreement has been signed by and between our Company and the Buyer.

As stated in our Company's public disclosure on 10 March 2021, the share purchase agreement concerning the transfer of Ramstore Bulgaria EAD shares have been executed and the transaction price has been determined as EUR 39,161,132 excluding taxes.

The amount to be derived on the disposal of our subsidiary is planned to be used for deleveraging of the Company.

Kazakhstan Retailing Operations

As stated in our Company's public disclosure dated 24 September 2020;

In line with our growth targets as well as our strategic focus in markets where we operate; retail operations of Ramstore Kazakhstan, which is our subsidiary operating in Kazakhstan in the fields of shopping mall management and retail, have been re-evaluated.

In this context, as stated in our public disclosure on 24 September 2020, the Kazakhstan operations will continue with the Ramstore All In-Samal Shopping Mall that represents a substantial portion of our investments in this country effective 01 January 2021.

Ramstore All In-Samal Shopping Mall was renovated and modernized in 2017, and the mall is an attraction point for consumer shopping in one of the most popular and central locations of Almaty.

Domestic Subsidiaries and Affiliates

Migros holds 80% stake in Moneypay Ödeme ve Elektronik Para Hizmetleri A.Ş., which is engaged in payment and electronic money transfer services, and 25% stake in Paket Lojistik ve Teknoloji A.Ş., which is engaged in logistics services.

Capital Increase and Change of Field of Activity of Our Subsidiary

As known, our Company carries out its Sanal Market operations engaged in e-commerce internally from its existing stores and continues to expand in this area.

On the other hand, as previously disclosed, it was decided to change the company name of our Company's dormant subsidiary Sanal Merkez Ticaret A.Ş. as Moneypay Ödeme ve Elektronik Para Hizmetleri A.Ş. ("MoneyPay"). In this way, it is targeted to utilize financial technologies more effectively in our food retailing operations, and to capitalize on the business opportunities in the payment and electronic money services field.

Accordingly, it was decided to increase the capital of our subsidiary MoneyPay to TL 10,000,000, which will be covered from internal funds and through capital commitment; our Company participated in the said capital increase with a capital amount of TL 6,400,000.

The impacts of COVID-19 upon the Company's Activities

Having taken the whole world in its grip, the COVID-19 pandemic had some implications on the Company's financial statements. Curfews enforced in big cities in

April and May, the countrywide restrictions in the last months of the year, limitations imposed on the working hours of supermarkets located in shopping malls and elsewhere, footfall losses suffered by shopping malls reflected negatively on the sales of these stores. On the other hand, our customers' increased household consumption expenses and the surge particularly in e-commerce sales brought about a rise in the Company's total retailing turnover. Notwithstanding, additional employment undertaken to respond to the increased consumer demand, coupled with the measures implemented from the onset of the process at all our work places in an effort to help prevent the spreading of the pandemic, resulted in higher operating costs.

Due to the pandemic-impact, there was a significant loss of profit in the Shopping Mall operation business of the Company.

Reducing Euro Indebtedness

In 2020, Migros succeeded in significantly reducing its Euro indebtedness on its balance sheet. The cash the Company generated on its operations and the funds derived through real estate sales were used to reduce Euro indebtedness. The Company's gross Euro debt, which was EUR 611 million at the end of 2018 and EUR 430 million at the end of 2019, was decreased to EUR 95 million at year-end 2020. As a result, Euro indebtedness in 2020 was reduced by nearly 78% as compared to 2019.

Issuance of Corporate Bond

The Company has floating-rate debt instruments (corporate bonds) that it has issued through sales to qualified investors in Turkey. The details of the bond issuances carried out on different dates since July 2018 are presented below.

ISIN Code	Amount Issued (TL)	Date of Issue	Maturity	Term (Number of Days)	Number of Coupons	Number of Paid Coupons*
TRSMGTI72011	75,000,000	19 July 2018	16 July 2020	728	8	8/8
TRSMGTI72110	75,000,000	19 July 2018	14 July 2021	1.091	12	10/12
TRSMGTIE2015	46,000,000	24 October 2018	21 October 2020	728	8	8/8
TRSMGTI22115	200,000,000	27 February 2019	24 February 2021	728	8	8/8
TRSMGTIA2118	200,000,000	23 December 2019	20 December 2021	728	8	4/8
TRSMGTI62228	150,000,000	10 June 2020	08 June 2022	728	8	3/8
TRSMGTI62210	100,000,000	10 June 2020	08 June 2022	728	8	3/8

* As of 10 March 2021

Total amount of corporate bonds issued by the Company to date added up to TL 846 million. Out of these bonds, the bonds with the ISIN code TRSMGTI72011 for the amount of TL 75 million, the bonds with the ISIN code TRSMGTIE2015 for the amount of TL 46 million, and the bonds with the ISIN code TRSMGTI22115 for the amount of TL 200 million was redeemed upon the principal amount payments made.

By the public disclosure on 04 August 2020, it was announced that our Company passed a decision to determine the debt instrument capital ceiling. To this end, an application was filed with the Capital Markets Board of Turkey (CMB) on 06 August 2020 requesting approval of the issuance certificate(s). CMB's approval for an issuance ceiling of TL 500,000,000 was received on 20 August 2020.

Migros' Rating Upgraded by Fitch Ratings

International credit rating agency Fitch Ratings upgraded Migros'

national long-term rating from "A+(tur)" to "AA(tur)" in its statement dated 29 July 2020, assigning it a "positive" outlook. In its statement dated 28 August 2020, Fitch Ratings announced that it has reviewed the Company's national long-term rating and confirmed it as "AA(tur)", affirming the outlook as "positive".

Financial Structure

In 2020, consolidated sales of Migros went up by 25.9% to TL 28.8 billion. The household consumption that significantly increased during the pandemic and the customers' intense interest in online sales channels were among the factors that contributed to the Company's robust sales performance.

In 2020, Migros focused on operational profitability and reducing foreign currency indebtedness, while generating a solid free cash flow. In 2020, the Company booked a consolidated EBITDA of TL 2,352 million, including the TFRS16 impact, with an 8.2% margin.

Migros' strong operational performance required the Company's projections to be revised upwards during the reporting period. In 2020, Migros achieved all of its targets it had set for sales growth, EBITDA, new store openings and capital expenditure.

Despite solid operational performance, the Company booked TL 403 million in net loss in the reporting period due to foreign exchange losses and IFRS 16 financial costs that do not create cash outflow.

The Company significantly reduced its Euro indebtedness during 2020. EUR 430 million at 2019 year-end, the Company's gross Euro indebtedness dropped to EUR 95 million at 2020 year-end. The short FX position of our Company, which was EUR 15 million at year-end 2020, is nil as of February 2021.

Sincerely,

Migros Ticaret A.Ş.

Senior Management



Kerim Tatlıcı
Genel Müdür
Yardımcısı (Bilgi
Teknolojileri ve İş
Geliştirme)

**Murat Mustafa
Bartın**
İcra Kurulu Üyesi
(Perakende
Operasyonları)

**Ekmel Nuri
Baydur**
İcra Kurulu
Üyesi
(Pazarlama)

Ö. Özgür Tort
Yönetim Kurulu Üyesi
ve İcra Kurulu Başkanı

**Olca Yılmaz
Nomak**
Genel Müdür
Yardımcısı (İnsan
Kaynakları,
Endüstri İlişkileri)

**Hakan Şevki
Tuncer**
Genel Müdür
Yardımcısı (Yatırım
Geliştirme)

Bülent Kuntay
Genel Müdür
Yardımcısı
(Dağıtım
Merkezleri ve
Lojistik)

Tarık Karlıdağ
Genel Müdür
Yardımcısı (İnşaat)

Ferit Cem Doğan
Genel Müdür
Yardımcısı (Mali
İşler)

Ö. Özgür Tort
Yönetim Kurulu Üyesi ve İcra Kurulu
Başkanı

Ö. Özgür Tort
Board Member and CEO

Ö. Özgür Tort joined the Business Development Department of Migros in 1996 and went on to lead, in chronological order, Project Management, International Investments Coordination and Customer Relationship Management (CRM). In 2002 he was posted as Chief Operations Officer of Ramstore retail operations in Russia where he stayed for the next four years

before returning to Migros, Turkey as Chief Human Resources Officer in 2006. In 2008 Ö. Özgür Tort was appointed Chief Executive Officer of Migros and has served in this role ever since. In addition, since 2013 Ö. Özgür Tort has been a board member of the Consumer Goods Forum (CGF), a global organization formed by the world's leading retailers and manufacturers. In 2019 he was appointed Co-Chair (retail) of the CGF. On the national level, Ö. Özgür Tort is the Vice Co-Chair of Food Retailers Association (GPD) and board member of the Turkish Federation of Shopping

Centers and Retailers (TAMPF). In 2020, Tort became a board member of both GS1 Global and GS1 Turkey. Tort graduated from Istanbul Technical University with a BSc in Industrial Engineering and in addition holds an MS degree in Engineering Management from Missouri University of Science and Technology. He is currently working on his doctoral thesis in the same academic field at Marmara University.

Mustafa Murat Bartın COO (Chief Operations Officer)

Mustafa Murat Bartın, born in 1974, graduated from Middle East Technical University, department of Industrial Engineering. He started his professional career at Migros as an Industrial Engineer at R&D in 1995, and worked as Business Development Expert, R&D and Planning Project Leader, Marketing Manager of Migros Online. Between 2000 and 2009 he worked for Hewlett-Packard Turkey and held positions as E-Business Sales Manager, Pre-Sales Service Manager, Business Development Manager, Sales Manager, Consultant and Integration Country Manager respectively. He joined Migros as Information Technology and Business Development Director in 2009, and he was appointed as Chief Alternative Sales Channels Officer responsible from International operations, Wholesales and Online Retail Operations between 2015-2018; Chief Large Format&Online Retail Officer between 2018-2020. Bartın has been Chief Operations Officer since July 2020. He is married and has two children.

Ekmel Nuri Baydur CMO (Chief Marketing Officer)

Ekmel Nuri Baydur, born in 1968, graduated from Marmara University, faculty of Business Administration. He started his professional career at Yapı Kredi Bank as a Product Manager in 1992. He joined Migros Ticaret A.Ş. in 1995. He held positions

as Marketing Specialist and Marketing Manager in various categories in Dry Grocery Marketing. He was appointed as Marketing Group Manager for Fruit and Vegetables in 2002. Between 2011 and 2021 he served as Fruits, Vegetables and Meat Marketing Group Manager and Fruits, Vegetables and Meat Marketing Director respectively; and also became responsible for management of Meat Production Facility. Baydur has been Chief Marketing Officer since February 2021. He is married and has three children.

Hakan Şevki Tuncer CPO (Chief Expansion & Property Officer)

Hakan Şevki Tuncer, born in 1963, completed his undergraduate education at the 9 Eylül University, Faculty of Economics and Administrative Sciences, Department of Labor Economics and Industrial Relations. He began his career in Migros working as Assistant Store Manager between 1988 and 1989 and was then promoted to Store Manager in 1989, a position he held until 1991. From 1991 to 1996 he worked as Regional Sales Manager and then from 1997 to 2005 as District Manager. Between 2005 and 2007 he held the post of Assistant General Manager of Ramenka, Moscow before moving on to Enka TC Moscow where he also worked the Assistant General Manager until 2008. He worked as Assistant General Manager of Migros

responsible for Store Operations in Migros between 2008 and 2010. Between 2011 - 2015, Tuncer worked as Chief Operating Officer responsible for store operations, including expansion and store management for Tansaş operations. And Since May 2015 he has working as Chief Expansion and Property Officer. He is married and has one child.

Tarık Karlıdağ CCO (Chief Construction Officer)

Tarık Karlıdağ, born in 1963, completed his undergraduate studies at the Marine Engineering Department in the Maritime Faculty (Y.D.O.) of Istanbul Technical University. Between 1984 and 1990 he worked in three different companies: D.B. Deniz Nakliyat, Aksay and Genel Denizcilik. He began his Migros career in 1990 as a Technical Services Supervisor and then served as Construction Assistant Manager, Technical Services Manager, Construction Group Manager and Construction Director successively. Since January 2014 Karlıdağ has been working as the company's Chief Construction Officer. He is married and has two children.

Bülent Kuntay CSCO (Chief Supply Chain & Logistics Officer)

Bülent Kuntay, born in 1966, graduated from Ege University, Department of Food Engineering. He started his career in Migros as Store

Senior Management

Management Trainee in 1990. He worked as Assistant Store Manager, Store Manager, İzmir Operating Assistant Manager, İzmir Operating Manager, Supply Chain and Logistics Director (Russia), Distribution Centers Manager, Supply Chain Group Manager, Supply Chain and Logistics Group Manager respectively. He was appointed as Supply Chain and Logistics Director in 2013. Since January 2019, Kuntay has been working as the company's Chief Supply Chain & Logistics Officer . He is married and has two children.

Kerim Tatlıcı CIO (Chief Information Officer)

Kerim Tatlıcı, born in 1969, graduated from Istanbul Technical University, faculty of Mathematics Engineering. He completed an MBA program at Koç University. He started his professional career as Assistant Manager of Store Automation in 1993. He worked as the Central Automation Manager between 1999-2002, the Software Development and Implementation Manager between 2002 and 2005, the Information Technology Manager between 2005 and 2011; and the Information Technology Group Manager between 2011 and 2014. In 2014, he was appointed as Information Technology and Business Development Director. Since January 2019, he has been working as the company's Chief Information Officer. He is married and has two children.

Olca Yılmaz Nomak CHRO (Chief Marketing Officer)

Olca Yılmaz , born in 1975, completed her undergraduate studies at Yıldız Technical University, Faculty of Industrial Engineering in 1996. She started her professional career at Eczacıbaşı Karo Seramik as Production Planning Specialist, in 1996. Yılmaz joined Migros Group in 1998, as an Industrial Engineer at R&D and Planning department. Between 2001 and 2005 she worked as Project Group Associate and Group Leader at Project Management Department. She was appointed as HR Planning and System Development Manager in 2005. Between 2010 and 2018 she worked as HR Planning and Recruitment Manager, Human Resources Group Manager and Human Resources Director respectively. In February 2019, she took on her current position as Chief Human Resource Officer, responsible for Human Resources, Training and Industrial Relations. She led several HR functions as recruitment, employer branding, training and development, talent management, compensation, planning and system development during her Migros career. She is married and has one child.

Ferit Cem Doğan CMO (Chief Finance Officer)

Ferit Cem Doğan, born in 1969, graduated from Middle East Technical University, Faculty of Economics in 1991. Following his graduate studies in Department of Economics at University of Oslo, Norway, he started his career at Philip Morris Corporate Services, Zurich, Switzerland as a Senior International Auditor in 1995. From 2001 to 2006, he held the positions at Kraft Foods as Internal Controls & Projects Manager, London, UK; Financial Controller, Dubai, UAE; Finance Manager, Bremen, Germany. He worked at Emaar Properties as Chief Finance Officer between 2006 - 2008. He has been with Migros Ticaret A.Ş. since 2009 as Finance Director. In February 2019, he took on his current position as Chief Finance Officer. He is married and has two children.

Corporate Governance Principles Compliance Report

Migros Ticaret A.Ş. ("Migros", "the Company", "our Company")

Address	Atatürk Mah. Turgut Özal Bulvarı No: 7 34758 Ataşehir / İstanbul
Trade Registry No.	659896
Mersis (Central Registration System) No.	0622052951300016
Phone	0216 579 30 00
Customer Care Line	444 10 44

In the report issued by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. on 21 December 2020, our Company's corporate governance rating, which was assigned as 9.60 (95.98) on 21 December 2019, was upgraded as 9.67 (96.69), in view of the improvements carried out by the Company during the reporting period.

The individual scores assigned for each heading to our Company are presented below:

Headings	Weight	Assigned Score (%)
Shareholders	25%	95,83
Public Disclosure and Transparency	25%	98,38
Stakeholders	15%	99,51
Board of Directors	35%	94,88
Average	100%	96,69

Included in Borsa Istanbul Corporate Governance Index, Migros was included in the BIST Sustainability Index from the first day the index was introduced. Migros has been in this index for seven consecutive years.

Migros, reports its climate change action plan to CDP (Carbon Disclosure Project). Having ranked among the Climate Leaders for the third time with its CDP reporting, Migros also joined among the Water Leaders in 2020.

PART I - STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Migros attaches great importance to the implementation of corporate governance principles as prescribed by capital market laws and regulations, the Turkish Commercial Code, and other regulatory requirements. Migros is aware of the

benefits that the implementation of these principles will have for the Company, for its shareholders, and ultimately for the country as a whole. Our corporate governance practices are constantly being reviewed and improvements are made in them where necessary both so that we may be in compliance with Corporate Governance Principles Communiqué II-17.1 and so that we may be an exemplary company on such issues.

Our Company has adopted the main principles of Corporate Governance which are:

- Fairness
- Transparency
- Responsibility
- Accountability.

A corporate governance committee was formed within the Board of

Directors in 2007 and charged with overseeing corporate governance matters throughout the Company and with supervising the Investor Relations Department. Capital market laws and regulations mandate that a corporate governance committee be set up and that its head be chosen from among the Company's independent board members.

In a Board resolution passed on 20 May 2020, Hüseyin Faik Açıkalın, Esel Yıldız Çekin, Recep Yılmaz Argüden, Mehmet Hurşit Zorlu and Affan Nomak were elected to seats on the Corporate Governance Committee. Independent Board member Hüseyin Faik Açıkalın functions as the Committee Chairman.

Our corporate website (www.migroskurumsal.com) is regularly updated in order to provide information on the Company to our shareholders. In addition, dedicated

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websites are available on each of our Company's formats for the information of the general public and our stakeholders. In addition to forming a part of its annual report, Migros' corporate governance principles compliance report may also be found in the "Investor Relations" section of its corporate website and on the Migros page of the Public Disclosure Platform (KAP).

Within the scope of the efforts to achieve alignment with corporate governance principles in 2020;

The most recent version of the Company's articles of association that are in conformity with the Turkish Commercial Code and the Capital Market Law are posted on the corporate website (www.migroskurumsal.com) and on KAP.

As required by the Capital Markets Law's communique's stipulation that announcements about general assembly meetings must be made at least three weeks before the meeting date, our Company's general assembly meeting was duly announced three weeks in advance of the date on which it was to be convened. A general assembly meeting information document containing information about such issues as Board members' résumés, the Board of Directors' profit distribution proposal and profit distribution table, reasons for proposal against profit distribution if applicable, etc. is also made available to shareholders on the corporate website at www.migroskurumsal.com, the Electronic General Assembly System of the Central Registry Agency, KAP and other required media.

In compliance with the Turkish Commercial Code, with capital market laws and regulations, and with corporate governance principles communique, the Board of Directors has set up an Early Detection of Risk Committee. Tom Heidman, Talip Altuğ Aksoy and Hüseyin Faik Açıklan were elected to be the members of the Early Detection of Risk Committee. As required by CMB regulations, independent board member Tom Heidman was elected to its head.

Our Company is a member of the Investor Relations Association (TÜYİD) and the Corporate Governance Association of Turkey (TKYD).

PART II - SHAREHOLDERS

2. 1 Investor Relations

The Investor Relations Department was set up under the responsibility of the assistant general manager for finance. The Investor Relations Department acts in compliance with the requirements of Turkish Commercial Code, capital market laws and regulations and with CMB regulations, communique, and principles in the conduct of its activities. The Investor Relations Department is actively involved in making it easy for shareholders to protect and exercise their rights, including but not limited to, their rights to obtain information and to examine the Company's records.

The main duties and responsibilities of the Investor Relations Department are as follows::

- Manage general assembly meeting-related matters in compliance with the requirements

of laws and regulations and of the Company's articles of association;

- Conduct matters related to share capital increases;
- Conduct matters related to dividend payments;
- Represent the Company;
- Represent the Company before such agencies as the Capital Markets Board (CMB), Borsa İstanbul, the Central Registry Agency (MKK), and Takasbank and liaise with them;
- Maintain records pertaining to the Board of Directors, to committees set up within the board, and to general assembly meetings;
- Provide the Public Disclosure Platform with information about material events as required by the Public Disclosure Communique (VII-128.6), the Material Events Communique (II-15.1), and other pertinent regulatory requirements;
- Keep track of all matters related to public disclosures covered by the Company's public disclosure policy;
- Prepare documents that may be useful to shareholders at general assembly meetings and ensure that shareholders have easy access to these documents;
- Keep track of the requirements of laws and regulations and of CMB legislation;
- Inform senior management of matters and issues with which the Company must be in compliance;
- Prepare the Company's quarterly and annual reports;

- Coordinate efforts and activities related to Corporate Governance in harmony with the Corporate Governance Committee;
- Prepare quarterly and annual informational presentations and bulletins;
- Provide investment banks/ brokerage analysts, fund managers, shareholders, and other stakeholders with information about the Company to the extent allowed by the Company's disclosure policy;
- Propose changes to keep the articles of association in compliance with current laws and regulations;
- Maintain regular and up-to-date records of all communication with investors;
- Keep abreast of and analyze information about competitors and the sector;
- Respond to shareholders' queries and requests for information to the extent allowed by the Company's disclosure policy;
- Have shareholders' paper-form securities dematerialized;
- Contribute to the initiatives and efforts regarding sustainability.
- Coordinate the changes and developments in relation to Borsa İstanbul Corporate Governance and Sustainability Indices, in which the Company is included,
- Handle the processes related to the Company's corporate bond issuances,

The Investor Relations Department frequently prepares and submits to the Board of Directors a report of its most recent activities.

Additionally, the Corporate Governance Committee makes quarterly presentations on the Company's corporate governance practices and investor relations activities.

All shareholders who wish to obtain information about the Company may submit their requests by email to yatirimci@migros.com.tr and/ or by calling 444 10 44 Customer Service Line. All other channels of communication are also available to shareholders.

Assistant General Manager for Finance: Ferit Cem Doğan

Email: cemdo@migros.com.tr

Investor Relations and Risk Management Director: Dr. Affan Nomak

Email: affann@migros.com.tr

Capital Market Activities Level 3 License No: 204627

Corporate Governance Rating Specialist License No: 700482

Investor Relations and Corporate Compliance Manager: Ahmet Hüsamettin Özkök

Email: ahmeto@migros.com.tr

Capital Market Activities Level 3 License No: 209815

Corporate Governance Rating Specialist License No: 702068

Investor Relations Executive: Cansel Yağmurlu Dağcı

Email: canseld@migros.com.tr

The activities of the Company in 2020 are itemized below.

- Teleconferences conducted during the year: 4
- Investor presentations concerning the Company's financial results: 4
- Financial press releases concerning the Company's financial results: 4
- Material event disclosures sent to the Public Disclosure Platform: 87
- Board of Directors resolutions passed: 41
- Domestic and international conferences and roadshows taken part in: 22
- Analysts and fund managers met with during the year: 250+

2.2 Shareholders' Rights to Information Disclosure

The Investor Relations Department endeavors to respond to requests for information about the Company that it receives as quickly as possible and without making any distinctions among shareholders. Mindful of shareholders' right to be informed and of their right to have simultaneous, convenient access to information, announcements about the Company are also published on the Company's corporate website.

Immediately after each announcement of the Company's quarterly results, teleconferences concerning the investor presentation published on our website were conducted. During these teleconferences, detailed information was provided about the presentation.

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The shareholders' right to receive and review information as stipulated by the law is not eliminated or restricted neither by any provision contained in the Company's articles of association, nor by any practice based on the Company management's decision.

Auditing

At the meeting of the Board of Directors of Migros, held on 25 March 2020, it was decided according to the proposal by our Audit Committee that DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. be elected as the independent audit company for the 2020 fiscal year. This decision will be submitted to the General Assembly for approval, according to the Board's resolution.

The Migros general assembly of shareholders voted to approve, as the Company's independent auditor for 2020, the firm of DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., which had been selected by the Board of Directors.

A two-member Audit Committee has been formed by the Board of Directors of Migros. Under article 4.5.3 of the CMB's "Communique concerning corporate governance principles (II-17.1)", all of the members of the Audit Committee must be selected from among the Company's independent board members.

At a meeting of the Board of Directors on 20 May 2020, a resolution was passed to reconstitute the Audit Committee as a two-person body whose members are both independent board members

and İzzet Karaca and Şevki Acuner were elected to fill these seats. As also required by Capital Markets Board regulations, İzzet Karaca was designated as the committee's chairman.

The Company's articles of association contain no provisions that complicate the conduct of a special audit. The Company management avoids undertaking any transaction that would complicate the execution of a special audit. No requests for performance of a special audit at the Company have been received during the reporting period.

The internal audit activities of the Company are discussed in the relevant sections of the Corporate Governance Principles Compliance Report.

2.3 General Assembly Meetings

Attention is given to covering all issues whose discussion is statutorily mandated when determining items for the agendas of general assembly meetings. Care is taken to use a lucid language in the General Assembly agenda and to state each proposal under a dedicated heading. General assembly meeting announcements are published in the Turkish Trade Registry Gazette, on the Public Disclosure Platform (KAP), on the Central Registry Agency's (MKK) electronic general assembly portal (e-GAM) and e-Company portal, and on the Company's corporate website so as to give all shareholders convenient access to these announcements. Additionally, a general assembly meeting information document containing detailed information about agenda

items that are to be discussed at the meeting is also published on the Company's corporate website at www.migroskurumsal.com, on the KAP, the electronic General Assembly System (e-GAM) and e-Company portal.

General assembly meetings are held physically at the Company's headquarters (Atatürk Mahallesi, Turgut Özal Bulvarı No: 7, 34758 Ataşehir, İstanbul) and are simultaneously conducted electronically through the electronic general assembly system. General assembly meetings are open to all stakeholders and are attended by media representatives.

Company officers responsible for the preparation of financial statements and a representative of the independent auditor attended the general assembly meeting so as to provide such information as might be needed and to respond to any questions.

A separate item concerning charitable donations provided during the year is included in general assembly meeting agendas and shareholders are provided with information about them.

Annual General Assembly Meeting

The annual general assembly meeting at which Migros' 2019 activities and accounts were examined took place on 29 April 2020 at 14:00 at the Company's head office building located at the address of Atatürk Mahallesi, Turgut Özal Bulvarı No: 7, 34758 Ataşehir, İstanbul and it was also simultaneously conducted electronically through the MKK's

e-GAM. The meeting was observed by ministry representative Mustafa Kendi, who had been charged with this duty by the Ministry of Customs and İstanbul Trade Directorate letter E-54078028 dated 28 April 2020.

2019 balance sheet and income statement, the Board of Directors' annual report, independent auditors' report, and proposal for the distribution of the year's dividends were made available for the examination of shareholders at the Company's headquarters, on its corporate website at www.migroskurumsal.com, and on the electronic general assembly portal during the three weeks preceding the meeting.

An examination of the attendants list showed that 12,849,212,500 shares out of a possible 18,105,423,300 corresponding to TL 128,492,125 of the Company's TL 181,054,233 in capital were represented at the meeting.

Immediately after the meeting, its minutes and attendants list were reported to the Public Disclosure Platform and were also published under the "Information about general assembly meetings" heading of its corporate website at www.migroskurumsal.com. Additionally, the general assembly meeting's minutes were also promulgated in issue 10083 of the Turkish Trade Registry Gazette on 22 May 2020. Prior to the meeting, no shareholders submitted any proposals for items to be included in the meeting's agenda.

Shareholders at the Company's annual general assembly meeting were informed about the donations and assistance provided by the

Company during the year. In 2019, the Company's charitable donations to organizations including Anadolu Education and Social Assistance Foundation, Koç University, Turkish Marine Environment Protection Association (DenizTemiz - TURMEPA) etc. amounted to TL 291,714.

Under the CMB Corporate Governance Communiqué App. 1, principle no. 1.3.6, shareholders were informed that there were no material transactions carried out in 2019, which were of the nature mentioned in the said principle.

The decisions passed at the 2019 Ordinary General Assembly Meeting have been carried out.

2.4 Voting Rights and Minority Rights

As is stipulated in Migros' articles of association, there are no special voting rights at the Company. All votes are of equal weight. Every shareholder at a general assembly meeting is entitled to cast as many votes as the number of shares that they hold. There are no shareholders with cross-shareholding interests. The articles of association provide for no special privileges and/or similar rights with respect to representation on the Board of Directors. Four of the twelve members of the Board of Directors are independent members.

The Company avoids engaging in any and all manner of practices that might obstruct the exercise of shareholders' voting rights and takes maximum care to make sure that the Company's minority rights are exercised in view of the applicable legislation and the provisions of the articles of association.

Those who are entitled to cast votes at general assembly meetings may exercise those rights personally and they may also designate a proxy, who may or may not be a shareholder themselves, to do so on their behalf. A specimen of the proxy statement for shareholders not personally attending a meeting is posted at the Company's headquarters, on its corporate website (www.migroskurumsal.com), and at the Public Disclosure Platform (KAP) and the MKK's e-GAM portal and is also published in the Turkish Trade Registry Gazette along with the general assembly meeting summons.

Voting on agenda items at general assembly meetings is by an open show of hands by shareholders who are physically present; electronic voting is provided for shareholders who are attending meetings in an electronic environment. Once voting has been completed, the results of physically cast and electronically cast votes are consolidated in the e-GAM.

2.5 Dividend Rights

There are no privileges regarding participation in the Company's profit. Profits are distributed within statutorily prescribed periods of time and as soon as possible after a general assembly meeting has taken place. The actual payment dates are determined by the general assembly.

Payment of dividends has always been an important matter for Migros, which always aimed to protect the interests of its shareholders. The utmost attention is given to the fine balance between the growth strategy and dividend payment policy.

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Dividend Policy

"Taking the Company's long-term strategies, investments, financing plans, and profitability as well as compliance with CMB communiqués and regulations into account, the Board of Directors may submit, for the approval of the general assembly, a proposal that a portion—such as may be determined by the board—of current-year profit be paid out as cash, or as bonus shares, or as a specific mix of these two or else that it be retained within the Company.

When a general assembly decides to distribute profits it may itself determine when the dividends are to be paid and similarly it may also authorize the Board of Directors

to make such a determination. In all cases, the payment of dividends must begin no later than the end of the fiscal year in which was held the general assembly meeting at which the decision to pay them was taken. Matters related to dividend payments specified in the Capital Markets Law and in CMB communiqués must also be complied with.

There are no shares in the Company that are entitled to special dividend rights; neither is there anyone who is entitled to a share of company profits who is not a shareholder."

At the Annual General Assembly Meeting of Migros held on 29 April 2020, it was submitted not to distribute dividend for 2019 fiscal

year as the company recorded net loss in the 2019 consolidated financial statements prepared in accordance with the Turkish Commercial Code and CMB legislation.

2.6 Transfer of Shares

The Company's articles of association contain no provisions restricting the transfer of its shares. Transfers of the Company's shares are subject to the provisions of the Turkish Commercial Code and of capital market laws and regulations. Subject to the satisfaction of specific conditions, the Company may acquire its own shares and accept them as collateral.

The Company's capital structure as of 31 December 2020 is as follows:

Migros Ticaret A.Ş. Shareholder Structure		
Shareholder	Share Amount (TL)	Share (%)
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
Others	67,737,723	37.41
Total	181,054,233	100.00

After the sale of all Migros Ticaret A.Ş. shares owned by Kenan Investments S.A. on 26 January 2021, the capital structure of the Company as of 26 January 2021 is as follows:

Migros Ticaret A.Ş. Shareholder Structure		
Shareholder	Share (%)	Share Amount (TL)
MH Perakendecilik ve Ticaret A.Ş.	89,046,058	49.18
Others	89,046,059	49.18
Migros Ticaret A.Ş.	2,962,116	1.64
Total	181,054,233	100.00

PART III - PUBLIC DISCLOSURE AND TRANSPARENCY

3.1 The corporate Website and Its Content

Any and all manner of information and announcements that might have an impact on the exercise of shareholders' rights is made available to shareholders on an up-to-date basis via the corporate website. The website addresses all of the matters set forth in Corporate Governance Principles.

The Company has a dedicated website for each one of its formats. Our corporate website contains the following sections and their associated sub-sections:

- About Us
- Our Brands & Stores
- Sustainability
- Migros Quality
- Investor Relations
- Migros Career

Besides addressing the matters set forth in section 2.1 ("Corporate Website") of CMB Corporate Governance Communique II-17.1, the Migros corporate website also contains information about many other subjects.

The Investor Relations section of our corporate website covers the main headings of "Migros Corporate", "Migros – Kipa Merger Documents", "Financial Reports", "The Increase of Company Capital and Distribution of Dividends", "Information about the General Assembly Meetings of Shareholders", "Material Disclosures", "Announcements to Shareholders", "Frequently Asked Questions", and "Contact Us". Our investors can

find more detailed information about Migros in the subsections under these main headings. Our "Investor Relations" page is updated as circumstances warrant and as required by law. Every effort is made to make such information easily accessible to stakeholders.

The corporate website also contains trade registry information and the shareholding structure in Turkish and English as required by law.

In addition, the Company's "Privacy and Data Security Policy" is also available at our corporate website. The Policy is intended to clarify the types of data we collect, the reasons and methods of data collection, the purposes such data are used for, and the steps taken to ensure their security.

3.2 Annual Report

The annual report is prepared in such a way as to contain all of the matters specified in the Turkish Commercial Code, in "Regulations concerning the determination of minimum content in companies' annual reports" (published in issue 28395 of Official Gazette on 28 August 2012), and in the corporate governance principles set forth in the appendix to CMB Corporate Governance Communique II-17.1. As so required, the Board of Directors has an annual report prepared that provides the public with complete and truthful information about the Company's activities.

The following information is provided under the "Board of Directors" heading of the corporate governance principles compliance report section of the annual report: statements pertaining to information about members of the Board of

Directors, to duties that executives undertake outside the Company, and to the independence of independent members; information pertaining to committees set up within the Board of Directors that includes their working principles, members, frequency of meetings, and performance along with the board's assessments of the committees' effectiveness; information pertaining to the number of Board of Directors meetings held during the year and members' attendance at them.

The corporate governance principles compliance report also contains, in appropriate sections, information about: changes in the legal framework that may significantly affect the Company's activities; significant lawsuits filed against the Company and their potential consequences; conflicts of interest between the Company and those from which it obtains investment advisory, rating, and similar services along with measures taken by the Company to preclude such conflicts; cross-shareholding interests that involve more than a 5% capital stake; information about corporate social responsibility issues including employee rights, professional/occupational training, and other company activities that have social and/or environmental consequences.

PART IV - STAKEHOLDERS

4.1 Informing Stakeholders

Migros corporate governance practices observe stakeholders' rights as embodied in laws and regulations and in its contractual agreements. The Company keeps stakeholders informed about issues that may be of concern to them through a variety of communication

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channels including, but not limited to, its corporate website at www.migroskurumsal.com. Policies and procedures concerning stakeholders' rights (Anti-Bribery and Anti-Corruption Policy, Compensation Policy, Responsible Supplier Policy, etc.) are posted on the corporate website. Company employees, shareholders, and other individuals and entities with which the Company has a shareholding and/or business relationship may submit suggestions and complaints about such issues directly to company executives. All such submissions are considered and responded to as circumstances require.

Migros publishes the names and contact information of the department heads of the Company on its corporate website thus making it possible for stakeholders to directly contact the manager overseeing a particular issue and direct their questions and opinions to the relevant person firsthand. The objective of this model is to allow for the establishment of a more transparent and effective communications model between the Company and its stakeholders.

Necessary mechanisms have been set up to let stakeholders report any violations of laws and regulations by the Company and any involvement by the Company in dealings that may be unethical, if applicable. Stakeholders are provided with clear and explicit information about the Corporate Governance Committee, the Audit Committee, and the members of both so that they may contact these committees directly in order to report any such issues.

The Company keeps shareholders and other interested parties informed through such means as press releases and investor presentations.

The section of the Migros Code of Conduct concerning employees is presented under the title of "Rules of Ethics" and other principles are presented below:

The Responsibilities of Migros Towards Other Companies

1. Migros abides by the law in all of its activities.
2. Migros does not derive any unlawful benefit from any person or entity under any circumstances. Procurement decisions regarding goods and services are made based on well-established and publicly disclosed criteria.
3. It is important for Migros that its business partners do not damage its image and reputation and that they respect the accepted business values of the Company.
4. Migros checks and monitors the services it obtains on an ongoing basis from other organizations to ensure that they are provided in full legal compliance.
5. Migros does not share the confidential information of its suppliers with any third party without permission.

Social Responsibilities of Migros

1. Migros strives to upgrade its service standards in order to satisfy the expectations of its customers.
2. Migros seeks to set an example for the community by fulfilling all of its tax and other obligations in a

complete and timely manner.

3. Migros does not make any derogatory, derisive or offensive statements about other companies, organizations, products or individuals.

4. Migros takes the utmost care in all its activities to preserve nature and historic integrity while acting in accordance with customs and traditions of the community and observing legal rules and regulations.

5. Migros stands for business ethics in its industry and strives for the establishment, dissemination and adoption of these principles.

The responsibilities of Migros Employees Towards The Company

1. Migros employees categorically reject any pecuniary or non-pecuniary incentives which may come from any third parties within their areas of responsibility.
2. Migros employees inform their immediate superiors whenever they enter into a direct business relationship with a company in which a close relative is employed or he/she is a minority or majority partner.
3. Migros employees take utmost attention and care in their duties and they make every effort to ensure that the work they perform is higher in quality, faster and more efficient.
4. Migros employees are obliged to refrain from endangering the health and safety of themselves and of other employees who are affected by their actions and their jobs in line with the occupational health and safety training they received and with the employer's relevant instructions.

5. Migros employees are obliged to operate the machinery, equipment, devices, tools, dangerous materials, transportation equipment and other production machinery in the workplace in accordance with their respective guidelines, to properly use protective equipment, not to remove and change such protective equipment arbitrarily, and to cooperate with the employer and employee representatives to assure occupational health and safety in his/her respective job area, in accordance with the employer-provided training and instructions.

6. Migros employees refrain engaging in any action or behavior which would damage the image and reputation of the Company and during work hours they comply with the generally accepted code of conduct and the dress policy of the Company.

7. Migros employees do not remain indifferent or silent in any situation which runs counter to the interests of the Company and shall notify the concerned business units.

8. Migros employees avoid waste by putting all the fixtures, tools and equipment owned by the Company to use for their intended purposes. The employees do not use the resources and facilities of the Company for their own private benefit.

9. Migros employees do not divulge any confidential or private information which they might be privy to due to their position or the work they perform outside the Company and they do not give interviews or make statements of

any kind to any media organization without the prior consent of the Company management.

The responsibilities of Migros Employees Towards Other Employees

Migros employees do not share the private information regarding their co-workers they might be privy to with other third parties outside the Company. Our Company is against any and all sorts of behavior that will tarnish its employees' reputation and honor, or that constitutes infringement of its employees' personal and employment rights; and any and all sorts of harassment (psychological harassment, mobbing, sexual harassment) that disturbs physical, psychological and social health and negatively affects the working life of our employees and our Company, and aims to develop and maintain a fair and respectful working environment for all employees.

Migros employees are obliged not to endanger the health and safety of themselves and of other employees who are affected by their actions and their jobs in line with the occupational health and safety training they received and with the employer's relevant instructions.

General Responsibilities

"The Migros Business Ethics Committee" is responsible for dealing with issues that are not addressed by the principles set forth above.

4.2 Stakeholders' Participation in the Company Management

The employees' participation in management is regulated by

internal guidelines. Article 7 of "The Company's Responsibilities toward its Employees" section of the Migros Code of Conduct reads as follows: "In matters that are related to employees, Migros seeks to include the opinions of its employees as much as possible in any decision concerning the future of the Company."

Accordingly, management of Migros gives a great deal of attention towards the achievement of this goal. Stakeholders' opinions are sought in material decisions bearing impact with respect to them. As part of our business conduct, Migros employees participate in the decision-making processes concerning their respective areas of work. Migros employees have the opportunity to communicate their new ideas, proposals and demands to the senior management of the Company and Members of the Board of Directors directly or electronically via intranet, the Company's internal communication platform.

The management body, through which our employees are represented at our stores, is the Workplace Union Representative committees. In addition to overseeing the enforcement of the provisions of the collective bargaining agreement, Workplace Union Representatives discuss the complaints and requests communicated by our employees or by our Company with the employer representatives. In addition, they are also represented in various committees such as the Occupational Health and Safety Committee on which they are

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members, and on committees set up for various projects.

A "Working Life Assessment Survey" is conducted every year by an independent research company in order to measure and further improve the levels of Migros employees' job satisfaction and company loyalty. The findings from the survey form the basis of new administrative decisions to be made each year.

An annual Goal-Awareness Workshop is conducted in order to ensure that the Company's targets and strategies are fairly, equally, and clearly understood by all Migros employees. Representatives attending the workshop have a direct impact on the determination of the Company's annual goals. The goals setting the main strategy of the Company are objectively deployed across all departments.

4.3 Human Resources Policy

The Human Resources Department of Migros, in executing the Company's strategies, aims to develop systems which will ensure the continuous improvement, motivation and management of the human resources staff and implement these systems in line with the corporate principles of the Company. Our human resources are our most important asset. The quality of our products and services reflects the quality of our employees. In our endeavor to create a Company spanning generations, we choose attracting and employing the best and most competent people; taking maximum advantage of our people's abilities, strengths and creativity; increasing their individual

productivity; providing them opportunities to develop themselves; and creating a workplace in which teamwork and solidarity flourish.

The Company has espoused an employment policy providing equal opportunities and succession planning for all key managerial positions. The said planning is reviewed every year by the senior management.

Information about company employees' job descriptions and accountabilities and about performance and reward criteria is provided for employees' information through the Migros Human Resources Portal.

Our Principles

Strategic Use of Human Resources:

The Human Resources Department of Migros places the human element on a high pedestal by giving it great strategic importance and creates awareness of its strategic value in all of domestic and overseas units of Migros. Human resources strategies are designed to create and develop a reliable, fast and proactive organizational structure to sustain the industrial leadership of Migros in a competitive business environment. Employees are considered a strategic resource for it is believed that their experience and creativity would be the driving forces in the adaptation of the Company to fast-changing competitive environment and new markets.

Superior Business Ethics and Integrity:

In all dealings with employees, the Company accepts as a fundamental principle to act fairly, in good faith

and in an understanding manner abiding by the rules of law and ethics.

Occupational Safety:

Migros assures its employees that it will fulfill all of its obligations towards them, including those at all of its subsidiaries, in compliance with the relevant laws and regulations. The Company, in order to ensure the safety of its employees in the workplace, complies not only with all legal requirements and regulations stipulated by the Labor and Occupational Safety Law but also with the industry standards on ergonomics and improvement of the working environment. Civil defense activities, which are of great importance for our country, and theoretical and practical training are also provided in cooperation with the concerned public institutions.

Equal Opportunities:

Migros provides services to its customers both in Turkey and abroad through an employee workforce comprising of individuals coming from many different linguistic, religious and ethnic backgrounds. All human resource-related decisions from recruitment and placement to compensation are governed by job position profiles defined in detail. Through the human resource staff evaluation systems, Migros objectively monitors and assesses the competencies, skills and performances of its employees by common principles applied to all. Migros provides equal training, promotion, and career development and compensation opportunities to each of its employees based on the evaluation results through the

Integrated Human Resource systems deployed by the Company.

Human Resources Management:

The management of human resources processes and relations with employees at our Company, in line with established human resources policies and principles, is the responsibility of the Assistant General Manager for Human Resources and Industrial Relations; this function is clearly defined and undertaken within the regulations and business ethics principles of the Company.

Participation and Transparency:

Managers and employees at Migros' domestic and overseas subsidiaries are the integral parts of human resources practices at Migros. Employees are updated on their roles and responsibilities regarding human resources policies and provided with guidance in fulfilling those responsibilities.

Human resources policies and processes are shared with employees on a regular basis by means of the communications resources (intranet, e-mail, distance learning and meetings) of the Company. Employees have access to employee evaluations and are able to receive training and information on the practices and can monitor their individual results.

Assemblies are also conducted as necessary to inform and discuss with employees issues of concern to them such as the Company's financial standing, compensation, career paths, training, and health.

Competitiveness:

Migros plans and manages the professional development of its employees to help them sustain their competitiveness not only within the Company itself but also on a professional level so as to allow the contribution of positive values to the economy, environment and community.

Commitment to Shared Values:

Our Corporate Culture is based on our shared values. These values are:

1. Reliability
2. Leadership
3. Empathy
4. Customer-orientation
5. Productivity
6. Innovativeness.

Actions of employees contradicting the Company's shared values are dealt with appropriately and impartially through the warning system and disciplinary committee procedures. Conducting relations with employees at Migros is the primary function of the Industrial Relations Department. The objectives of this Department are to ensure that all laws and regulations are fully complied with by the Company, oversee the legal and contractual rights of the employees and manage employee rights so as to maintain labor peace and fulfill all legal obligations.

Our employees who have completed one working year with our Company receive indemnity payment in cases set out by the law, and necessary financial provisions are set aside for this purpose, which are publicly disclosed in our financial statements.

4.4 Code of Ethics and Social Responsibility

The Principles of Business Ethics of Migros are grouped under the following headings:

- The responsibilities of the Company towards its employees
- The responsibilities of employees towards the Company
- The responsibilities of Migros towards other companies
- Responsibilities of the Company towards the society
- General responsibilities.

The responsibilities of the Company towards its employees and the information about the other categories of business ethics principles have been described in the various sections of this Corporate Governance Compliance Report. The Migros Code of Ethics may be accessed from the Company's corporate website at www.migroskurumsal.com.

The Company considers its employees as one of its most valuable assets in today's tough market conditions. One of our Company's greatest competitive advantages is its experience in the industry and qualities possessed and continuously improved by its employees.

The responsibilities of Migros towards its employees:

1. Migros is in full compliance of its legal obligations to its employees; in situations where the requirements of law are ambiguous, Migros consults professionals who are experts in the relevant fields.

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2. Migros protects the rights of its employees within the framework of its business ethics rules in situations where laws do not sufficiently address to.

3. Candidates for employment, promotion and appointment are evaluated based on their qualifications; all employees are provided equal opportunity.

4. Migros does not get involved in the personal affairs or private lives of its employees and holds all of the private information about its employees in strict confidence.

5. Migros helps its employees to develop professionally and personally by providing them training.

6. Migros does not discriminate on the basis of sex, age, ethnic origin or religion.

7. In matters that are related to employees, Migros seeks to include their opinions as much as possible in any decisions that are related to the future of the Company.

8. Migros provides hygienic and safe working conditions as dictated by the requirements of law and circumstances, and seeks to improve them to the best of its ability.

9. Migros holds private information about its employees that it may receive through various means in strict confidentiality and does not divulge any of it (e.g. medical records, shopping habits, economic data, and the like).

Within the framework of its ethical guidelines, Migros defines its responsibilities to society as follows.

1. Migros strives to satisfy the service quality standards that its customers expect of it.

2. Migros seeks to fulfill its tax and other legally prescribed obligations in a complete and timely manner and to conduct itself in an exemplary manner in the public eye.

3. Migros makes no statements that could be deemed to be condescending, sarcastic or offensive concerning other companies or organizations, goods, or individuals.

4. Migros takes pains in the conduct of its activities to protect the natural environment, to avoid harm to the historical heritage, and to act in keeping with customs, habits, and traditions. Migros complies with the requirements of law on all such issues.

5. Migros stands for business ethics in its industry and strives for the establishment, dissemination and adoption of these principles.

Migros' corporate culture includes its concern for public health and hygiene, sensitivity toward identifying and satisfying societal needs, organization of and participation in exemplary educational, cultural, athletic and social activities essential for social development as well as its corporate identity as an "Honest Retailer" sensitive to the environment.

As required by its sense of corporate social responsibility, Migros operates in compliance with laws,

the rules of ethics, and respect for human rights in the conduct of all consumer-related services; fulfills the responsibilities incumbent upon it in the furtherance of registered-economy activities that give back to society by enriching national resources; contributes to formal employment through its upholding of statutorily-mandated employee rights. The Company also shares its sense of social responsibility with its social stakeholders - employees, suppliers, subsidiaries, investors and consumers and with the public at large. Great importance is given to supporting and spreading of such pioneering and value-adding practices for the improvement of the society.

Migros is aware a good reputation can be ruined in a single blunder. Migros acts ethically and with integrity in every practice it engages in. The Company is well aware that trust cannot be won easily, and that it is a bond that grows and develops slowly over a long period of time between a company and its customers and that once broken, cannot be saved by quick fixes. Migros has been protecting the good health and rights of its customers since its inception. Many innovative practices introduced by Migros encourage good shopping habits and foster consumer awareness. These practices subsequently became industry standards and some have even been made into law.

Detailed information about the Company's social responsibility activities is provided in appropriate sections of the annual report.

PART V - BOARD OF DIRECTORS

5.1 Structure and Composition of the Board of Directors

All of the members of the Migros Board of Directors possess the qualifications required of them in article 4.3 of CMB Corporate Governance Communiqué II-17.1. All of them are professionals distinguished by virtue of their exemplary business knowledge, experience, and background.

The Board of Directors identifies strategic objectives taking into account both the requirements of laws and regulations and the Company's articles of association and internal directives. The board formulates the most appropriate balance among between growth and the issues of risk vs return in line with these objectives and, mindful of the Company's long-term interests, administers the Company transparently, accountably, justly, and responsibly.

The Migros Board of Directors consists of twelve members, all of whom are elected by shareholders at a general assembly meeting. The board's membership consists of non-executive board members, except Ömer Özgür Tort. Among the board members are independent members who have the ability to act with absolute impartiality in the conduct of their duties.

According to article 4.3.4 of CMB Corporate Governance Communiqué II-17.1, the number of independent board members must not be fewer than one-third of a board's total membership. When determining how many independent board members a board must have,

fractions are rounded up to the nearest whole number but in no case may the number of independent board members be fewer than two. In compliance with this rule, four of the twelve members of the Migros Board of Directors are independent members.

Under the articles of association, board members serve for three-year terms at most unless a shorter term of office is specified at the general assembly meeting at which they are elected. A board member whose term of office expires may be reelected. Shareholders assembled in a general assembly meeting may, for just cause and at any time that they deem such action to be necessary, dismiss any board member whether or not such an item is on the meeting agenda.

The Corporate Governance Committee, which performs the duties of a nomination committee at Migros, has created a pool of prospective independent board members during 2020 and the nominees have been presented in a report to the Board of Directors.

There are no binding rules governing board members, other than independent board members, undertaking duties outside the Company. However, the conditions stipulated in the Corporate Governance Communiqué are abided by with respect to outside duties undertaken by independent board members. According to the limitation imposed, they may not serve as independent board members at more than three companies where shareholders having management control over the Company have management

control and in the aggregate, at more than five companies traded on the stock exchange. The duties board members undertake outside the company are presented for the information of shareholders through the General Assembly Information Document at the General Assembly Meeting.

Migros Corporate Governance Committee has set a target (25%) for assignment of women members on the Board of Directors, and has made a recommendation in writing to the Board of Directors. The Board of Directors set the minimum ratio of women members as 25% and formulated a policy to achieve this goal. As a matter of principle, there are no barriers to women serving as members of the Board of Directors, at a number which will not be less than 25% of the number of all members. It has been reckoned that women members possessing academic and industrial experience who will contribute value to the Company can serve on the Board of Directors.

The composition of the Board of Directors is reviewed annually, upon which the Board of Directors devises plans accordingly. At the Ordinary General Assembly Meeting convened on 29 April 2020, Esel Yıldız Çekin was elected as a Board member. Consequently, one woman member serves on the Company's Board of Directors composed of 12 members.

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Board of Directors

Name	Title	Appointed on	Term
Tuncay Özilhan	Chairman (Non-executive)	29 April 2020	1 Year
Kamilhan Süleyman Yazıcı	Vice Chairman (Non-executive)	29 April 2020	1 Year
Talip Altuğ Aksoy	Member (Non-executive)	29 April 2020	1 Year
Mehmet Hurşit Zorlu	Member (Non-executive)	29 April 2020	1 Year
Esel Yıldız Çekin	Member (Non-executive)	29 April 2020	1 Year
Rasih Engin Akçakoca	Member (Non-executive)	29 April 2020	1 Year
Recep Yılmaz Argüden	Member (Non-executive)	29 April 2020	1 Year
Ömer Özgür Tort	Member and CEO (Executive)	29 April 2020	1 Year
İzzet Karaca	Independent Member (Non-executive)	29 April 2020	1 Year
Hüseyin Faik Açıkalın	Independent Member (Non-executive)	29 April 2020	1 Year
Şevki Acuner	Independent Member (Non-executive)	29 April 2020	1 Year
Tom Heidman	Independent Member (Non-executive)	29 April 2020	1 Year

Independent Board Members' Affidavits

To the Board of Directors of Migros Ticaret Anonim Şirketi ("the Company"):

Owing to my having been proposed as a candidate for a seat as an independent board member on your Company's Board of Directors at your Company's general assembly meeting for the year 2019, I hereby declare and wish it to be known by all Company organs, shareholders, and other interested parties that I am a candidate to serve as an independent board member at the Company within the framework of the Company's articles of association and the criteria of the Capital Markets Board's Corporate Governance Principles and that I possess the qualifications to do so and furthermore:

- a) That neither I, nor my spouse, nor any relative of mine whether by blood or by marriage unto the second degree, have, within the most recent five years, entered into any employment relationship in an administrative capacity involving significant duties and responsibilities, owned more than 5% of the capital or voting rights or privileged shares either jointly or individually, or have established a significant commercial relation with the Company, or with corporations over which the Company holds management control or significant influence or with shareholders who hold management control over the Company or have significant influence over the Company, or with legal entities controlled by these shareholders,
- b) That within the most recent five years, I have not been a shareholder (5% and more), not worked in an administrative capacity undertaking significant duties and responsibilities or not served as a member of the board of directors in any company, particularly companies involved in the Company's auditing (including tax audit, statutory audit, internal audit), rating, or consulting functions that the Company purchases or sells a substantial amount of goods or services within the framework of the contracts executed, during the period of such sale or purchase,
- c) That, as may be seen from my resume, I am possessed of the professional training, knowledge, and experience necessary to duly fulfill the duties I shall undertake as an independent member of the Board of Directors;
- d) That, as of the date on which my candidacy for board membership was proposed and this affidavit is submitted, I am not a full-time employee of any public agency or organization and that, if elected, I shall not be for the duration of my term of office;
- e) That I am a resident of Turkey as defined in the Income Tax Law; *
- f) That I am possessed of ethical standards and of professional repute and experience sufficient to enable me to make a positive contribution to the Company's affairs, to maintain my impartiality in any disputes that may arise among the Company's shareholders, and to come to decisions freely on the basis of all stakeholders' interests;
- g) That I will be able to devote to the Company's affairs an amount of my time sufficient to keep track of the conduct of the Company's activities and to fully satisfy the requirements of the duties I will be undertaking
- h) I have not served as a member on the Company's board of directors for more than six years within the last ten years,
- i) I have not served as an independent board member in more than three companies over which the Company or the controlling shareholders of the Company hold management control and in more than five listed companies in total.

İzzet Karaca

Hüseyin Faik Açıkalın

Şevki Acuner

Tom Heidman

* Applies to resident members.

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5.2 Operating Principles of the Board of Directors

As specified in corporate governance principles, the Board of Directors conducts its activities in line with the corporate governance principles of transparency, accountability, fairness, and responsibility. Taking the opinions of its internal committees into account, the Board of Directors devises internal control systems that incorporate risk management and information mechanisms and processes capable of minimizing the adverse impact of risks that might affect company stakeholders. The effectiveness of risk management and internal control systems is reviewed at least once a year. Information about the functionality and effectiveness of the internal control system is provided in the annual report.

As required by CMB Corporate Governance Communiqué II-17.1, the Board of Directors plays a proactive role in ensuring effective communication between the Company and its stakeholders and in addressing and resolving any disputes that may arise. To accomplish this, it cooperates closely with the Corporate Governance Committee and with the Investor Relations Department. During 2020 the Migros Board of Directors passed 41 resolutions on a variety of subjects. Majority of the full membership were present at every meeting in which these decisions were taken and the decisions were passed by a majority of those in attendance. Under the articles of association, invitations to board meetings may be sent out by the

chairman (or his deputy) at least three days in advance of the meeting date by means of fax, letter, or email. These invitations indicate the meeting date, time, place, and agenda. Whenever the board is convened, it may agree upon a schedule for the regular conduct of meetings during the year.

A secretariat is charged with organizing and conducting meeting-related matters both before and after meetings are held. This secretariat is also responsible for the regular maintenance of meeting-related records, for making entries in the Board of Directors Book of Resolutions, and for making this register accessible to board members for their inspection. Any and all manner of views may be expressed during board meetings. If any dissenting votes are cast against a particular resolution, information about this is included in the minutes along with the justifications for such dissent. No dissenting opinions were entered into the minutes of any board meetings that took place during 2020. Any questions that may be raised by board members and the answers given to them are also entered into the minutes. Issues pertaining to board meetings and decision quorums are governed by the Turkish Commercial Code and the and the Articles of Association.

The agendas for board meetings are determined in line with the suggestions and guidance of board members and senior executives. Even if no other item has been placed on a meeting's agenda, the Company's monthly financial statements and investment program

are discussed.

Each member of the Migros Board of Directors is entitled to one vote. No members have been granted weighted voting or veto rights.

Members of the Migros Board of Directors are covered by insurance against the risk that the Company may suffer a loss on account of misjudgment and errors in the performance of their duties. Liability insurance policies in the amount of USD 25 million have been taken out on board members and senior executives in 2020. This matter has been announced on KAP (Public Disclosure Platform).

Members of the Board of Directors are not allowed to vote in the issue of acquitting board members of their fiduciary responsibilities at general assembly meetings.

Duties and powers of the Board of Directors members can be found in the Company's Articles of Association available on the Company's corporate website (www.migroskurumsal.com) and on KAP (Public Disclosure Platform).

5.3 Number, Structure, and Independence of Committees Established within the Board of Directors

An audit committee, a corporate governance committee and an early detection of risk committee was set up both in compliance with the requirements of CMB Corporate Governance Communiqué II-17.1 and in order to help the Board of Directors better fulfill its duties and responsibilities. Owing to the structure of the board, neither

a nominating committee nor a remuneration committee has been set up: the functions of such committees are performed by the Corporate Governance Committee. These committees' areas of responsibility, their working principles, and their memberships are determined and publicly disclosed by the Board of Directors.

Under CMB Corporate Governance Communiqué II-17.1, all audit committee members and the heads of other committees must be selected from among independent

board members. Care is taken to avoid having any single board member serving on more than one committee. No executive board member or general manager may serve on these committees.

The activities of the board's Audit Committee, Corporate Governance Committee, and Early Detection of Risk Committee for 2020 have been reviewed and assessed by the board. It was ascertained that in the conduct of their operations these committees had been mindful of the requirements of laws and regulations

and that their activities had a beneficial impact on the Company's practices.

a. Audit Committee

At a meeting of the Board of Directors held on 20 May 2020, it was decided that the Audit Committee should consist of two independent board members and that İzzet Karaca and Şevki Acuner were elected to fill these seats. In compliance with CMB regulations, İzzet Karaca was chosen to serve as committee chairman.

Audit Committee

İzzet Karaca	Committee Chairman	Independent Member	Non-executive
Şevki Acuner	Member	Independent Member	Non-executive

Besides auditing the Company's accounting system and its publicly disclosed financial statements, the Audit Committee also oversees the operation and effectiveness of independent auditing and of the Company's internal control and internal audit systems. As required by Corporate Governance Principles, the selection of independent auditors, the preparation of independent auditing contracts and the initiation of independent auditing processes, and every stage of the activities of the independent auditors are subject to the oversight of the Audit Committee.

The Audit Committee determines methods and criteria that are to

be applicable when examining and finalizing any complaints the Company receives about its accounting and internal control system or its independent auditing and when company personnel are given access to confidential reports about in-house accounting and independent auditing matters.

Every year, the Audit Committee submits its proposal for the designation of the Company's independent audit firm for the fiscal year from 1 January until 31 December.

Prior to the public disclosure of annual and interim financial statements and having consulted and obtained the opinions of the

Company officers concerned and of the independent auditors, the Audit Committee provides the Board of Directors with a written declaration concerning its own assessment of the statements' compatibility with respect to the Company's approved accounting principles and of their truthfulness and accuracy.

The Audit Committee convenes at least four times a year. The results of these meetings are set down in minutes that are submitted to the Board of Directors along with any decisions that are taken. Information about the Audit Committee's operations and meeting results is included in the Company's annual report.

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The Audit Committee works in coordination with the Early Detection of Risk Committee by way of holding joint meetings.

The Audit Committee immediately notifies the Board of Directors in writing of any findings it makes concerning its duties and areas of responsibility and of its assessments and recommendations concerning such matters.

Operating Principles of the Audit Committee

Purpose and Scope

Set up under the Capital Market legislation, the Audit Committee reports to the Board of Directors.

The purpose of the Audit Committee is to verify that the Company's accounting and reporting system runs in accordance with applicable laws and regulations, to supervise the audit and public disclosure of financial information, and the operation and efficiency of independent audit and internal control system.

Authority

The Audit Committee is formed and authorized by the Board of Directors, which also sets out its duties and operating principles. As and when it deems necessary, the Audit Committee seeks opinion from independent experts regarding its activities, and the cost of necessary advisory services are borne by the Company.

The Audit Committee acts within the frame of its authorization and responsibilities, and makes recommendations to the Board of Directors, which is ultimately responsible for the final decision at all times.

Detailed information about the Committee structure and meetings, duties and responsibilities, basis and enforcement is provided under the Investor Relations tab on our corporate website. (www.migroskurumsal.com)

b. Corporate Governance Committee

The Migros Board of Directors has set up a corporate governance committee to oversee corporate governance practices at the Company and to coordinate the activities of the Investor Relations Department. The Committee targets continuous improvement of the Company's corporate governance practices. At its meeting on 20 May 2020, the board decided to elect Hüseyn Faik Açıkalın, Esel Yıldız Çekin, Recep Yılmaz Argüden, Mehmet Hurşit Zorlu and Affan Nomak as the members of the Corporate Governance Committee. In compliance with CMB regulations, the board also decided to appoint Hüseyn Faik Açıkalın to head the committee. The Committee meets at least four times a year and is formed of 5 members.

Corporate Governance Committee			
Hüseyn Faik Açıkalın	Committee Chairman	Independent Member	Non-executive
Esel Yıldız Çekin	Member	Not an Independent Member	Non-executive
Recep Yılmaz Argüden	Member	Not an Independent Member	Non-executive
Mehmet Hurşit Zorlu	Member	Not an Independent Member	Non-executive
Affan Nomak	Member	Not an Independent Member	Investor Relations and Risk Management Director

It was decided that the Corporate Governance Committee should also fulfill the duties of both a nominating committee and a remuneration committee as is allowed by CMB Corporate Governance Communiqué II-17.1. Accordingly and in the fulfillment of its duties as a nominating committee, the Corporate Governance Committee is responsible for creating a transparent system capable of identifying, vetting, and training suitable candidates to fill seats on the Board of Directors and to undertake management positions that have administrative responsibilities and to develop policies and strategies for dealing with such issues. The Corporate Governance Committee also makes regular assessments of the structure and efficiency of the Board of Directors and submits to the board its recommendations for possible changes in such matters.

In the fulfillment of its duties as a remuneration committee, the Corporate Governance Committee determines and oversees principles, criteria, and practices which are to be used in the remuneration of members of the Board of Directors and of managers with administrative responsibilities and which take the Company's long-term goals into account. The committee submits to the Board of Directors its recommendations concerning the remuneration that is to be paid to members of the Board of Directors and to managers with administrative

responsibilities subject to the degree to which the recipients have satisfied remuneration-related criteria.

Operating Principles of the Corporate Governance Committee

Purpose and Scope

Set up under the Capital Market legislation, the Corporate Governance Committee reports to the Board of Directors.

In line with the CMB Corporate Governance Communiqué (II-17.1), the purpose of the Corporate Governance Committee is to establish whether corporate governance principles are implemented at our Company, the reasons for non-implementation, if applicable, and conflicts of interest resulting from failure to achieve complete alignment with these principles. The Committee is responsible for suggesting improvements regarding corporate governance practices to the Board of Directors and for overseeing the activities of the Investor Relations Department.

Pursuant to the Corporate Governance Communiqué, the Corporate Governance Committee fulfills the functions of the Nomination Committee and the Remuneration Committee, as well.

Authority

The Corporate Governance Committee is formed and authorized by the Board of Directors, which

also sets out its duties and operating principles. As and when it deems necessary, the Corporate Governance Committee seeks opinion from independent experts regarding its activities, and the cost of necessary advisory services are borne by the Company.

The Committee acts within the frame of its authorization and responsibilities, and makes recommendations to the Board of Directors, which is ultimately responsible for the final decision at all times.

Detailed information about the Committee structure and meetings, duties and responsibilities, basis and enforcement is provided under the Investor Relations tab on our corporate website. (www.migroskurumsal.com)

c. Early Detection of Risk Committee

At a meeting of the Board of Directors held on 20 May 2020, it was decided to elect Tom Heidman, Talip Altuğ Aksoy and Hüseyin Faik Açıklan to seats on an early detection of risk committee which had been set up in compliance with the requirements of Turkish commercial law, capital market laws and regulations, and corporate governance principles. As also required by Capital Markets Board regulations, Tom Heidman was designated as the committee's head.

Early Detection of Risk Committee

Tom Heidman	Committee Chairman	Independent Member	Non-executive
Talip Altuğ Aksoy	Member	Not an Independent Member	Non-executive
Hüseyin Faik Açıklan	Member	Independent Member	Non-executive

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As defined by the Board of Directors in accordance with the Turkish Commercial Code and capital market laws and regulations, the activities of the Early Detection of Risk Committee consist of identifying, at an early stage, risks that might endanger the Company's existence, well-being, and continuity; of taking measures needed to deal with such risks; and of managing risk. The Early Detection of Risk Committee performs a review of risk management systems at least once a year. The committee convenes six times a year.

Operating Principles of the Early Detection of Risk Committee

Purpose and Scope

Set up under the Capital Market legislation and in accordance

with Article 378 of the Turkish Commercial Code, the Early Detection of Risk Committee reports to the Board of Directors. The purpose of the Early Detection of Risk Committee is to early detect the risks that may threaten the existence, development and survival of the Company, to implement the necessary measures in relation to identified risks, and to manage the risk.

Authority

The Early Detection of Risk Committee is formed and authorized by the Board of Directors, which also sets out its duties and operating principles. As and when it deems necessary, the Early Detection of Risk Committee seeks opinion from independent experts regarding its activities, and the cost of necessary

advisory services are borne by the Company.

The Early Detection of Risk Committee acts within the frame of its authorization and responsibilities, and makes recommendations to the Board of Directors, which is ultimately responsible for the final decision at all times.

Detailed information about the Committee structure and meetings, duties and responsibilities, basis and enforcement is provided under the Investor Relations tab on our corporate website. (www.migroskurumsal.com)

5.4 Risk Management and Assessment by the Management

Loans

As at 31 December 2020, TL equivalent of the Company's loan payables is TL 3,837,750 thousand. The repayment schedule for the nominal principal amount of the Company's financial payables as at 31 December 2020 is as follows:

(TL thousand)	Tenge loan (TL equivalent)	Euro loan (TL equivalent)	TL Loan	Total (TL equivalent)	Share (%)
1 January 2021 - 31 December 2021	3,695	-	1,241,414	1,245,109	33,2%
1 January 2022 - 31 December 2022	18,055	-	448,978	467,033	12,5%
1 January 2023 - 31 December 2023	20,494	852,554	308,575	1,181,623	31,6%
1 January 2024 - 31 December 2024	17,547	-	450,729	468,276	12,5%
1 January 2025 - 5 June 2025	4,481	-	378,312	382,793	10,2%
	64,272	852,554	2,828,008	3,744,834	100,0%

Risk Management

Pursuant to the applicable provisions of the Turkish Commercial Code, the Early Detection of Risk Committee, which is charged with early diagnosis of risks that may threaten the existence, development and survival of the Company, and with ensuring that necessary actions are taken in relation to those risks, carried on with its activities in 2020.

Within the scope of the activities conducted with the Company employees, the Committee follows up various risk indicators, which have been created to ensure identification of the risks that could preclude the achievement of the Company's strategic business goals, to monitor the factors that make up these risks, to determine and measure the probability and impact of the risks, and follows up the risk criteria deemed important.

Within the scope of the activities conducted with the Company employees, the Committee has identified the major types of risks that the Company may be exposed to. Various risk indicators have been created to monitor and measure the factors that make up these types of risks. These risk indicators are analyzed and followed up by the related Company units, and changes are monitored by the Risk Committee. In periodic meetings, the Early Detection of Risk Committee evaluates whether appropriate actions have been taken.

The Committee met six times in 2020. Reportings and committee assessments are periodically

presented for the information of the Board of Directors in accordance with the principles set.

Internal Audit Mechanism

In the conduct and performance of its audits, the Internal Audit Department adheres to the following principles.

- Effective utilization of the resources of the Company,
- Effectiveness of the internal control mechanisms on operations,
- Confirmation of Company assets
- Efficiency and effectiveness of business operations,
- Compliance of employees with the quality management documentation and administrative instructions approved by the management,

The basic activities of the Internal Audit Department consist of, among others, investigating/examining activities and transactions which involve previously identified and reported risk elements in order to ascertain the degree at which such risks have been eliminated or taken under control in line with management-approved recommendations, and repeating the audit in cases where detailed examinations are necessary.

Any problems that may be discovered during the course of audit activities are investigated in detail to allow adoption of necessary measures while recommendations are also made for compensating

the Company's ascertained loss. Necessary changes to the system and processes so as to prevent recurrence of similar incidents make up the focal point of these efforts.

The annual internal audit plan created according to the risk-based audit universe was revised due to the pandemic conditions with the approval of the Audit Committee, and the Internal Audit Department conducted financial and operational audits of various departments and processes in line with the revised plan. Assessments and recommendations resulting from the audits were submitted to Company's senior management in the audit reports prepared, and were also addressed in the Audit Committee meetings for pointing out the improvement areas in line with the continuous development philosophy. The Internal Audit Department also conducted follow-up audits on issues about which senior management was previously informed and for which measures were agreed upon.

The Board of Directors' opinion regarding the Company's internal control system and internal audit activities is that the internal control system in place and internal audit activities executed are being carried out effectively.

5.5 Strategic Goals of the Company

In line with its mission, Migros structures its strategies to achieve sustainable quality and earn respect as the industry leader through an approach to customer satisfaction which raises the standards of

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retailing in the countries in which it is active.

Migros' main strategy is to provide our customers with high quality, modern, reliable services at affordable prices. Targets set to achieve these strategies are shared with all the organizational units and supported by business plans. The Corporate Performance Management System in place facilitates monitoring and evaluation of these targets and business results as well as their assessment and revision whenever necessary.

Annual, quarterly and monthly reporting structures have been created to enable the Board of Directors to carry out its basic administrative functions such as planning, organizing and supervising.

Members are kept informed by means of annual meetings at which the most recent five-year plan is presented to the Board of Directors, by annual budget and review meetings, and by monthly meetings at which the Company's business

results are presented and the board's feedback is solicited. Detailed monthly reports are also submitted to the board for its information. In this way, all the members of the Board of Directors are able to track the Company's ongoing efforts to fulfill its targets and to immediately intervene and provide guidance when necessary.

5.6 Financial Rights Provided to Board Members and to Managers with Administrative Responsibilities

The financial rights to be provided to the members of the Board of Directors are discussed as a separate agenda item at general assembly meetings. At a general assembly meeting held on 29 April 2020, shareholders voted to pay independent board members a total annual remuneration of TL 146,000 (net) in monthly installments, to Tom Heidman residing abroad an additional attendance fee of TL 10,000 (net) for each board meeting he attends, and not to pay any monthly salary and/or attendance fees to other board members. The

remuneration of independent board members involves neither company stock options nor company performance-based compensation plans. All the benefits provided to senior executives are declared in the footnotes to the financial statements.

The Remuneration Policy applicable to members of the Board of Directors and senior executives was published on the corporate website at www.migroskurumsal.com.

Benefits Provided to Senior Executives During the Reporting Period

"Senior management" is defined as the chairman and members of the Board of Directors, the CEO, members of the Executive Committee, and assistant general managers.

The benefits provided to senior executives consist of salaries, bonuses, pension contributions, company-leased automobiles, and employer's share of social security premiums.

(TL thousand)	01 January - 31 December 2020	01 January - 31 December 2019
Short-term benefits provided to employees	65,746	46,194
Total	65,746	46,194

Migros makes no loans and extends no credit to any senior executive. Neither does it extend any form of personal credit to senior executives through third parties or otherwise provide senior executives with any form of surety.

OTHER ISSUES

In 2020, there were no regulatory changes that would significantly affect the Company's operations.

Fringe Benefits of Migros Employees

Migros grants its employees fringe benefits in addition to the rights they have under the law. Fringe benefits provided to blue collar workers are determined in the collective bargaining agreement. The Company provides noncontributory health insurance and private pension system enrolment to all of its employees, in addition to social leaves, fuel allowance, food allowance, clothing allowance, leave travel allowance, holiday allowance, education allowance to employees with children in school, marriage, military service, childbirth and death allowances. Through the portal "Ailem ve Ben", the Company offers advantageous services to all of its employees in education, healthcare, shopping and similar matters. Classroom and online training in various subjects are provided to all employees via Akademig. In addition, social benefits that vary according to the duties of employees are also made available.

Other

Utmost care is taken to avoid any situations that may give rise to a conflict of interest between the Company and the entities providing services such as investment

consultancy and rating, and the provisions of applicable legislation are complied with in these matters. No situations creating a conflict of interest were observed in 2020.

A number of lawsuits that have been filed against or in favor of the Company are currently being litigated. These suits are concerned primarily with receivable-, rent-, or business-related issues.

At the end of each reporting period, the Company's management reviews and assesses the potential consequences and financial impact of such litigation and, based on its best judgment, provisions are set aside to cover likely losses or gains. Detailed information about such matters is provided in the consolidated financial statements. The Company is not a party to any mutual cross-shareholding.

No lawsuits have been filed against the Company or board members on account of any practices contradicting with the legislation.

The collective labor agreement signed by and between the Company and Tez-Koop. İş Union on 30 March 2020 covers the period from 01 January 2020 until 31 December 2022. The Company provided the information about the subject by its KAP disclosure on 30 March 2020.

Other matters related to Corporate Governance Principles are as follows:

Our Board of Directors steered the Company management for speeding up the sales of real estates at the targeted worth as much as possible with the objective of mitigating the Company's balance sheet risk, and accordingly, its Euro indebtedness. Along this line, real estate sales

that gained momentum in 2019 continued in 2020 as well. The sales of the Company's certain real estates located in Ankara, Kırklareli, Lüleburgaz, İzmir, Manisa, İstanbul, Kocaeli and Balıkesir was completed in 2020. Total value of real estates sold as such during the reporting period reached TL 961 million.

Migros stores operating in real estates sold (excluding the store in Polatlı-Ankara) were leased back from their new property owners starting from the date the deed transfers took place.

The funds generated on the sales of real estate was utilized towards reducing the Company's Euro indebtedness.

During 2020, there were no material transactions with related parties as defined in the Corporate Governance Principles. Necessary explanations about the transactions of Migros Ticaret A.Ş. with related parties are given in the related footnote of the financial report.

a) Company Disclosure Policy

Material events are publicly disclosed in a truthful and timely manner as prescribed by CMB Communiqué II-15.1 concerning such matters. In addition, any and all manner of significant information that might influence shareholders' and other stakeholders' decisions is also publicly disclosed. In the public disclosure of such information, the following channels are used depending on the nature and particulars of the announcement:

- Material event disclosures sent to the Public Disclosure Platform,
- Financial reports sent to the Public Disclosure Platform,

Corporate Governance Principles Compliance Report

- Annual and interim reports,
- The corporate website at www.migroskurumsal.com,
- Informational and presentation documents published for stakeholders,
- Prospectuses, circulars, notices and other documentation issued pursuant to capital market laws and regulations,
- Printed and visual media press releases,

Notices and announcements published in Turkish Trade Registry Gazette and in daily newspapers.

In order to ensure that shareholders and other stakeholders have convenient access to public disclosures such as presentations, press releases, and press conferences, such materials are also published on the Company's corporate website at www.migroskurumsal.com. Information publicly disclosed through the Public Disclosure Platform is also sent to financial data providers and to printed and visual media.

The identities of individuals who may have access to confidential company information before the public disclosure of material events are publicly disclosed. The names of the Company's board members and senior executives are published in the annual report along with that of the independent auditors. Information about any changes taking place in the Company's senior management during the reporting period was provided in the annual report.

In situations where CMB regulations require a public announcement concerning news, statements, and/or rumors about the Company which appear in the press, in other media, or on websites and of which the Company becomes aware, Public Disclosure Platform announcements are used to make such disclosures, depending on their nature; in order to ensure that shareholders and other stakeholders have convenient access to such disclosures, they are also published on our corporate website at www.migroskurumsal.com.

The Migros Disclosure Policy is formulated by the Board of Directors and updated as circumstances and regulations dictate. This policy is presented to shareholders convened in a general assembly and then published on the Company's corporate website at www.migroskurumsal.com. The Investor Relations Department strives to respond to questions that shareholders ask the Company truthfully, completely, equitably, and within the framework of this disclosure policy.

The Migros Disclosure Policy requires that any and all manner of information must be provided upon request unless such information is in the nature of a trade secret or, if divulged, would give other individuals or organizations a competitive advantage over Migros or would have an adverse impact on the Company's activities.

Like its public disclosure policy, the Migros Dividend Policy is

also formulated by the Board of Directors and publicly disclosed by being included in the Company's annual report, published on the Company's corporate website at www.migroskurumsal.com, and presented to shareholders convened in a general assembly.

When identifying individuals who will have administrative responsibility at the Company, the requirements and criteria stipulated in the Turkish Commercial Code (Statute 6102), the Capital Markets Law (Statute 6362), CMB communiques, and other applicable laws, regulations, and administrative provisions are taken into account.

b) Material Event Disclosures

During 2020 the Company submitted 87 material event disclosures to the Public Disclosure Platform. Whenever the Public Disclosure Platform demanded further information about such announcements or the Company's response to news appearing in the media, the Company responded to such requests urgently.

Periodic financial statements, notes, annual reports and interim annual reports are shared with the public to provide an accurate and complete view of the Company's financial position. Financial statements are prepared in compliance with national/international accounting standards in consolidated format in compliance with communiques issued by the CMB. The accounting policies of the Company are referred to in the notes to financial statements. The Company's annual

reports are prepared in sufficient detail to allow all concerned parties to obtain the necessary information and are updated every fiscal year in line with the applicable legislation/needs.

After every public disclosure of the Company's quarterly financial

statements in 2020, presentations and bulletins concerning them were published on the Company's corporate website at www.migroskurumsal.com to inform shareholders. The Public Disclosure Platform has been notified that the said information was posted on the corporate website.

The Company designates an independent audit firm each year and requires this independent audit firm to rotate after a given period. Consultancy services are not obtained from the firm designated as an independent auditor.

c) Disclosure of Ultimate Controlling Individual(s) Shareholder(s)

The shareholding structure of Migros is presented below.

Shareholding Structure

Shareholder	Share (%)	Share Amount (TL)
MH Perakendecilik ve Ticaret A.Ş.	89,046,058	49.18
Others	89,046,059	49.18
Migros Ticaret A.Ş.	2,962,116	1.64
Total	181,054,233	100.00

Legal and Real Persons Indirectly Holding an Interest in the Capital as per the Latest Situation

Shareholder	Share (%)	Share Amount (TL)
Süleyman Kamil Yazıcı	17,624,898.6	9.73
Tülay Aksoy	11,917,547.4	6.58
Tuncay Özlhan	11,596,405.3	6.41
Azimet Portföy SKY Serbest Özel Fon	6,863,639.6	3.79
AG Anadolu Grubu Holding A.Ş. Others	41,043,567.2	22.67
Migros Ticaret A.Ş.	2,962,115.6	1.64
Others	89,046,059.4	49.18
Total	181,054,233.0	100.00

There are no preferred shares.

Information about changes in the Company's capital structure taking place during the year was publicly disclosed immediately through the Public Disclosure Platform system. Such changes are also

announced in the pertinent sections of the Company's 2020 annual report. Under the Material Events Communiqué II- 15.1, material event disclosures must be made by the Company's Chairman, board members, general manager, or assistant general managers, by

any shareholder who directly or indirectly controls 5% or more of the Company's capital or voting rights, or by anyone acting in concert with any of these whenever they purchase or sell Migros shares.

Corporate Governance Principles Compliance Report

d) Public Disclosure of Individuals Who Are In a Position to Access Inside Information

Board of Directors members and Senior Management members having access to inside information at the Company are named hereinbelow:

Board of Directors	
Tuncay Özilhan	Chairman
Kamilhan Süleyman Yazıcı	Vice-Chairman
Talip Altuğ Aksoy	Member
Mehmet Hurşit Zorlu	Member
Esel Yıldız Çekin	Member
Rasih Engin Akçakoca	Member
Recep Yılmaz Argüden	Member
Ömer Özgür Tort	Member and CEO
İzzet Karaca	Independent Member
Hüseyin Faik Açıkalın	Independent Member
Şevki Acuner	Independent Member
Tom Heidman	Independent Member

Senior Management	
Ömer Özgür Tort	CEO
Mustafa Murat Bartın	Member of the Executive Committee (Retail Operations)
Ekmel Nuri Baydur	Member of the Executive Committee (Marketing)
Ferit Cem Doğan	Assistant General Manager (Finance)
Hakan Şevki Tuncer	Assistant General Manager (Investment Development)
Tarkan Karlıdağ	Assistant General Manager (Construction)
Bülent Kuntay	Assistant General Manager (Distribution Centers and Logistics)
Kerim Tatlıcı	Assistant General Manager (Information Technologies and Business Development)
Olca Yılmaz Nomak	Assistant General Manager (Human Resources and Industrial Relations)

In addition to the Company's Board of Directors and Senior Management, individuals serving in director position, Finance department managers, and reporting managers at the Company have access to inside information due to their functions.

Under Article 7 (5) of the Material Events Communiqué (II-15.1), our Company makes sure that individuals with access to inside information are

aware of their obligations in relation to such information stemming from the Law and applicable legislation, as well as the sanctions related to their misuse.

As a consequence of its auditing functions, the Company's independent auditors DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. also has access to insider information.

e) Silent Period

The Chairman and members of the Board of Directors, Chief Executive Officer, Chief Financial Officer, Corporate Communications Director, Investor Relations and Risk Management Director and other Company executives designated by the Corporate Governance Committee are assigned to act as spokespeople to represent

our Company in all contacts with shareholders, investors, brokerage analysts and other stakeholders through any communication channel, including the printed press, within the frame of the Company's disclosure policy.

Individuals designated as Company spokespeople are obliged to abide by the Silent Period practice, which starts one week before the disclosure of quarterly financial results and lasts until the date of such disclosure.

The beginning and ending dates of the Silent Period practice are published on the corporate website, under the heading Financial Calendar once the disclosure dates of financial statements are fixed. The disclosure dates of financial results and the corresponding Silent Periods are fixed before financial statements are disclosed, and announced by way of the Financial Calendar.

During the course of the Silent Period, Company spokespeople may not make comments regarding the Company's financial position, except for the information publicly disclosed in the name of the Company. In this period, analysts', investors' and similar individuals' questions about the financial position are left unanswered. Yet, people authorized to make public disclosures about the Company may participate in conferences, panels and similar events and deliver speeches during the Silent Period, strictly provided that they observe the confidentiality of inside information.

f) BIST Sustainability Index of Borsa İstanbul

Taking place in the BIST Sustainability Index since November 2014 – October 2015 period when the index was started to be calculated, Migros continues to take place in the index in the December 2020– October 2021 period. The Company's sustainability activities can be reached under the Sustainability tab on the corporate website and under the Sustainability Report tab on the Investor Relations page.

g) Relations with Customers and Suppliers

Getting to know its customers and markets by monitoring and acting proactively on them and pioneering change are among the crucial factors behind the innovative business style of Migros. For this reason, a number of "firsts" such as consumer rights took hold in the retail industry only after they were introduced by Migros as early as in the 1960s and 1970s. By introducing the Migros Club system for the first time in Turkey, in 1998, Migros had an opportunity to become better acquainted with its customers and provide them with differentiated service. And through this system, the Company gained the opportunity to approach its customers not only collectively but also individually by conducting customer data analyses. Migros aims to fulfill the expectations of its customers as satisfactorily as possible through the stores it operates in different formats.

In the retail industry where any product seen in any store can be imitated quickly, Migros' experience and deep-rooted innovation embedded in its corporate culture, as well as investments in supporting technology, together create a competitive advantage that cannot be easily replicated.

In the 1990s, Migros became the first retail company to introduce the barcode system and electronic cash registers which reduced waiting times at the checkout counters and decreased the Company's operating costs dramatically. Thanks to the B2B system which has been set up jointly with suppliers, all the parties involved benefit from savings in both logistics and costs. This system benefits all the stakeholders, and especially the Company's customers.

Migros has conducted a Customer Satisfaction Survey regularly since 1994. Many customers who shop at our stores are asked about their opinion. The analyses undertaken on the survey results help us to have an idea about the current and future expectations of our customers. Occasional surveys conducted at kiosks inside the stores on specific matters provide the Company with the chance to hear the customers and their expectations.

Customer Relationship Management (CRM) analysis of Migros Club data and the mystery shopper surveys which are aimed at improving the service levels are quality-based performance tools specific to Migros.

Corporate Governance Principles Compliance Report

Some of the other activities undertaken to achieve customer satisfaction include:

- Migros was awarded ISO 9001 Quality Management System certification in August 2005 upon an inspection conducted by the Turkish Standards Institution (TSI), its first quality management system certificate.
- Migros was awarded TS EN ISO 22000 Food Safety Management System certification in December 2006 upon an inspection conducted by the TSI, its second quality management system certificate.
- Migros selects each of its suppliers after conducting appropriate due diligence. Suppliers are audited by accredited independent organizations and products are subjected to periodic analyses both at the time of the acceptance of goods and also at accredited laboratories thus ensuring their quality control and regulatory compliance.
- Migros continued to work on processes, was inspected by the TSI, and further expanded its perspective of integrated quality management systems by obtaining the ISO 10002 Customer Satisfaction Management System certification in November 2013.
- Migros has also certified its commitment to the principle of "Customer Satisfaction". TS ISO 10002 Customer Satisfaction Management System certification enables improvement of product and service quality based on customer feedback.
- Migros established its "Occupational Health and Safety Management Processes" and obtained OHSAS 18001 Occupational Health and Safety Management System certification in July 2015 upon an inspection conducted by the TSI.
- In 2016, Migros established its Environmental Management System processes, and qualified to receive TS EN ISO 14001 Environmental Management System certificate upon an inspection conducted by the TSI. With this certification, Migros became the first food retailer holding five certificates granted by the TSI (Turkish Standards Institution) within the scope of Quality Management Systems.
- In 2017, Migros switched to ISO 9001:2015 Quality Management System version.
- The Company continued with its Quality Management System activities in 2019; accordingly, the activities of the Internal Audit Division unit were audited and ISO 9001 Quality Management System Certificate was obtained exclusively for the Internal Audit Division. The certification provided standardization of the domestic and overseas internal audit, assurance and consultancy activities performed by our Internal Audit Division at our units, and establishment of a continuously improving structure.
- For the purpose of offering high quality products to its customers, Migros obtained FSSC 22000 Food Safety Management System certificate for its MİGET and Gebze Meat Production Plants in addition to the management systems in place at the meat processing facilities carrying out production.
- Being the first food retailer holding five certifications awarded by the TSI since 2016, Migros enjoys the deserved pride of being the first food retailer holding seven certifications granted by the TSI as of 2018.
- Migros had the data covered under the headings "Human Rights (Discrimination, Right to Organize and Collective Bargaining, Child Labor, Forced or Compulsory Labor) in its Sustainability Report released in 2017 verified by Ernst&Young in line with the GRI Guidelines in 2018, and thus received "External Assurance Statement".
- Migros has espoused "Good Agricultural Practices" expressed by the motto "Good Agriculture = Good Future", which is one of the Company's social responsibility initiatives in the area of "health", and an agricultural model that is designed to be socially viable, economically productive, while protecting human, animal and environmental health.
- On 17 November 2009, Migros became the first retailer in Turkey to be awarded GAP group certification. The Company has continued to abide by GAP principles and its certification has been renewed every year since then.

- Having made internationally recognized food safety standards the touchstone of its practices and operations, Migros has adopted the mission of supplying wholesome products under safe conditions in order to guarantee the unreserved confidence of its customers. In line with this goal, food products are carefully and constantly monitored and controlled from initial procurement until they reach the consumer.
- Under Migros' "Supplier Performance System", the production premises of all food and non-food suppliers are systematically inspected and monitored using globally recognized BRC and SEDEX-based checklists within the scope of quality and product safety management systems. Products are randomly sampled and subjected to quality control analyses at regular intervals.
- Every new product to be put on sale at the Company's stores undergoes preliminary quality control performed by quality experts and only those products approved by the quality control are put on sale.
- Before they enter the Company's warehouses, goods received from suppliers are subjected to detailed organoleptic, chemical, and physical analysis based on many quality control parameters defined for each product by quality control experts. Goods that do not meet these stringent quality standards are rejected.
- Cold chain assurance, one of the most essential criteria in achieving food safety, is constantly monitored online at every stage from distribution center and storage, during shipment, and until it reaches the final consumer.
- Every food product that is put on Migros' shelves is randomly sampled and subjected to quality control analyses at regular intervals by accredited independent laboratories to ensure compliance with the Turkish Food Codex and with applicable laws, regulations, and administrative provisions.
- Non-food imported products such as toys, stationery, textiles etc. are subjected to strict controls. Prior to their importation, the Company has these goods analyzed at accredited independent laboratories to ensure that they are safe and contain no harmful substances such as phthalate plasticizers or azo compounds.
- Migros-labeled food and non-food items are subjected to even stricter controls. Such goods are not put on sale until and unless their places of production, labeling, and other applicable parameters have been checked and their compliance with laws and regulations has been established. Even after they appear on the shelves, Migros reviews product safety by means of analyses performed at regular intervals.
- Products on shelves are regularly checked by a team of store quality specialists. During such checks, attention is given not just to cold chain continuity, labeling, and expiration dates but also to compliance with food safety system requirements.
- Personnel employed at all the stores attend training programs on hygiene in order to ensure quality safety.
- The Company's stores are subjected to unannounced inspections performed by second-party accredited independent agencies within the scope of integrated quality management systems, so as to ensure the safety of products sold to customers.
- In the promotional program of the Company called "Aksiyon", products are offered for sale at discount prices for a period of 15 days in all the stores.
- All customer requests, suggestions and complaints received at the stores or via the Call Center are evaluated and the results are communicated to customers as soon as possible. In order to offer an easier and more practical channel for customer communications, a system is in place for easily reaching company store managers, the toll-free customer line and by e-mail, which can be sent to managers at all levels.

Corporate Governance Principles Compliance Report

- Efforts to ensure full customer satisfaction are presented in the relevant section of the Annual Report.

h) Authorities and Responsibilities of Board Members and Managers

The duties and authorities of board members and managers are explicitly defined in the Company's articles of association, which may be found on the Company's corporate website at www.migroskurumsal.com. The Migros Board of Directors is empowered to take decisions on all matters pertaining to whatever kinds of business and/or transactions are necessary for the Company to achieve its object and scope save for those that are exclusively reserved to the general assembly of shareholders by laws and regulations or by the Company's charter.

Managers' authorities and responsibilities are defined in their power of signature statements.

i) Prohibition on Doing Business with or Competing against the Company

No member took part in any activity that could be deemed to be in competition with the Company.

j) Research & Development Activities

R&D costs incurred by the Company during 2020 amounted to TL 42,324 thousand (2019: TL 31,773 thousand).

Having received R&D Center certificate from the Ministry of Science, Industry and Technology, Migros Ticaret A.Ş. has continued with technical research and development activities in business development and software during 2020.

Under the Migros R&D center, Migros administrative units develop new initiatives for the improvement of processes in relation to retailing activities carried out at Store and Distribution Centers or for creation of new processes. Mostly entailing innovative solutions and smart systems integrated with technology, the applications also serve to touch our customers and suppliers.

k) Subsequent Events

Information on the subsequent events is presented in the Consolidated Financial Statements and Independent Auditor's Report for the period 1 January - 31 December 2020.

Affiliated Company Report – Conclusion Section

In the related Affiliated Company Report for the Group of Companies approved by the Board of Directors of Migros Ticaret A.Ş., it has been concluded that Migros Ticaret A.Ş. did not engage in any transaction with its controlling shareholders or

subsidiaries thereof at the instruction of the controlling company or with the intent to obtain results that would be to the benefit of exclusively to the controlling company or a company affiliated thereto, nor is there any action taken or avoided to the benefit of the controlling company or a company affiliated thereto; also according to the conditions and circumstances known to us, a counter-performance on arm's length was provided in all transactions the Company carried out in 2020 with its controlling shareholder or subsidiaries thereof so as to ensure continuation of the operation in a competitive manner at the market conditions prevailing at the time the transaction was performed. Furthermore, there were no actions taken or avoided to the benefit of the controlling shareholder in Migros Ticaret A.Ş. or subsidiaries thereof that might cause loss to the Company and hence, there are no transactions or actions that would require offsetting.

Corporate Governance Compliance Report

Company Compliance Status	
Yes	Partial No Exempted Not Applicable Explanation
Corporate Governance Compliance Report	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS	
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION	
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X
1.3. GENERAL ASSEMBLY	
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.	X
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X

Corporate Governance Compliance Report

Company Compliance Status						Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					Information regarding the amounts and beneficiaries of all donations made during the year were provided in a separate item in the agenda. The shareholders were informed about the total amount of donation and main donations separately. The Company made donations totaling TL 1,805,848.32 in 2020 for the purpose of donation to people in need. The Company made donations to Biz Bize Yeteriz Türkiyem Aid Campaign, Anadolu Eğitim ve Sosyal Yardım Vakfı, Koç University, etc.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	No cross ownership.
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					

Company Compliance Status						Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			While utmost care is given to the use of minority rights, our Articles of Association regulates the usage of all minority rights in accordance with regulations. The Articles of Association of our company does not include any article broadening the extent of minority rights compared to the Law.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.		X				
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.		X				
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.		X				
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					

Corporate Governance Compliance Report

Company Compliance Status	
	Yes Partial No Exempted Not Applicable Explanation
2.1. CORPORATE WEBSITE	
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X
2.2. ANNUAL REPORT	
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X
3.1. CORPORATION'S POLICY ON STAKEHOLDERS	
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X

Company Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X				
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X				
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT					
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X				
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X				
3.3. HUMAN RESOURCES POLICY					
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X				
3.3.2 - Recruitment criteria are documented.	X				
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X				
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X				

Corporate Governance Compliance Report

Company Compliance Status						
	Yes	Partial	No	Exempted	Not Applicable	Explanation
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					

Company Compliance Status	
	Yes Partial No Exempted Not Applicable Explanation
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY	
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X
4.1. ROLE OF THE BOARD OF DIRECTORS	
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS	
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.		X				The Corporate Governance Committee determined a ratio (25%) for membership of women in the Migros Board of Directors and made a written recommendation to the Board of Directors.

Company Compliance Status						Explanation
Yes	Partial	No	Exempted	Not Applicable		
						Migros Board of Directors made a policy to have female Board members at the minimal rate of 25% . As a matter of principle, there are no barriers to or limitations on women serving as members of the Board of Directors. All members of the board–male and female–are considered and evaluated entirely on the basis of their professional and sectoral experience and their academic qualifications. The Board structure is evaluated on yearly basis and the Board of Directors makes planning on this matter. Ms. Esel Yıldız Çekin was selected as member of Migros Board of Directors at the General Assembly meeting dated 29.04.2020. Thus, one female member takes part in Migros Board of Directors.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.	X					Most of the Board members attended the majority of the Board meetings. However, some Board members attended these Board meetings via teleconference / videoconference due to the pandemic. Majority of the Board members were present at every meeting in which the Board decisions were taken and the decisions were passed by a majority of those in attendance.

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/ written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				External duties of Migros Board members - excluding the independent members - are not conditional on certain rules. However, our Company complies with the provisions of the Corporate Governance Communique regarding the external commitments of independent board members. The independent Board members shall not be the independent member of the board in more than three of the corporations as such; the corporation or the controlling shareholders of the corporation who hold the control of management corporations and in more than five listed corporations.

Company Compliance Status						Explanation
Yes	Partial	No	Exempted	Not Applicable		
						The external duties of the board members were presented in the General Assembly Meeting via General Assembly Information Document.
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.		X				Only one independent Board member has a duty on two Committees.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.				X		The Committees did not have consultancy service last year. The information on the consultancy services taken in the previous years is mentioned in the annual report of the related year.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				The total compensation provided to the Chairman, Board members, CEO and Assistant General Managers is reported in the annual report.

Corporate Governance Information Form

1. SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/ etc.) organised by the company during the year 16 conferences & roadshows, 250+ institutional investors

1.2. Right to Obtain and Examine Information

The number of special audit request(s) 0

The number of special audit requests that were accepted at the General Shareholders' Meeting 0

1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d) <https://www.kap.org.tr/en/Bildirim/834860>

Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time Yes

The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9 -

The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1) -

The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1) -

The name of the section on the corporate website that demonstrates the donation policy of the company Investor Relations / Migros Corporate / Donation Policy

The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved <https://www.kap.org.tr/tr/Bildirim/516861>

The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting 11, 11/A

Identified stakeholder groups that participated in the General Shareholders' Meeting, if any

Any stakeholders including press-media can participate in Migros General Assembly meetings. Shareholders who attended the General Assembly Meeting are shown in the Participants List (Hazir Bulunanlar Listesi) at the link: <https://www.kap.org.tr/en/Bildirim/841171>. The representative of Corporate Governance Rating Agency attended the General Assembly meeting.

1.4. Voting Rights

Whether the shares of the company have differential voting rights No

In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares. -

The percentage of ownership of the largest shareholder 49,18%

1.5. Minority Rights

Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association No

Corporate Governance Information Form

If yes, specify the relevant provision of the articles of association.

-

1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy

Investor Relations / Migros Corporate / Profit Distribution Policy

Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.

In the General Assembly Meeting on 29 April 2020, within the Communiqué of Capital Markets Board (CMB) No. II-19.1 and in accordance with our articles of association and dividend distribution policies that were disclosed to public by our company, it was resolved not to distribute dividend for 2019 fiscal year as the company recorded net loss at the 2019 consolidated financial statements prepared in accordance with the Turkish Commercial Code and CMB legislation.

PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends

<https://www.kap.org.tr/en/Bildirim/841171>

General Assembly Meetings

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates the resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions		
								XXXXXXXXXX	XXXXXXXXXX
29.04.2020	0	71.0%	0,00%	71.0%	Investor Relations / Information about the General Assembly Meeting of Shareholders	Investor Relations / Information about the General Assembly Meeting of Shareholders	Item 13	0	https://www.kap.org.tr/en/Bildirim/841171

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.

"Corporate Profile, Partnership Structure and Affiliates, Migros Ticaret A.Ş. Article of Association, Material Disclosures, Financial Results, Annual Reports, Information about the General Assembly Meeting of Shareholders, Profit Distribution Policy, Company Disclosure Policy, Migros Code of Ethics, Frequently Asked Questions" in Investor Relations tab

If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.

"Partnership Structure and Affiliates" page at the link: <https://migroskurumsal.com/en/Icerik.aspx?IcerikID=199>

List of languages for which the website is available	Turkish and English
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	"Board of Directors" section and Corporate Governance Principles Compliance Report / Part V - Board of Directors / 5.1 Structure and Composition of the Board of Directors / "Independent Board Members' Affidavit". Duties conducted out of the company by senior managers are given in KAP (https://www.kap.org.tr/en/sirket-bilgileri/genel/4028e4a141462df2014150162e1c3424) General Information / Company Management / Top Management. Corporate Governance Principles Compliance Report / Part V - Board of Directors / "5.3 Number, Structure, and Independence of Committees Established within the Board of Directors"
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Corporate Governance Principles Compliance Report / Part V - Board of Directors / "5.2 Operating Principles of the Board of Directors"
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	There was not any amendments in the legislation in 2020 which may significantly affect the activities of the corporation.
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Corporate Governance Principles Compliance Report "Other Issues" and Independent Auditors' Report "Provisions, Commitments, Contingent Assets and Liabilities" note
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Corporate Governance Principles Compliance Report / Other Issues
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	No cross ownership
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	Our Sustainability Approach
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	
3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	About Us / Policy / Severance Policy

Corporate Governance Information Form

The number of definitive convictions the company was subject to in relation to breach of employee rights	235 reemployment and other related lawsuits
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Corporate Governance Committee members, Audit Committee members and relevant Assistant General Manager
The contact detail of the company alert mechanism	Any violation or concerns can be communicated by employees via the e-mail address of the Ethics Committee - etikkurul@migros.com.tr; and by other stakeholders via etik@migros.com.tr and iletisim@migros.com.tr e-mail addresses. In addition, customers can contact Migros directly through Call Center (444 10 44) and WhatsApp line (530 915 45 45).

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	About Us / Policy / Human Resources Policy
Corporate bodies where employees are actually represented	Our employees working at stores are represented in the Workplace Syndicate Representatives Committee. Workplace Syndicate representatives negotiate the implementation of union agreement terms with employer representatives, as well as complaints and suggestions. They are also represented in various committees such as "Occupational Health and Safety Council" and in the Committees formed for different projects. Every year, Migros conducts a survey via an independent research company to assess and improve employee satisfaction and commitment. The result of the survey forms a basis for new managerial decisions to be taken in the upcoming year. An annual meeting is held by the Company management to announce internally the Company's yearly strategy and objectives to the employees. The participants of this particular meeting have a directly impact on the determination of the Company's yearly objectives. The targets that designate the Company's main strategy are objectively announced to all departments.

3.3. Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Review and approval. In the Annual Strategic Human Resources Meetings, Potential, High Performing and Star employees are identified, and Critical Positions, Succession Plans and Retirement Plans are discussed and approved in line with the needs and short-medium-long term plans of Migros.
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The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	About Us / Policy / Human Resources Policy ("Search and Selection" part)
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership program.
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	About Us / Policy / Human Rights and Equal Opportunity Policy
The number of definitive convictions the company is subject to in relation to health and safety measures	1
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	"Migros Code of Ethics" under Policy in About Us tab
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Sustainability (contains information on environmental, social and corporate governance issues)
Any measures combating any kind of corruption including embezzlement and bribery	Detailed information is provided in the "Anti-Bribery and Anti-Corruption Policy" under Policy in About Us tab (https://migroskurumsal.com/en/Icerik.aspx?IcerikID=494)
4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	January 2020
Whether the board evaluation was externally facilitated	Yes
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	The Board of Directors made a selection for Chairman, Vice-Chairman and Committee members. Accordingly, Tuncay Özilhan was selected as the Chairman and Kamilhan Süleyman Yazıcı was selected as Vice-Chairman. CEO Özgür Tort serves as executive Board member. Furthermore, he is authorized by the Board of Directors to provide guidance to the public on the expectations of the Company for the upcoming periods.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	4 reports to the Audit Committee, 28 reports to the senior management
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Corporate Governance Principles Compliance Report / Part V - Board of Directors / 5.4 Risk Management and Internal Control Mechanisms / Internal Audit Mechanism
Name of the Chairman	Tuncay Özilhan
Name of the CEO	Ömer Özgür Tort

Corporate Governance Information Form

If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles

The functions of the CEO and Chairman are not combined.

Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital

<https://www.kap.org.tr/en/Bildirim/901661>

The name of the section on the corporate website that demonstrates current diversity policy targeting women directors

Information on diversity policy is given at the "Human Resources Policy" under Policy in About Us tab on our corporate website.

The number and ratio of female directors within the Board of Directors

The Corporate Governance Committee determined a ratio (25%) for membership of women in the Migros Board of Directors and made a written recommendation to the Board of Directors. Migros Board of Directors made a policy to have female Board members at the minimal rate of 25% . The Board structure is evaluated on yearly basis and the Board of Directors makes planning on this matter. Ms. Esel Yıldız Çekin was selected as member of Migros Board of Directors at the General Assembly meeting dated 29.04.2020. Thus, one female member takes part in Migros Board of Directors.

Name-Surname	Whether Executive Director or Not	Independent Board Member or not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether the Director has at Least 5 Years' Experience on Audit, Accounting and/or Finance or not
Tuncay Özilhan	Non-Executive	Dependent Member	15.07.2015	-	Not Applicable	Not Applicable	Yes
Kamilhan Süleyman Yazıcı	Non-Executive	Dependent Member	11.04.2017	-	Not Applicable	Not Applicable	Yes
Talip Altuğ Aksoy	Non-Executive	Dependent Member	11.04.2017	-	Not Applicable	Not Applicable	Yes
Mehmet Hurşit Zorlu	Non-Executive	Dependent Member	15.07.2015	-	Not Applicable	Not Applicable	Yes
Esel Yıldız Çekin	Non-Executive	Dependent Member	29.04.2020	-	Not Applicable	Not Applicable	Yes
Rasih Engin Akçakoca	Non-Executive	Dependent Member	16.05.2019	-	Not Applicable	Not Applicable	Yes
Recep Yılmaz Argüden	Non-Executive	Dependent Member	16.05.2019	-	Not Applicable	Not Applicable	Yes
Ömer Özgür Tort	Executive	Dependent Member	28.04.2009	-	Not Applicable	Not Applicable	Yes
İzzet Karaca	Non-Executive	Independent Member	23.03.2016	https://www.kap.org.tr/tr/Bildirim/834860	Considered	No	Yes
Hüseyin Faik Açıklın	Non-Executive	Independent Member	15.05.2018	https://www.kap.org.tr/tr/Bildirim/834860	Considered	No	Yes
Şevki Acuner	Non-Executive	Independent Member	15.05.2018	https://www.kap.org.tr/tr/Bildirim/834860	Considered	No	Yes
Tom Heidman	Non-Executive	Independent Member	15.05.2018	https://www.kap.org.tr/tr/Bildirim/834860	Considered	No	Yes

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)	8
Director average attendance rate at board meetings	80%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	3 days
The name of the section on the corporate website that demonstrates information about the board charter	Investor Relations / Migros Corporate / "Migros Articles of Association" and "Corporate Governance Principles Compliance Report"

Corporate Governance Information Form

Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors

External duties of Migros Board members - excluding the independent members - are not conditional on certain rules. However, our Company complies with the provisions of the Corporate Governance Communique regarding the external commitments of independent board members. The independent Board members shall not be the independent member of the board in more than three of the corporations as such; the corporation or the controlling shareholders of the corporation who hold the control of management corporations and in more than five listed corporations. The external duties of the board members were presented in the General Assembly Meeting via General Assembly Information Document.

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented

Corporate Governance Principles Compliance Report / Part V - Board of Directors / "5.3 Number, Structure, and Independence of Committees Established within the Board of Directors"

Link(s) to the PDP announcement(s) with the board committee charters

<https://www.kap.org.tr/tr/Bildirim/826362>

Composition of Board Committees-I

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee	-	İzzet Karaca	Yes	Board member
Audit Committee	-	Şevki Acuner	No	Board member
Corporate Governance Committee	-	Hüseyin Faik Açıkalin	Yes	Board member
Corporate Governance Committee	-	Esel Yıldız Çekin	No	Board member
Corporate Governance Committee	-	Recep Yılmaz Argüden	No	Board member
Corporate Governance Committee	-	Mehmet Hurşit Zorlu	No	Board member
Corporate Governance Committee	-	Affan Nomak	No	Not board member
Committee of Early Detection of Risk	-	Tom Heidman	Yes	Board member
Committee of Early Detection of Risk	-	Talip Altuğ Aksoy	No	Board member
Committee of Early Detection of Risk	-	Hüseyin Faik Açıkalin	No	Board member

4. BOARD OF DIRECTORS-III

4.5. Board Committees-II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)

Corporate Governance Principles Compliance Report / Part V - Board of Directors / 5.3 Number, Structure, and Independence of Committees Established within the Board of Directors / "a. Audit Committee"

Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)

Corporate Governance Principles Compliance Report / Part V - Board of Directors / 5.3 Number, Structure, and Independence of Committees Established within the Board of Directors / "b. Corporate Governance Committee"

Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance Principles Compliance Report / Part V - Board of Directors / 5.3 Number, Structure, and Independence of Committees Established within the Board of Directors / "b. Corporate Governance Committee"
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance Principles Compliance Report / Part V - Board of Directors / 5.3 Number, Structure, and Independence of Committees Established within the Board of Directors / "c. Early Detection of Risk Committee"
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance Principles Compliance Report / Part V - Board of Directors / 5.3 Number, Structure, and Independence of Committees Established within the Board of Directors / "b. Corporate Governance Committee"

4.6. Financial Rights

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	"Board of Directors Report" and "Financial Review"
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Investor Relations / Migros Corporate / Remuneration Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Provided in the "Key management compensation" section of the Independent Auditors Report

Names Of The Board Committees	Name of committees defined as "Other" in the first column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number Of Reports On Its Activities Submitted To The Board
Audit Committee	-	100%	100%	4	5
Corporate Governance Committee	-	80%	20%	4	5
Committee of Early Detection of Risk	-	100%	67%	6	6

Sustainability Compliance Statement

Sustainability Principles Compliance Framework, which went into effect with its publication by the Capital Markets Board of Turkey (CMB) in 2020, sets out basic principles that are expected of statements which publicly-traded companies make concerning the conduct of their environmental, social, and corporate governance (ESG) operations. Although compliance with these principles is voluntary, companies are still required, in keeping with the CMB's "Comply or Explain" rule, either to report their compliance or else to explain why complying is not possible or in the best interests of the company.

Migros' approach to sustainability is the engine powering the realization of its goal to create value for all of its stakeholders and is therefore central to its business model as a company. Migros keeps a close watch on sustainability-related best practices, seeks to conform to such practices, and in this way strives to further improve its sustainability performance.

Migros already conforms to most of the principles and practices set out in the SPK Sustainability Principles Compliance Framework. Hence, many of the principles, which the

framework treats as non-mandatory but for which non-compliance must be explained, are complied by the Company.

In the case of some of these non-mandatory principles, compliance cannot be reported as having been achieved because some of the 2020 environmental-performance data applicable to them is still undergoing verification; in the case of some others, full compliance has not yet been achieved because the principles are not completely compatible with the realities of a developing country.

Migros's explanations concerning the Sustainability Principles Compliance Framework guidelines with which it is unable to fully comply are as follows:

- Comparative information about the company's environmental impact based on its performance indicators is reported at regular intervals. However full compliance cannot be reported at this time and only the company's prior-year verified data is presented because some 2020 environmental-performance data is still undergoing verification. When this data has been verified it will be publicly disclosed in the company's sustainability report.

- Migros sets and publicly discloses its short term and long term goals for reducing its environmental impact. It is not possible however to realistically set total emission/consumption targets in emerging markets or for growing companies. For this reason, this report presents the company's targets on a "daily per sales square meter" basis instead.

Company practices related to the Sustainability Principles Compliance Framework are presented in the "Sustainability" section of the Migros Annual Report. Detailed information about these practices is also provided in the sustainability report that may be found in the "Sustainability" section of the company's corporate website located at <https://www.migroskurumsal.com/en>.

Sustainability Principles Compliance Framework

	Compliance Status			Explanations
	Yes	No	Partially	
A. General Principles				
A1. Strategy, Policy and Targets				
The Board of Directors will determine the ESG priority issues, risks, and opportunities, and establish the relevant ESG policies accordingly. Internal guidelines, work procedures, etc. may also be developed to ensure effective implementation of these policies. The decision regarding these policies are taken and disclosed publicly by the Board of Directors.	X			<p>The Migros Sustainability Committee, whose members are appointed by the CEO, manages, carries out, follows up, and quantifies sustainability-related matters with the guidance of the Migros Board of Directors. The committee considers any and all manner of legal, physical, environmental, operational, and socioeconomic risks and opportunities that may affect the company's existence and the conduct of its business. The committee monitors and analyzes pertinent sustainability-related issues and puts new practices into effect within the company.</p> <p>The Migros Environmental Policy is reviewed annually and its most recent version is published on the company's corporate website.</p> <p>Migros' Environmental Policy: https://www.migroskurumsal.com/en/about-us/our-policies#cevre-politikasi</p>
The Company will set its strategy aligned with the ESG policies, risks and opportunities. It will set and publicly disclose short- and long-term targets conforming to the Company strategy and ESG policies.	X			<p>A wide range of stakeholder opinions, especially those of the company's core stakeholder groups, are consulted and used when determining and prioritizing the impact of the company's activities. Research is regularly carried out and surveys are conducted among suppliers, employees, customers, and students in order to determine what the core stakeholders identified in line with Migros Sustainability Committee feedback expect of Migros with respect to sustainability. A final determination is made of the company's stakeholder strategies and sustainability priorities taking into account worldwide retailing-industry trends, global reports, national regulations, and the guidance of national and international non-governmental organizations of which the company is a member. Having set short, medium, and long-term goals related to sustainability focus issues, the company takes action in a variety of ways, develops projects, and working with its stakeholders comes up with solutions.</p>

Sustainability Principles Compliance Framework

	Compliance Status			Explanations
	Yes	No	Partially	
A2. Execution/Monitoring				
The Company will determine and publicly disclose the committees/units in charge of executing the ESG policies. The responsible committee/unit will report the activities carried out as per the policies annually, and in any case, within the deadline set for the public disclosure of annual reports within the Board of Director's related guidelines.	X			All of the core functions of the company are equally represented on the Sustainability Committee, which reports its activities and developments, fulfillment of goals, and project results four times a year (once every quarter) to the CEO and to senior executives.
The Company will create and publicly disclose implementation and action plans in line with the short-and long-term targets set.	X			The Migros Better Future Plan is published on the corporate website. https://www.migroskurumsal.com/en/sustainability/migros-iyi-gelecek-plan
The Company will define and announce ESG Key Performance Indicators (KPIs) comparatively by years. In the presence of verifiable data, KPIs will be presented together with local and international sectoral comparisons.	X			The company has set reduction targets for carbon emissions, electricity consumption, water consumption, and food-loss rates. Because 2020-year measurements and verifications had not yet been completed as of the date on which this report was published, 2019 targets and results are presented instead. A sustainability report presenting 2020-year figures will be published as of July 2021. (See tables 1, 2, 3, 4, 5.)
The Company will disclose the innovation activities for improving the Company's sustainability performance in relation to business processes or products and services.	X			These matters are dealt with in annual and sustainability reports.
A3. Reporting				
The Company will report, and publicly disclose, its sustainability performance, targets and actions at least annually. It will disclose information on its sustainability activities within the annual report.	X			This information is summarized in annual reports and presented in detail in Migros's GRI standards-compliant sustainability reports. The 2019 sustainability report appears on the corporate website at this time. The 2020 report will be published in July 2021. Sustainability-related information is also included in the investor presentations which the company releases four times a year. https://www.migroskurumsal.com/en/sustainability

	Compliance Status			Explanations
	Yes	No	Partially	
Essentially, the Company will use a direct and concise language in conveying material information so that stakeholders can easily understand the Company's position, performance and development. Detailed information and data can be disclosed separately on its website, and separate reports directly fulfilling the needs of diverse stakeholders can be drawn up.	X			https://www.migroskurumsal.com/en/sustainability
The Company will exercise utmost care with respect to transparency and reliability. It will objectively explain all developments related to material issues in disclosures and reportings within the scope of balanced approach.	X			As required by BIST Sustainability Index and GRI rules, all data are disclosed showing three-year trends and all changes are explained. The company's CDP Climate Change and CDP Water program reports are publicly disclosed and all of the company's risk, opportunity, and scenario analyses are presented transparently.
The Company will specify which United Nations (UN) 2020 Sustainable Development Goals its activities are linked to.	X			<p>The company's priority issues, the operational and sustainability-related activities in which it engages under those headings, and the Sustainable Development Goals (SDG) to which they are linked are presented in Migros's sustainability reports. (See table 7.)</p> <p>https://www.migroskurumsal.com/sustainabilityfiles/pdf/migros-sustainability-report-2019.pdf</p> <p>A detailed discussion of Migros's SDG compliance is also given in the Anadolu Group's SDG compliance report published by its parent company Anadolu Endüstri Holding AŞ.</p> <p>https://www.anadolugrubu.com.tr/Upload/Docs/Insert_SDG%20Alignment%20Report_2015_2019.pdf</p> <p>https://www.anadolugrubu.com.tr/Upload/Docs/SKA_Uyumluluk_Raporu_2015_2019.pdf (in Turkish)</p>
The Company will make disclosures regarding the lawsuits filed and/or concluded against the Company for environmental, social and governance matters.	X			<p>The company was not the target of any significant penalties or sanctions on account of such issues in 2020.</p> <p>All lawsuits of this nature which are filed against the company and/or which are concluded are announced on the Public Disclosure Platform as required by law or as may otherwise be deemed to be necessary.</p>

Sustainability Principles Compliance Framework

	Compliance Status			Explanations
	Yes	No	Partially	
A4. Validation				
The Company will make public its sustainability performance measurements, if verified by independent third parties (independent sustainability assurance providers), and will endeavor to increase such verifications.	X			The company's statements concerning its carbon emissions, compliance with human rights, and supplier audits are verified independently of the company.
B. Environmental Principles				
The Company will disclose its policies and implementations, action plans in relation to environmental management, and environmental management systems (known as ISO 14001 standard) and programs.	X			The company has been awarded ISO 14001 certification. Priority issues and action plans are disclosed in the Migros Better Future Plan. (See table 1 for MBFP primary goals.)
The Company will achieve compliance with laws and other applicable regulations on the environment, and will disclose the same.	X			The company complies with all environmental laws and regulations and states this clearly in its Environmental Policy. https://www.migroskurumsal.com/en/about-us/our-policies#cevre-politikasi
The Company will specify the scope of the environmental report, reporting period, date of report, data collection process and restrictions regarding reporting conditions to be covered in the report that will be prepared in accordance with the Sustainability Principles.	X			The scope of Migros' environmental report is the company's operations in its home market (Turkey). The report covers the period beginning on 1 January 2019 and ending on 31 December 2019. 2020 data will be presented in a sustainability report that is to be published as of July 2021.
The Company will disclose the highest-ranked individual in charge of environment and climate change at the Company, along with related committees and their respective roles.	X			The Migros Sustainability Committee, whose members are appointed by the CEO, manages, carries out, follows up, and quantifies sustainability-related matters with the guidance of the Migros Board of Directors.
The Company will disclose the incentives made available for the management of environmental matters, including achievement of targets.	X			Sustainability-related developments and results are reported four times a year (once every quarter) to the CEO and to senior executives. Of the annual targets that are set for each of the company's core functions, at least one must be concerned with at least one sustainability issue, the degree of whose target-fulfillment has a direct impact on yearly performance bonuses.

	Compliance Status			Explanations
	Yes	No	Partially	
The Company will explain integration of environmental matters in business targets and strategies.	X			Migros addresses sustainability-related environmental, social, and economic-priority issues, focus issues, and roadmap issues under twelve separate headings in its "Migros Better Future Plan". The company monitors and controls any environmental impact resulting from its operations and it engages in an ongoing effort aimed at minimizing such impact. The company's environmental management strategies, primary focus issues, and management processes are presented in detail in the Migros Environmental Policy.
The Company will disclose sustainability performances associated with work processes or products and services, along with improvement steps therefor.	X			In addition to its primary environmental goals, the company engages in other environmental-sustainability efforts such as making the packaging of its private-label goods more eco-friendly. The company's efforts to support sustainable production, to increase its range of healthy food products, and to present product information transparently are also highlighted visually in the infocharts in the annual report.
The Company will explain how environmental issues are managed not just with respect to its direct operations but throughout the Company's value chain, and how it integrates its suppliers and customers in its strategies.	X			All contracts which Migros enters into with suppliers in the conduct of its home market operations stipulate rules pertaining to the prevention of bribery and corruption, to human rights and labor standards, to occupational health and safety, and to environmental protection. The company conducts annual ethical, social and environmental audits of its suppliers according to SEDEX criteria.
The Company will disclose whether it is involved in policy-making processes in universal issues (sectoral, regional, national and international), environmental associations that it is a member of, its collaborations with related organizations and NGOs, and the tasks it undertakes, if any, and the activities it supports, if any.	X			At the international level, the company is an active member of the Consumer Goods Forum (CGF) and of One Planet Business for Biodiversity (OP2B). At the national (home market) level and as required by governmental and municipal authorities, it is a member of Food Retailers Association (GPD), the Turkish Federation of Shopping Centers And Retailers (TAMPF), the International Investors Association (YASED), the Turkish Industry and Business Association (TÜSIAD), and the Union of Chambers & Commodity Exchanges of Turkey Retailing Council (TOBB), through which organizations it makes its views and opinions known.

Sustainability Principles Compliance Framework

	Compliance Status			Explanations
	Yes	No	Partially	
The Company will periodically report information about its environmental impacts comparatively in the light of environmental indicators (GHG emissions (Scope-1 (Direct), Scope-2 (Indirect from purchased energy), Scope-3 (Other indirect)), air quality, energy management, water and wastewater management, waste management and biodiversity implications).			X	Information about all these matters is regularly reported. (See tables 2, 4, 5.) As the company is not a manufacturer/producer, it makes no statements concerning its impact on air quality.
The Company will disclose the standards, protocols, methodology employed for collecting and calculating data, along with the details of the base year.	X			Carbon emissions are calculated and verified in accordance with the ISO 14064-3 standard and the GHG protocol. Food-loss rates are calculated as per the Food Recovery Hierarchy and the Food Loss & Waste Protocol. WRI Aqueduct tools are used to quantify water risks in the company's operational facilities.
The Company will disclose the status of environmental indicators for the reporting year in comparison to previous years (increase or decrease).	X			Year-on developments in environmental sustainability performance are presented for at least the most recent three years. The current status of environmental indicators is reported and compared with annual, medium, and long-term targets. (See tables 2, 4, 5.)
The Company will set, and disclose, its short- and long-term targets for mitigating its environmental impacts. These targets are recommended to be Science Based as suggested by the UN Climate Change Conference of the Parties. The Company will also provide information about the progress achieved, if applicable, in the reporting period with respect to the targets it has set previously.			X	It is not possible to realistically set total emission/consumption targets in emerging markets or for growing companies. For this reason, we present the company's targets on a "sales area m ² /day" basis instead.
The Company will disclose its strategy and actions to combat the climate crisis.	X			The company's goals and efforts in this area are presented in detail in its GRI standards-compliant sustainability reports and in its publicly-disclosed CDP Climate Change reports. The company has qualified as a CDP Turkey Climate Leader three times. https://www.migroskurumsal.com/sustainabilityfiles/pdf/migros-sustainability-report-2019.pdf

	Compliance Status			Explanations
	Yes	No	Partially	
The Company will explain its programs or procedures for preventing or minimizing the potential negative impacts of the products and/or services it offers; it will also explain its actions for driving reduction of GHG emission quantities of third parties.	X			Life-cycle assessments and carbon-footprint measurements are carried out on a range of private label products that make up 50% of its turnover from private-label goods. Efforts to make the packaging materials used for private-label products and by the company-owned MiGET meat-processing plant more sustainable are presented in detail. Ammonia, a natural refrigerant, is used instead of hydrofluorocarbons in MiGET's refrigeration systems. Efforts are made to improve the efficiency of distribution and logistics operations in order to reduce their GHG emissions. (See table 3.) https://www.migroskurumsal.com/sustainabilityfiles/pdf/migros-sustainability-report-2019.pdf
The Company will disclose the total number of actions taken, projects carried out and initiatives undertaken to mitigate its environmental impacts, along with the benefits/savings and cost savings derived on the same.	X			Project numbers are given in SDG tables. (See table 7.) All actions and performance results are presented in detail under the heading "A Livable World" in GRI standards-compliant sustainability reports. The monetary savings generated by environment-related activities are presented in detail in CDP Climate Change and CDP Water reports.
The Company will report its total energy consumption data (excluding raw materials) and discloses its energy consumption in terms of Scope-1 and Scope-2.	X			Details are presented in table 2.
The Company will provide information about the electricity, heat, steam and cooling generated and consumed during the reporting period.	X			The company does not consume or generate any heat, cooling, or steam for use as a secondary energy source. The company's consumption of electricity and other energy resources during 2019 is presented in table 4.
The Company will work towards increasing the use of renewable energy and transition to zero- or low-carbon electricity, and will explain these efforts.	X			Feasibility studies concerning renewable energy are currently being carried out. In 2019 the company offset about 19 thousand verified carbon units through its involvement in a hydroelectric power plant project.

Sustainability Principles Compliance Framework

	Compliance Status			Explanations
	Yes	No	Partially	
The Company will disclose data on its renewable energy generation and consumption.	X			Feasibility studies concerning renewable energy are currently being carried out. In 2019 the company offset about 19 thousand verified carbon units through its involvement in a hydroelectric power plant project.
The Company will develop energy-efficiency projects, and disclose the quantity reduced in energy consumption and emissions enabled by these efforts.	X			All actions and performance results are presented in detail under the heading "Combating Climate Change & Our Energy Management" in GRI standards-compliant sustainability reports. https://www.migroskurumsal.com/sustainabilityfiles/pdf/migros-sustainability-report-2019.pdf The monetary savings generated by environment-related activities are presented in detail in CDP Climate Change and CDP Water reports.
The Company will report on the quantity of underground or overground water withdrawn, consumed, recycled and discharged, the resources, and procedures (total water withdrawal on the basis of resources, water resources affected by water withdrawal, and percentage and total volume of recycled and reused water etc.).	X			All actions and performance results are presented in detail under the heading "Our Sustainable Water Management" in GRI standards-compliant sustainability reports. (See table 1.) https://www.migroskurumsal.com/sustainabilityfiles/pdf/migros-sustainability-report-2019.pdf
The Company will disclose whether its operations or activities are included in any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax).	X			No operations or activities are included in any carbon pricing system. However some company-internal price-assessment is based on pricings determined within the framework of the Ministry of Environment and Urbanization's Partnership For Readiness (PMR) program which is a roadmap for the consideration of establishment a Greenhouse Gas Emissions Trading System in Turkey.
The Company will disclose the carbon credits saved or purchased during the reporting period.	X			The company has neither saved nor purchased any carbon credits.
The Company will disclose the details if carbon pricing is applied at the Company.	X			Some company-internal price-assessment is based on pricings determined within the framework of the Ministry of Environment and Urbanization's Partnership For Readiness (PMR) program.

	Compliance Status			Explanations
	Yes	No	Partially	
The Company will specify all compulsory and voluntary platforms that it reports its environmental information to.	X			The company publicly discloses such information in its annual and sustainability reports, to the CDP Climate Change and CDP Water programs, and in the context of its sustainability-related activities on its corporate website.
C. Social Principles				
C1. Human Rights and Workers' Rights				
The Company will develop a Company Human Rights and Employee Rights Policy, which pledges full compliance with the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey, and regulatory framework and legislation governing human rights and work life in Turkey. It will also make public the said policy, and the roles and responsibilities for its implementation.	X			The company has developed and publicly disclosed a Human Rights & Equality of Opportunity Policy and a Human Resources Policy, both of whose implementation is overseen by the office of the CHRO. Compliance with these policies is regularly monitored by the Internal Audit Department and reported to senior management. https://www.migroskurumsal.com/en/about-us/our-policies#insan-haklari-ve-firsat-esitligi-politikasi https://www.migroskurumsal.com/en/about-us/our-policies#insan-kaynaklari-politikasi
The Company will secure equal opportunities in recruitment processes. In its policies, it will incorporate equitable workforce, improving working standards, women's employment and inclusion (not discriminating on the basis of women, men, faith, language, ethnicity, age, disabilities, refugees, etc.), while looking out for the implications for the supply and value chain at the same time.	X			All these issues are dealt with in detail in the company's Human Rights & Equality of Opportunity Policy and in its Human Resources Policy. The company has any statements that it makes concerning human rights compliance independently verified.
The Company will explain the measures taken throughout the value chain for protecting the rights of groups susceptible to certain economic, environmental, social factors (e.g. low-income groups, women, etc.) or for securing minority rights/equal opportunities.	X			The company's activities concerning gender equality and equality of opportunity are presented in detail in sustainability reports. https://www.migroskurumsal.com/sustainabilityfiles/pdf/migros-sustainability-report-2019.pdf

Sustainability Principles Compliance Framework

	Compliance Status			Explanations
	Yes	No	Partially	
The Company will report on progress in relation to actions for preventing and remedying discrimination, inequalities, human rights violations and forced labor. It will explain the actions to prevent child labor.	X			<p>The company absolutely prohibits any forced or child labor and any discrimination in the conduct of any of its operations; it also has any statements that it makes concerning such matters independently verified. No instances of noncompliance on such matters were cited in the company's most recent verified sustainability report (2019), which concludes with an Independent Assurance Statement.</p> <p>https://www.migroskurumsal.com/sustainabilityfiles/pdf/migros-sustainability-report-2019.pdf</p>
The Company will disclose its policies regarding investments made in employees (training, development policies), employee compensation, fringe benefits granted, the right to unionize, work-life balance solutions and talent management. It will establish the mechanisms for resolution of employee complaints and labor disputes, and determine conflict resolution processes. The Company will regularly disclose the activities for ensuring employee satisfaction.	X			<p>In addition to its Human Rights & Equality of Opportunity and its Human Resources policies, the company has also published a Severance Policy.</p> <p>https://www.migroskurumsal.com/en/about-us/our-policies#tazminat-politikasi</p> <p>Matters pertaining to the company's investments in its employees' development are presented in detail under the heading "Employee Empowerment" in GRI standards-compliant sustainability reports; they are also highlighted visually in the infocharts in the annual report.</p> <p>https://www.migroskurumsal.com/sustainabilityfiles/pdf/migros-sustainability-report-2019.pdf</p> <p>An "Ethics Violation Complaint Tracking System" has been set up to ensure that all violations of the company's corporate policies that may be received via the call center, by email, through mobile apps, or in other ways are collected and assessed at a single location and that all action related to these complaints is systematically tracked.</p>
The Company will establish and publicly disclose occupational health and safety policies. It will disclose the measures adopted for protection against workplace accidents and for protecting occupational health, along with statistical data on accidents.	X			<p>The company has published an Occupational Health and Safety Policy. 2020 work-related accident statistics are presented in table 6.</p> <p>https://www.migroskurumsal.com/en/about-us/our-policies#is-sagligi-ve-guvenligi</p>

	Compliance Status			Explanations
	Yes	No	Partially	
The Company will establish and publicly disclose personal data protection and data security policies.	X			<p>The company has published both a Privacy & Data Security Policy and an Information Security Policy covering all issues pertaining to the collection, processing, retention, destruction, protection, and confidentiality of all information and personal data.</p> <p>https://www.migroskurumsal.com/en/about-us/our-policies#gizlilik-ve-veri-guvenligi</p> <p>https://www.migroskurumsal.com/en/about-us/our-policies#bilgi-guvenlik-politikasi</p>
The Company will establish and publicly disclose a code of ethics (including business, work conduct, compliance processes, advertising and marketing ethics, clear disclosure efforts etc.).	X			<p>The company has published both a Migros Code of Ethics and an Anti-Bribery and Anti-Corruption Policy.</p> <p>https://www.migroskurumsal.com/en/about-us/our-policies#migros-etik-kurallari</p> <p>https://www.migroskurumsal.com/en/about-us/our-policies#rusvet-ve-yolsuzlukla-mucadele-politikasi</p>
The Company will disclose its activities and initiatives in relation to community investments, social responsibility, financial inclusion and access to finance.	X			<p>Information about the company's social responsibility projects is presented both in sustainability reports and on the corporate website. The company's activities in this area during 2020 are highlighted visually in the infocharts in the annual report.</p> <p>https://www.migroskurumsal.com/en/sustainability</p>
The Company will organize information meetings and training programs for employees about ESG policies and implementations.	X			<p>Company-policy and implementation-related training is provided both online and during information meetings at regular intervals. Details are highlighted visually in the infocharts in the annual report.</p>
C2. Stakeholders, International Standards and Initiatives				
The Company will carry out its activities in relation to sustainability taking into consideration the needs and priorities of all its stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society and NGOs, etc.).	X			<p>As required by GRI standards, sustainability reports are structured so as to focus on primary-concern issues which have been identified by consulting and analyzing stakeholders' priorities. Details may be found in the "Sustainability" section of the company's corporate website.</p> <p>https://www.migroskurumsal.com/en/sustainability</p>
The Company will develop and publicly disclose a customer satisfaction policy regarding customer complaints handling and resolution.	X			<p>Information about the company's approach and activities concerning these matters is provided in annual reports under the heading "Customers Services / Service Channels".</p>

Sustainability Principles Compliance Framework

	Compliance Status			Explanations
	Yes	No	Partially	
The Company will maintain continuous and transparent communication with stakeholders; it will disclose with which stakeholders it communicates for what purpose, about which topic and how often, as well as the progress achieved in sustainability-related activities.	X			As required by GRI standards, information about which stakeholders the company communicates with, through what channels, and with what frequency is presented under the heading "Stakeholder Engagement" in sustainability reports. The company's activities in this area during 2020 are highlighted visually in the infocharts in the annual report. https://www.migroskurumsal.com/sustainabilityfiles/pdf/migros-sustainability-report-2019.pdf
The Company will publicly disclose the international reporting standards it has embraced (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD) etc.).	X			The company prepares and publishes GRI standards-compliant sustainability reports; it also reports its performance to the CDP Climate Change and CDP Water programs.
The Company will publicly disclose the institutions or principles that it is a member or signatory of (Equator Principles, UN Environment Programme Finance Initiative (UNEP-FI), UN Global Compact (UNGC), UN Principles for Responsible Investment (UNPRI) etc.), and the international principles it embraces (such as International Capital Markets Association (ICMA) Green/Sustainability Bonds Principles).	X			Migros reports its operations in compliance with Sustainable Development Goals, GRI standards, and BIST Sustainability Index requirements and also in fulfillment of its commitments as a member of the Consumer Goods Forum, the OP2B coalition, and the LEAD Network.
The Company will spend concrete efforts to qualify for inclusion in Borsa İstanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices etc.).	X			The company is the only food retailer whose shares have been included in the Borsa İstanbul's BIST Sustainability Index for seven years in a row. Its shares have also been included in the FTSE4Good Emerging Index three times.
D. Governance Principles				
The Company will spend maximum efforts to achieve compliance with all Corporate Governance Principles, in addition to compulsory ones under the Capital Markets Board of Turkey (CMB) Corporate Governance Communiqué No. II-17.1.	X			These issues are dealt with as required by the Corporate Governance Committee, which reports to the Board of Directors.

	Compliance Status			Explanations
	Yes	No	Partially	
The Company will take into consideration the sustainability issue, environmental impacts of its operations and associated principles when setting its corporate governance strategy.	X			The Board of Directors is responsible for determining the company's strategic approaches when dealing with each of the sustainability issues appearing in prioritization matrixes. The CEO is responsible for implementing these strategies and fulfills that responsibility together with the senior management team. In addition, the Sustainability Committee, appointed by the CEO acting on behalf of the Board of Directors, manages, carries out, follows up, and quantifies sustainability-related matters. When determining corporate governance strategies, the company takes the environmental impact of its operations and associated principles into consideration.
The Company will take the necessary actions for achieving compliance with the principles related to stakeholders as stipulated in the Corporate Governance Principles and for strengthening communication with stakeholders. It will seek stakeholders' opinions for determining the sustainability-related measures and strategies.	X			The Corporate Governance Committee, which reports to the Board of Directors, organizes and takes such measures as are needed to deal with these matters. When preparing prioritization matrixes, workshops, surveys, and research is carried out to identify the expectations of suppliers, customers, and employees.
The Company will work on the sustainability issue through social responsibility projects, awareness activities and training, and on heightening awareness of the importance of this issue.	X			Information about the company's social responsibility projects is presented both in sustainability reports and on the corporate website. The company's activities in this area during 2020 are highlighted visually in the infocharts in the annual report. https://www.migroskurumsal.com/en/sustainability
The Company will spend efforts to become a member of sustainability-related international standards and initiatives and to contribute to related studies and efforts.	X			The conduct of the company's operations is informed by its memberships in the Consumer Goods Forum, the OP2B coalition, and the LEAD Network. The company reports those operations in compliance with Sustainable Development Goals, GRI standards, BIST Sustainability Index, and CDP Climate Change and Water program requirements.
The Company will disclose its anti-bribery and anti-corruption policy and programs, as well as those on the tax integrity principle.	X			The company has published an Anti-Bribery and Anti-Corruption Policy. Detailed public disclosures are made of information about policy-related training, complaints, and/or violations. Such matters are also highlighted visually in annual reports. https://www.migroskurumsal.com/en/about-us/our-policies#rusvet-ve-yolsuzlukla-mucadele-politikasi

Sustainability Principles Compliance Framework

Table 1: Our Sustainability Commitments for a Livable World

Reduce Food Waste

- By the year 2030, reduce the ratio of our food waste tonnage to our food sales tonnage by 50% as compared with 2018.
- A 17% reduction was achieved in 2019



Combating Climate Change

- By the year 2024, reduce our daily electricity consumption on our sales area m2 by 18.5% as compared with 2013.
- By the year 2024, reduce our daily greenhouse gas emissions on our sales area m2 by 7% as compared with 2019.



Sustainable Water Management

- By the year 2024, reduce our daily water consumption on our sales area m2 by 3.5% as compared with 2019.



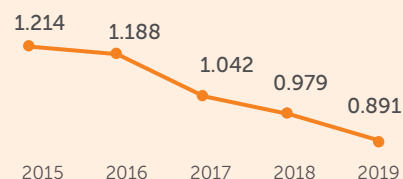
Supporting Sustainable Agriculture and Biodiversity

- Preserve biodiversity in cultivated areas
- Support crops grown from local/ heritage variety seeds

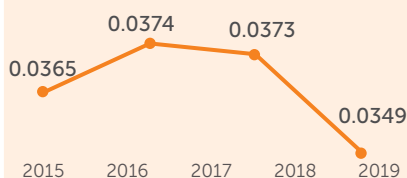


Table 2: Corporate Greenhouse Gas Emissions of our Turkey Operations by Years

Source	2017	2018	2019
Scope 1 (mtCO ₂ e)	223,339	225,129	265,117
Scope 2 (mtCO ₂ e)	195,841	228,067	243,558
Scope 3 (mtCO ₂ e)	76,814	84,984	103,923
Total (mtCO ₂ e)	495,994	538,180	612,597

Daily CO₂ Emissions per m² of Sales Area * (kgCO₂e)

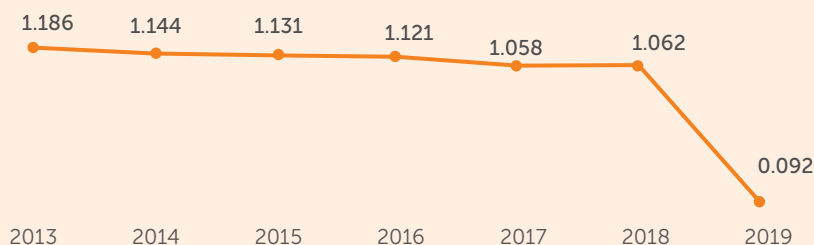
* Exceeding the 2023 target, a reduction of 26.6% was achieved between 2015-2019. An additional 7% reduction was targeted until 2024.

Table 3: CO₂ Emissions per Unit Transported in Distribution Center Shipments * (kgCO₂e)

* A 6% reduction was achieved between 2018-2019

Table 4: Energy Consumption by Source (MWh)

Source	2016	2017	2018	2019
Electricity	417,362	421,617	490,994	565,249
Natural gas	8,159	6,104	7,182	7,956
Diesel	13,999	14,629	15,459	15,025
Gasoline	21	55	43,6	788
Total	439,541	442,405	513,679	589,018

Daily Electricity Consumption per m² of Sales Area (kWh)

* There is an 18.5% reduction target between 2013-2024. 16.3% reduction was achieved in 2019.

Sustainability Principles Compliance Framework

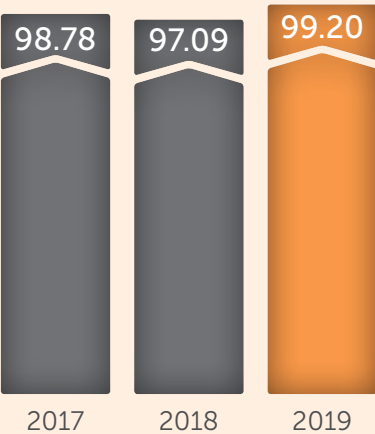
Table 5: Water Discharge Rates

Daily Water Consumption per m² of Sales Area * (m³)

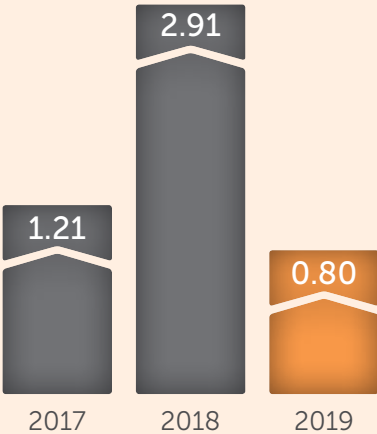


* The reasons for the increase in 2019 were the inefficient water installations in the transformation process of the stores taken over to Migros and the increase in data quality with the renewed water consumption tracking system.

Discharged to Sewers (%)

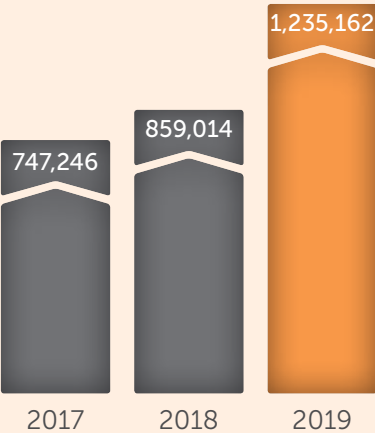


Discharged to Water Bodies (Other) (%)



Water Consumption by Source

Mains Water (m³)



Well Water (m³)

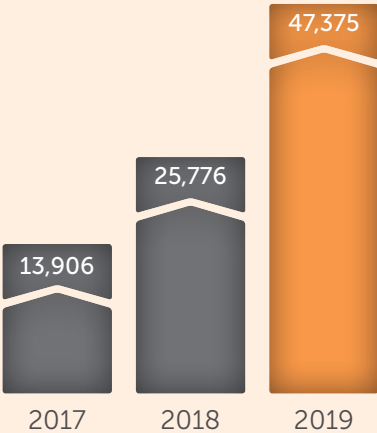


Table 6: OHS Performance

Work accidents	2017	2018	2019	2020
Work accident severity rate (lost days)	27.9	19.7	19.4	19.09
Work accident severity rate (lost hours)	0.022	0.015	0.015	0.015
Work accidents by 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	
Others	27	29	30	
Fatal accident rate	0	0	0	

Table 7: Sustainable Development Goals Map and Our Projects Related to Them

Sustainable Development Goals										Our Material Issues									
<div><div><div>1</div><div>NO POVERTY</div></div><div><div>2</div><div>ZERO HUNGER</div></div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div><div><div>9</div><div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div><div><div>10</div><div>REDUCED INEQUALITIES</div></div><div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div></div>										<ul style="list-style-type: none">• Creating Sustainable Economic Value• Digital Innovation and Accessibility• Sustainable Growth with Our Suppliers									
<div><div><div>4</div><div>QUALITY EDUCATION</div></div><div><div>5</div><div>GENDER EQUALITY</div></div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div><div><div>10</div><div>REDUCED INEQUALITIES</div></div><div><div>16</div><div>PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div><div><div>17</div><div>PARTNERSHIPS FOR THE GOALS</div></div></div>										<ul style="list-style-type: none">• Empowering our Employees• Gender Equality and Equal Opportunities• Accessibility Practices									
<div><div><div>2</div><div>ZERO HUNGER</div></div><div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div></div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div><div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div><div><div>17</div><div>PARTNERSHIPS FOR THE GOALS</div></div></div>										<ul style="list-style-type: none">• Products and Services Supporting Healthy Living• Quality, Freshness & Hygiene• Occupational Health & Safety									
<div><div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div></div><div><div>4</div><div>QUALITY EDUCATION</div></div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div><div><div>9</div><div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div><div><div>10</div><div>REDUCED INEQUALITIES</div></div><div><div>11</div><div>SUSTAINABLE CITIES AND COMMUNITIES</div></div><div><div>16</div><div>PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div><div><div>17</div><div>PARTNERSHIPS FOR THE GOALS</div></div></div>										<ul style="list-style-type: none">• Social Development & Good Living Awareness									
<div><div><div>7</div><div>AFORDABLE AND CLEAN ENERGY</div></div><div><div>9</div><div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div><div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div><div><div>13</div><div>CLIMATE ACTION</div></div><div><div>14</div><div>LIFE BELOW WATER</div></div><div><div>15</div><div>LIFE ON LAND</div></div><div><div>17</div><div>PARTNERSHIPS FOR THE GOALS</div></div></div>										<ul style="list-style-type: none">• Combating Climate Change & Energy Management									
<div><div><div>1</div><div>NO POVERTY</div></div><div><div>2</div><div>ZERO HUNGER</div></div><div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div></div><div><div>6</div><div>CLEAN WATER AND SANITATION</div></div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div><div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div><div><div>13</div><div>CLIMATE ACTION</div></div><div><div>15</div><div>LIFE ON LAND</div></div><div><div>16</div><div>PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div><div><div>17</div><div>PARTNERSHIPS FOR THE GOALS</div></div></div>										<ul style="list-style-type: none">• Contributing to Sustainable Agriculture and Biodiversity• Providing Transparent Product Information									
<div><div><div>2</div><div>ZERO HUNGER</div></div><div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div></div><div><div>4</div><div>QUALITY EDUCATION</div></div><div><div>7</div><div>AFORDABLE AND CLEAN ENERGY</div></div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div><div><div>11</div><div>SUSTAINABLE CITIES AND COMMUNITIES</div></div><div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div><div><div>13</div><div>CLIMATE ACTION</div></div><div><div>14</div><div>LIFE BELOW WATER</div></div><div><div>15</div><div>LIFE ON LAND</div></div><div><div>17</div><div>PARTNERSHIPS FOR THE GOALS</div></div></div>										<ul style="list-style-type: none">• Preventing Food Waste• Collecting & Recycling Waste• Reducing Plastic Waste									
<div><div><div>4</div><div>QUALITY EDUCATION</div></div><div><div>6</div><div>CLEAN WATER AND SANITATION</div></div><div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div><div><div>15</div><div>LIFE ON LAND</div></div><div><div>17</div><div>PARTNERSHIPS FOR THE GOALS</div></div></div>										<ul style="list-style-type: none">• Sustainable Water Management									
Humanitarian Goals					Welfare Goals					Planetary Goals					Peace & Partnership Goals				
SDG 1	SDG 2	SDG 3	SDG 4	SDG 5	SDG 6	SDG 7	SDG 8	SDG 9	SDG 10	SDG 11	SDG 12	SDG 13	SDG 14	SDG 15	SDG 16	SDG 17			
8	7	19	22	8	7	6	39	12	20	12	48	13	10	13	4	39			

Independent Auditor's Report on the Management's Annual Report

(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT
ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

General Assembly of Migros T.A.Ş.

1) Opinion

As we have audited the full set consolidated financial statements of Migros T.A.Ş. ("the Company") and its subsidiaries ("the Group") for the period between 1 January 2020–31 December 2020, we have also audited the annual report for the same period.

In our opinion, the consolidated financial information provided in the Management's annual report and the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit.

2) Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is disclosed under Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report in detail. We declare that we are independent from the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") issued by POA and ethical provisions stated in the regulation of audit. We have fulfilled other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion..

3) Auditor's Opinion for the Full Set Consolidated Financial Statements

We have presented unqualified opinion for the Group's full set consolidated financial statements for the period between 1 January 2020–31 December 2020 in our Auditor's Report dated 1 March 2021

4) Management's Responsibility for the Annual Report

The Group's Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and "Communiqué on Principles of Financial Reporting in Capital Markets" with No.14.1 of the Capital Markets Board ("the Communiqué"):

- a) Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,
- b) Preparing the annual report with the all respects of the Group's flow of operations for that year and the Group's consolidated financial performance accurately, completely, directly and fairly. In this report, the consolidated financial position is assessed in accordance with the consolidated financial statements. The Group's development and risks that the Group may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.
- c) The annual report also includes the matters stated below:
 - The significant events occurred in the Group's activities subsequent to the financial year ends,
 - The Group's research and development activities,

- The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Ministry of Trade and related institutions while preparing the annual report.

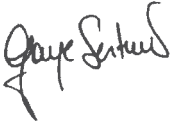
5) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report

Our aim is to express an opinion and prepare a report about whether the Management's discussions and consolidated financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit

The engagement partner on the audit resulting in this independent auditor's report is Zere Gaye Şentürk.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED



Zere Gaye Şentürk
Partner

Istanbul, 11 March 2021

Migros Ticaret A.Ş. and its Subsidiaries

Convenience Translation into English of Consolidated Financial Statements 1 January - 31 December 2020

(Originally Issued in Turkish)

Independent Auditor's Report

(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Migros T.A.Ş.

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Migros T.A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Independent Auditors* ("Code of Ethics") published by the POA, together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

3) Key Audit Matters

Key Audit Matter	How the matter was addressed in the audit
<p><i>TFRS 16, application of Leases standard and evaluation of the significant judgments and estimations</i></p> <p>Right of use assets amounting to TL 2.789.744 thousand and lease liabilities amounting to 2.934.531 thousand TL were recognized in the consolidated financial statements as of 31 December 2020.</p> <p>The amounts recognized as a result of the application of TFRS 16 are significant in terms of consolidated financial statements and the issue of determining the accounting policies depends on the Group management's choices. In addition, the calculation of the right-of-use assets and related lease liabilities includes important estimates and assumptions of the management. The most important of these assumptions are the evaluation of the options for extending the lease terms, early termination, and interest rate.</p> <p>Considering the aforementioned reasons, the effects of the application of TFRS 16 on the consolidated financial statements and the notes related to the consolidated financial statements have been identified as an important issue for our audit.</p> <p>Please refer to notes 2.2, and 14 to the consolidated financial statements for the relevant disclosures, including the accounting policy and related amounts.</p>	<p>We performed the following procedures in relation to TFRS 16 and evaluation of the significant estimates and assumptions:</p> <ul style="list-style-type: none"> • Understanding and evaluating the important processes affecting financial reporting regarding the TFRS 16 Standard, • Testing the reports received from the system for the completeness of the contract lists, • Recalculation of the right of use assets and lease liabilities, which are accounted for in the consolidated financial statements by taking into account the lease contracts within the scope of TFRS 16, • Audit of the appropriateness of the rent increase rate, interest rates etc. used in these calculations, • To check the appropriateness of the evaluation of the matters related to the duration of the lease contracts and the extension options used in these calculations by selecting the sample contracts subject to the calculation of the right-of-use assets and the lease liabilities, • Through involvement of our internal TFRS 16 specialists, assessing the reasonableness of interest rates, extension options • Testing of the disclosures in the consolidated financial statements in relation to TFRS 16 and evaluating the adequacy of these disclosures for TFRS 16 requirements.

3) Key Audit Matters

Key Audit Matter	How the matter was addressed in the audit
<p>Impairment test of goodwill</p> <p>As of 31 December 2020, goodwill amounting to TL 2.252.992 thousand is included in the consolidated financial statements. In accordance with TFRS, this goodwill should be tested for impairment annually.</p> <p>Goodwill is a material amount in terms the consolidated financial statements and significant judgments and estimates are used in the impairment test performed by the management. The assumptions used in the impairment test are, growth forecasts for earnings before interest, tax, depreciation and amortization ("EBITDA"), long term growth rates and discount rates used to discount the cash flows. The outcome of such estimates is very sensitive to changes in market conditions. The impairment test is determined as key audit matter for our audit due to the fact that the amount is material and includes significant judgments and estimations.</p> <p>Please refer to Notes 2 and 12 to the consolidated financial statements for the relevant disclosures, including the accounting policy and sensitivity analysis.</p>	<p>We performed the following procedures in relation to the impairment test goodwill:</p> <ul style="list-style-type: none"> • Evaluating the appropriateness of the Cash Generating Units ("CGUs") determined by the management, • Determining whether the cash flow estimates prepared for each cash-generating unit are reasonable by comparing them with past financial performance, • Through involvement of our internal valuation specialists, assessing the reasonableness of key assumptions, including long term growth rates, discount rates, benchmarking these against rates used in the retail sector and sensitivity analysis, • Testing of the setup of the discounted cash flow models and their mathematical accuracy, • Evaluating management forecasts and future plans based on macroeconomic information by discussion with the Group management, • Testing of the disclosures in the consolidated financial statements in relation to goodwill, and evaluating the adequacy of these disclosures for TFRS requirements.

Independent Auditor's Report

4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the standards on auditing issued by Capital Markets Board and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the standards on auditing issued by Capital Markets Board and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report

B) Report on Other Legal and Regulatory Requirements

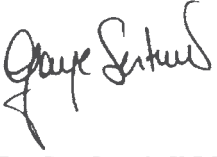
In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 1 March 2021.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period 1 January-31 December 2020 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Zere Gaye Şentürk.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Zere Gaye Şentürk, SMMM
Partner

İstanbul, 1 March 2021

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Consolidated Statement of Financial Position

As at 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Currencies other than TL are expressed in thousands unless otherwise indicated.)

(Convenience translation into english of consolidated financial statements originally issued in Turkish)

	Notes	Audited 31 December 2020	Restated (*) Audited 31 December 2019
ASSETS			
Current Assets:			
Cash and cash equivalents	4	3,230,793	2,328,309
Financial investments	5	5,879	19,714
Trade receivables	6	174,525	126,354
- Trade receivables from related parties	26	154	749
- Trade receivables from third parties		174,371	125,605
Other receivables	7	27,854	35,709
- Other receivables from third parties		27,854	35,709
Derivative instruments		5,174	-
Inventories	8	3,339,580	2,666,449
Prepaid expenses	9	114,183	79,490
Current income tax assets	24	-	11,755
Other current assets		10,318	5,899
Sub total		6,908,306	5,273,679
Assets held for sale	13	422,615	-
Total current assets		7,330,921	5,273,679
Non-current assets:			
Financial investments	5	10,815	4,415
Other receivables	7	4,913	5,265
- Other receivables from third parties		4,913	5,265
Derivative instruments		8,249	-
Property, plant and equipment	10	2,772,744	3,736,238
Intangible assets		2,439,671	2,445,825
- Goodwill	12	2,252,992	2,252,992
- Other intangible assets	11	186,679	192,833
Prepaid expenses	9	21,002	33,082
Right-of-use assets	14	2,789,744	2,318,544
Total non-current assets		8,047,138	8,543,369
Total assets		15,378,059	13,817,048

(*) See Note 2.3.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Currencies other than TL are expressed in thousands unless otherwise indicated.)

(Convenience translation into English of consolidated financial statements originally issued in Turkish)

	Notes	Audited 31 December 2020	Restated ⁽¹⁾ Audited 31 December 2019
LIABILITIES			
Current liabilities:			
Short term borrowings		1,144,343	281,603
- Bank loans	15	1,144,343	281,603
Short term portion of long term borrowings		1,011,299	1,155,501
- Bank loans	15	413,522	681,251
- Lease liabilities	14	597,777	474,250
Trade payables	6	7,339,394	5,743,794
- Trade payables to related parties	26	280,013	255,588
- Trade payables to third parties		7,059,381	5,488,206
Employee benefits payables	17	239,125	148,609
Other payables	7	178,714	133,660
- Other payables to third parties		178,714	133,660
Derivative Instruments		4,760	1,803
Deferred income	9	142,332	94,984
Taxes on income	24	8,208	-
Short term provisions		257,013	224,605
- Short term provisions for employee benefits	17	158,126	139,366
- Other short term provisions	16	98,887	85,239
Other current liabilities		1,389	3,681
Sub total		10,326,577	7,788,240
Liabilities regarding assets classified for sale	13	76,374	-
Total current liabilities		10,402,951	7,788,240
Non-current liabilities:			
Long term borrowings		4,616,639	5,400,315
- Bank loans	15	2,279,885	3,440,185
- Lease liabilities	14	2,336,754	1,960,130
Other payables	7	29,232	13,026
- Other payables to third parties		29,232	13,026
Deferred income	9	25,081	3,196
Derivative Instruments		-	26,314
Long term provisions		257,690	204,503
- Long term provisions for employee benefits	17	257,690	204,503
Deferred tax liabilities	24	13,005	27,286
Total non-current liabilities		4,941,647	5,674,640
Total liabilities		15,344,598	13,462,880
EQUITY			
Attributable to equity holders of parent			
Share capital	25	181,054	181,054
Other capital reserves		(365)	(365)
Treasury shares	25	(125,435)	(125,435)
Additional contribution to share capital		22,074	22,074
Other accumulated comprehensive income/(loss) that will not be reclassified in profit or loss		406,218	637,922
- Defined benefit plans re-measurement losses		(3,042)	(14,215)
- Revaluation fund of property, plant and equipment		409,260	652,137
Other accumulated comprehensive income/(loss) that will be reclassified in profit or loss		256,000	176,102
- Currency translation differences		256,000	176,102
Restricted reserves		111,249	23,771
Accumulated losses		(416,750)	(101,808)
Net loss for the period		(402,984)	(460,812)
Non-controlling interest		2,400	1,665
Total equity		33,461	354,168
Total liabilities and equity		15,378,059	13,817,048

⁽¹⁾ See Note 2.3.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss For the Year Ended 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Currencies other than TL are expressed in thousands unless otherwise indicated.)

(Convenience translation into english of consolidated financial statements originally issued in Turkish)

		Audited 1 January- 31 December 2020	Restated (*) Audited 1 January- 31 December 2019
	Notes		
Revenue	18	28,790,190	22,864,760
Cost of sales (-)	18	(21,391,323)	(16,745,635)
Gross profit		7,398,867	6,119,125
General administrative expenses (-)	19	(355,401)	(274,543)
Marketing expenses (-)	19	(5,662,404)	(4,495,990)
Other operating income	20	295,523	308,653
Other operating expense (-)	20	(642,633)	(826,021)
Operating profit		1,033,952	831,224
Income from investment activities	21	48,146	27,748
Expenses from investment activities (-)	21	(19,397)	(57,917)
Operating income before finance income/(expense)		1,062,701	801,055
Financial income	22	303,192	29,056
Financial expense (-)	23	(1,586,598)	(1,271,594)
Net loss before tax from continuing operations		(220,705)	(441,483)
Tax expense from continuing operations		(183,240)	(30,252)
- Income tax expense	24	(192,269)	(261)
- Deferred tax expense	24	9,029	(29,991)
Net loss from continuing operations		(403,945)	(471,735)
Net profit from discontinuing operations	13	996	11,065
Net loss for the period		(402,949)	(460,670)
Net loss attributable to:			
- Non-controlling interest		35	142
- Equity holders of parent	27	(402,984)	(460,812)
Loss per share (TRL) from continuing operations	27	(2.23)	(2.61)
Profit per share (TRL) from discontinuing operations	27	0.01	0.06

(*) See Note 2.3.

Consolidated Statements of Other Comprehensive Income For the Year Ended 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Currencies other than TL are expressed in thousands unless otherwise indicated.)

(Convenience translation into english of consolidated financial statements originally issued in Turkish)

	Audited 1 January- 31 December 2020	Restated (*) Audited 1 January- 31 December 2019
Net loss for the period	(402,949)	(460,670)
Other comprehensive income/(expense) that may not be reclassified subsequently to profit or loss		
- Defined benefit plan re-measurement losses, net off tax	13,966	(6,188)
- Revaluation of fund of property, plant and equipment	(16,275)	145,489
Tax effect of other comprehensive income/(expense) not to be reclassified to profit or loss		
- Defined benefit plan re-measurement losses	(2,793)	1,238
- Tax effect of revaluation fund of property, plant and equipment	3,995	(3,559)
Other comprehensive income/(expense) to be reclassified to profit or loss		
- Currency translation differences	83,349	42,768
Other comprehensive expense, after tax	82,242	179,748
Total comprehensive expense	(320,707)	(280,922)
Total comprehensive expense attributable to:		
- Non-controlling interests	735	(521)
- Equity holders of parent	(321,442)	(280,401)

(*) See Note 2.3.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Currencies other than TL are expressed in thousands unless otherwise indicated.)

(Convenience translation into english of consolidated financial statements originally issued in Turkish)

					Other comprehensive income/expenses not to be reclassified to profit or loss	
	Share capital	Other capital reserves	Tresuary shares	Additional contribution to share capital	Defined benefit plans re-measurement losses	Increase/ (decrease) of revaluation fund of fixed assets
Balances at 1 January 2019	181,054	(365)	(125,435)	22,074	(9,265)	687,277
Transfers	-	-	-	-	-	(177,070)
Total comprehensive expense	-	-	-	-	(4,950)	141,930
Net loss for the period	-	-	-	-	-	-
Cumulative translation differences	-	-	-	-	-	-
Defined benefit plans re-measurement losses	-	-	-	-	(4,950)	21,546
Revaluation fund of fixed assets	-	-	-	-	-	120,384
Balances at 31 December 2019	181,054	(365)	(125,435)	22,074	(14,215)	652,137
Balances at 1 January 2020 (Restated)^(*)	181,054	(365)	(125,435)	22,074	(14,215)	652,137
Transfers	-	-	-	-	-	(230,597)
Total comprehensive expense	-	-	-	-	11,173	(12,280)
Net loss for the period	-	-	-	-	-	-
Cumulative translation differences	-	-	-	-	-	-
Defined benefit plans re-measurement gains	-	-	-	-	11,173	-
Increase of revaluation fund of fixed assets	-	-	-	-	-	(12,280)
Balances at 31 December 2020	181,054	(365)	(125,435)	22,074	(3,042)	409,260

(*) See Note 2.3.

The accompanying notes form an integral part of these consolidated financial statements.

Other comprehensive income/ expenses to be reclassified to profit or loss	Retained earnings				Attributable to equity holders of the parents	Non-controlling interests	Total equity
	Cumulative translation losses	Restricted reserves	Accumulated losses	Net loss for the period			
	132,671	9,391	571,060	(835,558)	632,904	2,186	635,090
	-	14,380	(672,868)	835,558	-	-	-
	43,431	-	-	(460,812)	(280,401)	(521)	(280,922)
	-	-	-	(460,812)	(460,812)	142	(460,670)
	43,431	-	-	-	43,431	(663)	42,768
	-	-	-	-	16,596	-	16,596
	-	-	-	-	120,384	-	120,384
	176,102	23,771	(101,808)	(460,812)	352,503	1,665	354,168
	176,102	23,771	(101,808)	(460,812)	352,503	1,665	354,168
	(2,751)	87,478	(314,942)	460,812	-	-	-
	82,649	-	-	(402,984)	(321,442)	735	(320,707)
	-	-	-	(402,984)	(402,984)	35	(402,949)
	82,649	-	-	-	82,649	700	83,349
	-	-	-	-	11,173	-	11,173
	-	-	-	-	(12,280)	-	(12,280)
	256,000	111,249	(416,750)	(402,984)	31,061	2,400	33,461

Consolidated Statements of Cash Flows

For the Year Ended 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Currencies other than TL are expressed in thousands unless otherwise indicated.)

(Convenience translation into english of consolidated financial statements originally issued in Turkish)

		Audited 1 January- 31 December 2020	Restated ^(*) Audited 1 January- 31 December 2019
	Notes		
Cash flow from operating activities:			
Net loss for the period		(402,949)	(460,670)
Net loss from continued operations for the period		(403,945)	(471,735)
Net profit from discontinued operations for the period		996	11,065
Adjustments related to reconciliation of loss		2,982,263	2,749,538
Adjustments for depreciation and amortisation expenses	19	843,084	787,160
Adjustments for impairment on receivables	6	11,334	11,405
Adjustments for inventory provisions	8	25,776	25,664
Adjustments for impairment on property, plant and equipment	21	19,397	29,500
Adjustments for provision for employee benefits	17	135,714	122,510
Adjustments for provision for litigation	16	27,868	17,693
Adjustments for interest income	20,22	(96,483)	(81,670)
Adjustments for interest expense	23	901,183	883,009
Adjustments for deferred financing due to forward purchases expenses	20	551,788	766,880
Adjustments for unearned finance income from sales	20	(122,592)	(183,255)
Adjustments for unrealized foreign exchange losses related to bank borrowings	25	558,071	299,404
Adjustments for fair value losses arising from derivatives	22	(7,971)	37,456
Adjustments for income tax expense	24	183,240	33,113
(Gain)/loss on sale of property plant and equipment	21	(48,146)	669
Changes in net working capital		1,074,292	476,066
Adjustments for increase in trade receivables		(65,584)	(15,650)
Adjustments for increase in inventories		(737,705)	(443,061)
Adjustments for increase in other receivables related with operations		(45,195)	15,666
Adjustments for increase in trade payables		1,695,977	854,011
Adjustments for increase in other payables related with operations		226,799	65,100
Cash flows from operating activities		3,653,606	2,764,934
Employee benefits paid	17	(49,295)	(53,154)
Interest received		213,301	254,076
Interest paid		(608,172)	(746,017)
Taxes paid		(172,141)	(15,593)
Other provisions paid	16	(14,432)	(19,064)
Net cash provided by operating activities		3,022,867	2,185,182

(*) See Note 2.3.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

For the Year Ended 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Currencies other than TL are expressed in thousands unless otherwise indicated.)

(Convenience translation into English of consolidated financial statements originally issued in Turkish)

		Audited 1 January- 31 December 2020	Restated (*) Audited 1 January- 31 December 2019
	Notes		
Cash flows from investing activities:			
Cash outflows from the purchase of investment properties, tangible and intangible assets	10-11	(539,496)	(340,861)
Cash inflows from the sale of tangible and intangible assets		928,156	469,634
Cash outflows from discontinued operations		(60,300)	-
Net cash used in investing activities		328,360	128,773
Cash flows from financing activities			
Proceeds from borrowings	15	1,570,780	770,200
Repayment of borrowings	15	(2,748,401)	(1,257,980)
Repayment of derivative instruments		(28,809)	(81,234)
Interest received	22	6,312	9,854
Interest paid		(419,274)	(456,271)
Cash outflows from payments of rent agreements		(814,047)	(728,022)
Net cash provided by financing activities		(2,433,439)	(1,743,453)
Impact of foreign currency translation differences on cash and cash equivalents		(15,304)	7,291
Net (decrease)/increase in cash and cash equivalents		902,484	577,793
Cash and cash equivalents at the beginning of period	4	2,328,309	1,750,516
Cash and cash equivalents at the end of period	4	3,230,793	2,328,309

(*) See Note 2.3.

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements as at 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
(Currencies other than TL are expressed in thousands unless otherwise indicated.)
(Convenience translation into English of consolidated financial statements originally issued in Turkish)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Migros Ticaret A.Ş., (collectively referred to as "Migros" or the "Company"), was established on 19 March 2008 and is registered in Istanbul, Turkey under the Turkish Commercial Code. (Migros Türk Ticaret Anonim Şirketi, which was established in 1954, merged with its parent company Moonlight Perakendecilik ve Ticaret Anonim Şirketi ("Moonlight Perakendecilik") on April 30, 2009 and the trade name of Moonlight Retailing was changed as Migros Ticaret A.Ş.)

The Company and its subsidiaries together will be referred as "the Group".

As of 31 December 2020, the indirect shares of AG Anadolu Grubu Holding A.Ş. ("Anadolu Group") is 50% and the direct and indirect total of Migros's capital shares of BC Partners (subsidiaries through "Kenan Investments S.A.") equal to 12%.

Through its Migros, 5M, Migros Jet and Macrocenter banner stores in Turkey, shopping centers, Ramstores banner stores abroad and internet, the Company is mainly engaged in the retail sales of food and beverages, consumer and durable goods. The Company also rents floor space in the shopping malls to other trading companies. As of 31 December 2020, the Group operates in 2,319 stores in total (31 December 2019: 2,198) which comprise 1,567,305 m2 from 2,297 retail stores and 13.012 m2 from 22 wholesale stores with a total net space of 1,580,317 m2 (31 December 2019: 1,535,531 m2). As of 31 December 2020, the Group employed 38,458 people (31 December 2019: 33,534). Retail is the main business segment of the Group and constitutes almost 97% of gross sales (31 December 2019: 96%).

The address of the registered office is as follows:

Migros Ticaret A.Ş.
Atatürk Mah., Turgut Özal Blv.
No: 7 Ataşehir, İstanbul

These consolidated financial statements have been approved for issue by the Board of Directors ("BOD") on 1 March 2021 and signed by Ö. Özgür Tort, General Manager, and Ferit Cem Doğan, Assistant General Manager, on behalf of the BOD. The owners of the Company and regulatories have the power to amend the consolidated financial statements after the issue in the General Assembly meeting of the Company.

Subsidiaries:

The Company has the following subsidiaries (the "Subsidiaries"). The nature of the business of the Subsidiaries and for the purpose of the consolidated financial statements, their respective geographical segments are as follows:

Subsidiaries	Country of incorporation	Geographical segment	Nature of business	December 2020 (%)	December 2019 (%)
Ramstore Bulgaria E.A.D. ("Ramstore Bulgaria")	Bulgaria	Bulgaria	Dormant	100	100
Ramstore Kazakhstan LLC ("Ramstore Kazakhstan")	Kazakhstan	Kazakhstan	Retailing	100	100
Ramstore Macedonia DOO ("Ramstore Macedonia")	Macedonia	Bulgaria	Retailing	99	99
Moneypay Ödeme ve Elektronik Para Hizmetleri A.Ş. ^(*)	Turkey	Turkey	Services limited by e-money legislation	80	100

^(*) Not included in the scope of consolidation on the grounds of materiality. The name of Sanal Merkez Ticaret A.Ş., subsidiary of our Group, was changed to Moneypay Ödeme ve Elektronik Para Hizmetleri A.Ş. ("MoneyPay").

The Group has acquired 25% shares of Paket Lojistik ve Teknoloji A.Ş. on 1 November 2019. The purchase consideration reflects the fair value.

Notes to the Consolidated Financial Statements as at 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Currencies other than TL are expressed in thousands unless otherwise indicated.)

(Convenience translation into English of consolidated financial statements originally issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of presentation

2.1.1 Basis of preparation and presentation of financial statements

The consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the Communiqué) published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Financial Reporting Standards (TFRS) issued by Public Oversight Accounting and Auditing Standards Authority (POAASA). TFRS contains Turkish Financial Reporting Standards (TFRS) and its addendum and interpretations. The consolidated financial statements of the Group are prepared as per the CMB announcement of 15 April 2019 relating to financial statements presentations. Comparative figures are reclassified, where necessary, to conform to changes in the presentation of the current year's consolidated financial statements.

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the consolidated financial statements of the Group have been prepared accordingly.

The Company and its Turkish subsidiaries, associates and joint ventures maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements have been prepared under historical cost conventions except for financial assets and financial liabilities which are carried at fair value. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TFRS.

2.1.2 Changes in the accounting policies, estimates and errors

Significant changes in accounting policies and accounting errors are applied retrospectively and prior period consolidated financial statements are restated. The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods.

2.1.3 Functional and reporting currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in TL, which is the functional currency of Migros Ticaret A.Ş. and the reporting currency of the Group. The foreign currency position of the Group is presented in Note 28.

Notes to the Consolidated Financial Statements as at 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
(Currencies other than TL are expressed in thousands unless otherwise indicated.)
(Convenience translation into english of consolidated financial statements originally issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1. Basis of presentation (Continued)

2.1.3 Functional and reporting currency (Continued)

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions),
- All resulting exchange differences are recognised in other comprehensive income.

The functional currencies of the foreign operations are Leva, Tenge and Dinar.

2.2 Summary of significant accounting policies

Accounting policies applied by subsidiaries can be changed in order to convenience with the accounting policies applied by the Group. accounting policies which applied to preparation of consolidated financial statements are summarized is as follows:

Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Subsidiaries are companies over which Migros Ticaret has capability to control the financial and operating policies for the benefit of Migros Ticaret. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between the group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Notes to the Consolidated Financial Statements as at 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

(Currencies other than TL are expressed in thousands unless otherwise indicated.)

(Convenience translation into english of consolidated financial statements originally issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a basis within other operating income or other operating expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

Revenue

The Company records revenue when fullfills performance obligation while transferring committed service to their customer. Asset is transferred when service control is transferred or transferring to customer. Transaction fee, excluded amounts collected on behalf of third parties, is expected cost of the Company that in return of transferring committed advertisement and sponsorship services to customer. The Company reflects relevant amount as revenue to its financial statements when transfers control of these services to its customer.

The Company records revenue accordance with the following 5 main principles:

- (a) Determination of customer contracts
- (b) Determination of performance obligation on contracts
- (c) Determination of transaction fee on contracts
- (d) Allocation of transaction price to performance obligation in contracts
- (e) Revenue recognition when each performance obligation is fullfilled.

Notes to the Consolidated Financial Statements as at 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)
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(Convenience translation into english of consolidated financial statements originally issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2. Summary of significant accounting policies (Continued)

Revenue

The specific accounting policies for the group's main types of revenue are explained below:

Sales of goods - Retail

The Group operates in the retail sales of food and beverages, consumer and durable goods through its stores, shopping centers, Ramstores Banner abroad and internet sales. Sales of goods are recognised when the performance obligation is fulfilled. Retail sales are usually made against a cash or credit card payment.

Within the scope of the group customer loyalty program, customers who use loyalty cards earn points from their purchases. For these earned points, the probability of using them in the following periods is estimated and the relevant amount is recorded as sales discount.

Sales of goods - Wholesale

Revenue from the sales of goods is recognised when a group entity has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Control transfer does not occur until the products were shipped to the specified location, the risks of obsolescence and loss were transferred to the wholesaler, the wholesaler accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has an objective evidence that all criteria for acceptance are satisfied.

Rent revenue

The Group recognises rent income on accrual basis based on the agreement.

Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost is determined primarily on the basis of the weighted average cost method. For processed inventories, cost includes direct materials, direct labor and the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Borrowing costs are not included in inventory cost. Revenues and discounts from suppliers, sales premiums and advertising participation fees are accounted on an accrual basis and booked against cost of inventories. An inventory difference provision for the period covering the latest inventory count date and the balance sheet date has been included into the inventory impairment item.

Property, plant and equipment

Fair Value Method

Property, plant and equipment except lands and buildings are carried at cost less accumulated depreciation and impairment if exists. With respect to TAS 16 "Property, plant and equipment", the Group has decided to choose revaluation model for lands and buildings by using 26 February 2021 dated valuation reports of CMB accredited real estate company, Nova Taşınmaz Değerleme ve Danışmanlık A.Ş. ("Nova Taşınmaz Değerleme") and 31 December 2020 dated valuation reports of CMB accredited real estate company, TSKB Gayrimenkul Değerleme A.Ş. ("TSKB Gayrimenkul Değerleme") as of 31 December 2017.

Notes to the Consolidated Financial Statements as at 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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(Convenience translation into English of consolidated financial statements originally issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2. Summary of significant accounting policies (Continued)

Property, plant and equipment (Continued)

Fair Value Method

Any revaluation increase arising on the revaluation of such land and buildings is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated. Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Cost Method

Property, plant and equipment except lands and buildings are carried at cost less accumulated depreciation and impairment if exists.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Notes to the Consolidated Financial Statements as at 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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(Convenience translation into English of consolidated financial statements originally issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

Property, plant and equipment (Continued)

Cost Method

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The land is not subject to depreciation.

The depreciation period for property, plant and equipment which approximate the economic useful lives of such assets, are as follows:

	Useful Lives (Years)
Buildings	25-50
Leasehold improvements	over period of lease ^(*)
Machinery and equipment	4-10
Furniture and fixtures	5-12
Motor vehicles	5-8

^(*) Leasehold improvements include the expenses made for the leased properties and are depreciated over the shorter of the lease term and their useful lives.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The increase in the carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

Expenses for repair and maintenance of property, plant and equipment are normally charged to the consolidated profit and loss statement. They are, however, capitalized and depreciated through the estimated useful life of the property, plant and equipment in exceptional cases if they result in an enlargement or substantial improvement of the respective assets.

Notes to the Consolidated Financial Statements as at 31 December 2020

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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(Convenience translation into English of consolidated financial statements originally issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

Property, plant and equipment (Continued)

Derecognition of tangible assets

A tangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of a tangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Intangible assets

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Brands

Brands that are acquired separately are accounted for at their acquisition cost, and brands that are acquired as a part of business combination are accounted for at their fair value in the consolidated financial statements. The Group assessed the useful life of brand as indefinite since there is no foreseeable limit to the period over which a brand is expected to generate net cash inflows for the Group. A brand is not subject to amortisation as it is considered to have an indefinite useful life. A brand is tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount when the carrying amount of the brand exceeds its recoverable amount.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

Intangible assets (Continued)

Rent agreements

Rent agreements are designated as intangible assets by the Group and consist of taken over rent agreements of the stores that purchased. Lease contracts are recorded at their fair values at the date of purchase, and amortised during the contract period.

The evacuation cost paid by the Group to the real estate owners or previous renters relating to rented stores are presented under "other intangible assets". Related amortization expenses are recognised under the "marketing expenses" in the statements of income.

Computer softwares (Rights)

Rights arising on computer software are recognised at its acquisition cost. Computer software is amortised on a straight-line basis over their estimated useful lives and carried at cost less accumulated amortization. The estimated useful life of computer software is 5 years.

Internally-generated intangible assets and development expenditures

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Computer software development costs are capitalized and depreciated over their estimated useful lives.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2. Summary of significant accounting policies (Continued)

Intangible assets (Continued)

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Assets held for sale

Non-current assets or asset groups that meet the criteria of asset held for sale are measured at the lower of its carrying amount and fair value less cost to sell. When the fair value is less than the carrying cost, an impairment loss is recognized as an expense in the consolidated income statement for the period.

Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Financial assets

Classification and measurement

Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value through profit or loss, financial assets carried at fair value through other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

Financial assets carried at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's financial assets carried at amortized cost comprise "trade receivables" and "cash and cash equivalents" in consolidated the statement of financial position.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

Financial assets (Continued)

Impairment

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

Financial assets carried at fair value

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the balance sheet date, they are classified as non-current assets. Group make a choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss:

i) Financial assets carried at fair value through profit or loss

Financial assets carried at fair value through profit or loss comprise of "derivative instruments" in the statement of financial position. Derivative instruments are recognized as asset when the fair value of the instrument is positive, as liability when the fair value of the instrument is negative. Group's financial instruments at fair value through profit or loss consist of forward contracts and interest rate swaps.

ii) Financial assets carried at fair value through other comprehensive income

Financial assets carried at fair value through other comprehensive income comprise of "financial assets" in the statement of financial position. The Group measures such assets at their fair values. Gains or losses arising from the related financial assets are recognized in other comprehensive income except foreign exchange gain/loss and impairment loss. When the financial assets carried at fair value through other comprehensive income are sold, fair value gain or loss classified in other comprehensive income is classified to retained earnings.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See Note 2.2 for further information about the group's accounting for trade receivables and impairment policies.

Trade payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Earnings per share

Earnings per share presented in the consolidated statement of income are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned. As disclosed in Note 27 earnings per share are calculated in accordance with TAS 33 "Earning Per Share".

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

Earnings per share (Continued)

Income as per share stated in the income statement is calculated by dividing the net profit by the weighted average of the share certification available in the market during the whole year.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period.

Subsequent events

Subsequent events are composed of any event between the balance sheet date and the publication date of the balance sheet, even if they arise after any announcements of profits or other financial data.

The Group restates its consolidated financial statements if such subsequent events arise.

Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are assessed continuously to determine whether the possibility of an outflow of resources embodying economic benefits is probable. When the possibility of an outflow of resources embodying economic benefits is probable for the accounts classified as contingent liabilities, provision is provided in the financial statements for related contingent liabilities except for the situations there is not a reliable estimation.

The Group discloses the contingent liabilities that are probable but there is not a reliable estimation for the amount of resources embodying economic benefits.

Assets that result from previous events that cannot be controlled fully by the Group and depend on the realization of one or more uncertain events, is considered as a contingent asset. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

Leases (Continued)

The Group as lessee (Continued)

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under TAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies TAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

As a practical expedient, TFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

Leases (Continued)

The Group as lessor (Continued)

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of TFRS 9, recognising an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

When a contract includes lease and non-lease components, the Group applies TFRS 15 to allocate the consideration under the contract to each component.

Related parties

Parties are considered related to the Group if;

- (a) directly, or indirectly through one or more intermediaries, the party:
 - controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
 - has an interest in the Company that gives it significant influence over the Company; or
 - has joint control over the Company;
- (b) the party is an associate of the Company;
- (c) the party is a joint venture in which the Company is a venture;
- (d) the party is member of the key management personnel of the Company or its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e);
- (g) the party has a defined benefit plan for the employees of the Company or a related party of the Company.

Related party transactions are transfer of resources or obligations between related parties, regardless of whether a price is charged.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

Segment reporting of financial information

The operating segments are evaluated in parallel to the internal reporting and strategic sections presented to the organs or persons authorised to make decisions regarding the activities of the Group. The organs and persons authorised to make strategic decisions regarding the Group's activities with respect to the resources to be allocated to these sections and their evaluation are defined as the Group's senior managers of the Group. The Group's senior managers follow up the Group's activities on a geographical basis (Note 3).

Income taxes

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The current income tax payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Income taxes

Deferred tax

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

Employee termination benefits

Employment termination benefits, as required by the Turkish Labour Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees, termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one year service. Provision which is allocated by using defined benefit pension's current value is calculated by using prescribed liability method. Actuarial gains and losses are recognized as other comprehensive income or loss in shareholders' equity in the period in which they arise

Cash flow statement

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows of the Group generated from retailing activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Cash and cash equivalents comprise cash on hand and bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months and which are subject to an insignificant risk of changes in value (Note 4).

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Dividend

Dividend income from investments is recognised when the shareholder's right to receive payment has been established. As a part of distribution of dividends, dividend liabilities are reflected to consolidated financial statements as liabilities, on the period of declaration.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

Paid in capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share premium

Share premium represents differences resulting from the sale of the Company's Subsidiaries' and Associates' shares at a price exceeding the face value of those shares or differences between the face value and the fair value of shares issued for acquired companies (Note 25).

Deferred finance income/charges

Deferred finance income/charges represent imputed finance income/charges on credit sales and purchases. Such income/charges calculated by using the effective interest method are recognised as financial income or expenses over the period of credit sale and purchases, and included under financial income and expenses.

2.3. Comparative information and restatement of prior period consolidated financial statements

The Group's consolidated financial statements have been prepared in comparison with the previous period in order to give accurate trend analysis regarding the financial position and performance. Where necessary, comparative figures have been reclassified to conform to the presentation of the current period consolidated financial statements and significant changes are explained.

The Group has reviewed its prior period lease liabilities calculation relating to IFRS 16 lease liabilities standard, which is effective from 1 January 2019. The Company has retrospectively restated the effects of the aforementioned changes in accordance with TAS 8 "Changes in Accounting Policies, Estimates and Errors". "Presentation of Financial Statements - TAS 1 (Revised)" standard states that in case of a retrospective update of the financial statements, the Financial Position table and its related notes must be presented for three periods. Consequently, the restated financial position as of 31 December 2019 and 1 January 2019 and the income statement or the other comprehensive income statement for the period 1 January - 31 December 2019 have been presented together. The restatement effect on prior years net profit and net period loss as of 31 December 2020:

The following accounts were affected in the financial position as of 1 January 2019

As of 1 January 2019	Previously reported	Restatement effect	Restated
Right-of-use assets	2,653,181	(285,431)	2,367,750
Short term lease liabilities	323,954	17,258	341,212
Long term lease liabilities	2,561,867	(559,002)	2,002,865

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3. Comparative information and restatement of prior period consolidated financial statements (Continued)

	Previously reported	31 December 2019 Restatement effect	Restated
ASSETS			
Current Assets:			
Prepaid expenses	82,734	(3,244)	79,490
Total current assets	5,276,923	(3,244)	5,273,679
Non-current assets:			
Prepaid expenses	38,041	(4,959)	33,082
Right-of-use assets	2,954,168	(635,624)	2,318,544
Total non-current assets	9,183,952	(640,583)	8,543,369
Total assets	14,460,875	(643,827)	13,817,048
LIABILITIES			
Current liabilities:			
Lease liabilities	230,028	244,222	474,250
Total current liabilities	7,544,018	244,222	7,788,240
Non-current liabilities:			
Lease liabilities	2,888,152	(928,022)	1,960,130
Deferred tax liabilities	18,613	8,673	27,286
Total non-current liabilities	6,593,989	(919,349)	5,674,640
Total liabilities	14,138,007	(675,127)	13,462,880
EQUITY			
Attributable to equity holders of parent	321,203	31,300	352,503
Net income/(loss)	(492,112)	31,300	(460,812)
Total equity	322,868	31,300	354,168
Total liabilities and equity	14,460,875	(643,827)	13,817,048

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Comparative information and restatement of prior period consolidated financial statements (Continued)

	Previously reported	31 December 2019 Restatement effect	Restated
Cost of sales (-)	(16,986,111)	229	(16,745,635)
Gross profit	6,205,253	229	6,119,125
Marketing expenses (-) ^(*)	(4,599,972)	41,463	(4,495,990)
Other operating expense (-)	(825,168)	(2,644)	(826,021)
Operating profit	804,758	39,047	831,224
Operating income before finance income/ (expense)	774,589	39,047	801,055
Financial expense (-)	(1,257,985)	926	(1,271,594)
Net (loss)/income before tax from continuing operations	(467,530)	39,973	(441,483)
Tax expense from continuing operations	(24,440)	(8,673)	(30,252)
- Income tax expense	(3,122)	-	(261)
- Deferred tax income/(expense)	(21,318)	(8,673)	(29,991)
Net loss from continuing operations	(491,970)	31,300	(471,735)
Net profit from discontinuing operations	-	-	11,065
Net loss for the period	(491,970)	31,300	(460,670)

2.4 Critical accounting estimates and assumptions

The preparation of financial statements necessitates the use of estimates and assumptions that affect asset and liability amounts reported as of the balance sheet date, explanations of contingent liabilities and assets; and income and expense amounts reported for the accounting period. Although these estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities for the next reporting period are outlined below:

(a) Goodwill impairment test

As explained in related accounting policy, the Group performs impairment tests on goodwill annually at 31 December. The recoverable amount of the cash generating unit has been determined based on the fair value less costs to sell calculations. Those calculations are based on discounted net cash flow after tax projections which are based on the Group's five-year business plans. Those projections are calculated in terms of TL and the growth rate expected to be realized after ten years is assumed to be nil. The discount rate in the value-in-use calculations is used as 7.9% per annum for a fixed-price plan study (2019: 9%). The discount rate in the value-in-use calculations is after tax discount rate, and includes the Group's specific risk factors as well (Note 12).

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Critical accounting estimates and assumptions (Continued)

(b) Impairment on leasehold improvements

As explained in related accounting policy, property, plant and equipment are carried at the cost less accumulated depreciation and, if any, impairment. The Group evaluates its operational performance on a store-by-store basis and each store's continuity depends on the discounted net cash flow projections. Those cash flow projections are calculated, on a consistent basis to the Group's five year business plans and on a store-by-store basis by taking into consideration the remaining useful life of each store. In this context, the Group executed an impairment estimate on the leasehold improvements on stores by considering the continuity of each store.

(c) Extension option in lease contracts

The lease obligation is determined by taking into account the extension options in the contracts. Most of the extension options included in the long-term lease contracts consist of applicable extension options by the Group. The Group reassesses the extension options in the lease term based on the medium-term business plans in the last year of the lease term and, if necessary, adds the extension right prospectively to the contract period. If the conditions change significantly, the assessment is reviewed by the Group.

(d) Fair Value Measurement

The Group has chosen revaluation method as of 31 December 2020 by discarding cost method mentioned in TAS 16 for lands and building. Revaluation studies of lands, building and investment properties have been performed by Nova Taşınmaz Değerleme which is CMB accredited professional valuation Companies.

Lands and building and investment properties in assets of the Group which are located in Turkey have been revaluated in 26 February 2021 valuation reports of CMB accredited real estate companies, Nova Taşınmaz Değerleme by using "Sample comparison approach analysis", and "Income approach analysis".

Lands and building and investment properties in assets of the Group which are located in Kazakhstan and Macedonia have been revaluated in 31 December 2020 dated valuation report of CMB accredited real estate company, TSKB Gayrimenkul by using "Income approach analysis".

As a result of revaluation study made by the experts, positive difference for lands and building amounting to TL 52,967 is accounted as TL 46,857 after net-off tax and minority effect "Revaluation Funds" under equity.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 New and Revised Turkish Financial Reporting Standards

a) The new standards, amendments to published standards and interpretations effective applicable for the current period:

New and amended IFRS Standards that are effective for the current year

Amendments to TFRS 3	<i>Definition of a Business</i>
Amendments to TAS 1 and TAS 8	<i>Definition of Material</i>
Amendments to TFRS 9, TAS 39 and TFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to TFRS 16	<i>COVID-19 Related Rent Concessions</i>
Amendments to Conceptual Framework	<i>Amendments to References to the Conceptual Framework in IFRSs</i>

Amendments to TFRS 3 *Definition of a Business*

The definition of "business" is important because the accounting for the acquisition of an activity and asset group varies depending on whether the group is a business or only an asset group. The definition of "business" in IFRS 3 Business Combinations standard has been amended. With this change:

- By confirming that a business should include inputs and a process; clarified that the process should be essential and that the process and inputs should contribute significantly to the creation of outputs.
- The definition of a business has been simplified by focusing on the definition of goods and services offered to customers and other income from ordinary activities.
- An optional test has been added to facilitate the process of deciding whether a company acquired a business or a group of assets.

Amendments to TAS 1 and TAS 8 *Definition of Material*

The amendments in Definition of Material (Amendments to TAS 1 and TAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

Amendments to TFRS 9, TAS 39 and TFRS 7 *Interest Rate Benchmark Reform*

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

Amendments to TFRS 16 *COVID-19 Related Rent Concessions*

The changes in COVID-19 Related Rent Concessions (Amendment to TFRS 16) brings practical expedient which allows a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 New and Revised Turkish Financial Reporting Standards (Continued)

a) The new standards, amendments to published standards and interpretations effective applicable for the current period (Continued)

Amendments to TFRS 16 COVID-19 Related Rent Concessions (Continued)

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- there are no substantive changes to other terms and conditions of the lease.

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

The Group has applied the practical expedient to all rent concessions that have met the above criteria. There were no COVID-19-related rent concessions prior to 1 January 2020.

Amendments to References to the Conceptual Framework in TFRSs

The references to the Conceptual Framework revised the related paragraphs in TFRS 2, TFRS 3, TFRS 6, TFRS 14, TAS 1, TAS 8, TAS 34, TAS 37, TAS 38, TFRS Interpretation 12, IFRS Interpretation 19, IFRS Interpretation 20, TFRS Interpretation 22, and SIC-32. The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	<i>Insurance Contracts</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to TAS 16	<i>Property, Plant and Equipment - Proceeds before Intended Use</i>
Amendments to TAS 37	<i>Onerous Contracts - Cost of Fulfilling a Contract</i>
Annual Improvements to TFRS Standards 2018-2020	<i>Amendments to IFRS 1, IFRS 9 and IAS 41</i>

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NOTE 2 -BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 New and Revised Turkish Financial Reporting Standards (Continued)

b) New and revised TFRSs in issue but not yet effective (Continued)

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.

Amendments to TAS 1 Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2022 and earlier application is permitted.

Amendments to TFRS 3 Reference to the Conceptual Framework

The amendments update an outdated reference to the Conceptual Framework in TFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

Amendments to TAS 16 Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TAS 37 Onerous Contracts - Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

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NOTE 2 -BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 New and Revised Turkish Financial Reporting Standards (Continued)

b) New and revised TFRSs in issue but not yet effective (Continued)

Annual Improvements to TFRS Standards 2018-2020 Cycle

Amendments to TFRS 1 First time adoption of International Financial Reporting Standards

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to TFRSs.

Amendments to TFRS 9 Financial Instruments

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to TAS 41 Agriculture

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

2.6 Going concern

In accordance with the going concern assumption, the consolidated financial statements of the Group are prepared on a going concern basis, which presumes the realization of assets and settlement of liabilities in the normal course of operations and in the foreseeable future. As of 31 December 2020, the Company's equity is TRL 33,461. The main reason of the decrease in equity is due to the foreign exchange differences arising from the foreign exchange denominated loans, and there will be not principal payment of loans until 2023. The Company's net Euro position is (14,180) Euro as of the end of 2020. This mentioned negative Euro position is anticipated to be nullified in 2021. Therefore, the foreign exchange losses causing the deterioration of the equity in the prior years are not expected in 2021. Additionally, the sale of held for sale assets is expected to lower the financial leverage, which will decrease the interest expenses of the Company. Consequently, these factors will positively contribute the net profit and strengthen the equity. Furthermore, the Company preserves its ability to generate strong operating cash flows.

According to the calculations as of the balance sheet date, despite of the decline in the equity's capacity to cover the share capital and its reserves, if the unrealized foreign exchange loss of TRL 655,125 is excluded from the assessment (based on the communiqué of the Application of Turkish Commercial Code 6102/Article 376, Temporary Clause 1), no shortage is observed in the equity coverage as of 31 December 2020. Additionally, in accordance with the updated communiqué regarding the Application of Turkish Commercial Code 6102/Article 376 published on 26 December 2020, the half of the sum of the rent expenses, depreciations and personnel expenses accrued in year 2020 and 2021 can be subtracted from the assessment calculation. The sum of the Group's accrued rent expenses, depreciations and personnel expenses for 2020 is TRL 5,268,701 and if the half of this amount, which is TRL 2,634,350, is excluded from the calculation, the equity coverage improves even more. Furthermore, the Company preserves its ability to generate strong operating cash flows.

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NOTE 3 - SEGMENT REPORTING

Management determines the operating segments based on the reports analyzed and found effective in strategic decision making by the Board of Directors.

Management assesses the Group's performance on a geographic level as Turkey and other countries since the gross sales of these subsidiaries are below 10% of the Group sales. Reportable operating segment revenue comprises primarily retail sales, rent income and wholesales. Rent income and wholesale revenues are not recognized as reportable segments as they are not stated in detail in the reports provided to the Board of Directors. The Board of Directors assesses the performance of the operating segments based on a measure of Earning Before Interest, Tax, Depreciation and Amortisation, "EBITDA" and Earning Before Interest, Tax, Depreciation, Amortisation and Rent, "EBITDAR". The Group calculates the EBITDA by deducting general administrative expenses and selling, marketing and distribution expenses and adding depreciation expenses, unused vacation liability paid in current period, employee termination benefit provision expense, unused vacation liability expense on gross profit amount in consolidated statements of income.

The segment information provided to the Board of Directors as of 31 December 2020 and 2019 is as follows:

Segment analysis for the period 1 January - 31 December 2020

	Turkey	Other countries	Combined total	Intersegment eliminations	Total continued	Total discontinued	Total
External Revenues	28,637,361	152,829	28,790,190	-	28,790,190	349,882	29,140,072
Inter segment revenues	3,071	-	3,071	(3,071)	-	-	-
					-	-	
Sales revenue	28,640,432	152,829	28,793,261	(3,071)	28,790,190	349,882	29,140,072
Cost of sales	(21,285,582)	(108,812)	(21,394,394)	3,071	(21,391,323)	(259,303)	(21,650,626)
					-	-	
Gross profit	7,354,850	44,017	7,398,867	-	7,398,867	90,579	7,489,446
Selling and marketing expenses	(5,627,807)	(34,597)	(5,662,404)	-	(5,662,404)	(61,740)	(5,724,144)
General administrative expenses	(334,432)	(20,969)	(355,401)	-	(355,401)	(25,371)	(380,772)
Addition: Depreciation and amortisation expenses	835,442	7,642	843,084	-	843,084	13,805	856,889
Addition: Provision for termination benefits	67,659	-	67,659	-	67,659	178	67,837
Addition: Termination benefits paid	41,837	-	41,837	-	41,837	-	41,837
Addition: Provision for Unused vacation	18,760	-	18,760	-	18,760	-	18,760
					-	-	
EBITDA (Including TFRS 16 Effect)	2,356,309	(3,907)	2,352,402	-	2,352,402	17,451	2,369,853
TFRS 16 Effect	(814,047)	-	(814,047)	-	(814,047)	-	(814,047)
					-	-	
EBITDA	1,542,262	(3,907)	1,538,355	-	1,538,355	17,451	1,555,806
Rent Expense	1,273,618	12,550	1,286,168	-	1,286,168	16,028	1,302,196
					-	-	
EBITDAR	1,273,618	12,550	1,286,168	-	2,824,523	33,479	2,858,002

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NOTE 3 - SEGMENT REPORTING (Continued)

Segment analysis for the period 1 January - 31 December 2019

	Turkey	Other countries	Combined total	Intersegment eliminations	Total continued	Total discontinued	Total
External Revenues	22,605,667	259,093	22,864,760	-	22,864,760	326,604	23,191,364
Inter segment revenues	5,171	-	5,171	(5,171)	-	-	-
Sales revenue	22,610,838	259,093	22,869,931	(5,171)	22,864,760	326,604	23,191,364
Cost of sales	(16,561,553)	(189,253)	(16,750,806)	5,171	(16,745,635)	(240,248)	(16,985,883)
Gross profit	6,049,285	69,840	6,119,125	-	6,119,125	86,356	6,205,481
Selling and marketing expenses	(4,445,822)	(50,168)	(4,495,990)	-	(4,495,990)	(50,435)	(4,546,425)
General administrative expenses	(254,339)	(20,204)	(274,543)	-	(274,543)	(21,691)	(296,234)
Addition: Depreciation and amortisation expenses	767,696	7,381	775,077	-	775,077	12,083	787,160
Addition: Provision for termination benefits	52,791	-	52,791	-	52,791	47	52,838
Addition: Termination benefits paid	39,321	-	39,321	-	39,321	-	39,321
Addition: Provision for Unused vacation	16,518	-	16,518	-	16,518	-	16,518
EBITDA (Including TFRS 16 Effect)	2,225,450	6,849	2,232,299	-	2,232,299	26,360	2,258,659
TFRS 16 Effect	(728,022)	-	(728,022)	-	(728,022)	-	(728,022)
EBITDA	1,497,428	6,849	1,504,277	-	1,504,277	26,360	1,530,637
Rent Expense	1,047,246	21,749	1,068,995	-	1,068,995	14,808	1,083,803
EBITDAR	2,544,674	28,598	2,573,272	-	2,573,272	41,168	2,614,440

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NOTE 3 - SEGMENT REPORTING (Continued)

A reconciliation of EBITDAR figure to income before tax is provided as follows:

	Audited 1 January - 31 December 2020	Restated (*) Audited 1 January - 31 December 2019
EBITDAR reported segments	2,824,523	2,573,272
Rent expenses	(1,286,168)	(1,068,995)
TFRS 16 Effect	814,047	728,022
EBITDA reported segments	2,352,402	2,232,299
Depreciation and amortisation	(843,084)	(775,077)
Provision for employment termination benefits	(67,659)	(52,791)
Termination benefits paid	(41,837)	(39,321)
Provision for unused vacation liability	(18,760)	(16,518)
Other operating income	295,523	308,653
Other operating expense (-)	(642,633)	(826,021)
	-	-
Operating profit	1,033,952	831,224
Income from investing activities	48,146	27,748
Expense from investing activities (-)	(19,397)	(57,917)
	-	-
Operating profit before finance income	1,062,701	801,055
Financial income	303,192	29,056
Financial expense (-)	(1,586,598)	(1,271,594)
	-	-
Income/(loss) before tax	(220,705)	(441,483)

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NOTE 3 - SEGMENT REPORTING (Continued)

Segment assets and liabilities

The figures provided to the Board of Directors with respect to total assets and liabilities are measured in a manner consistent with the consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the asset.

	2020	2019
Turkey	14,859,851	13,293,444
Other countries	671,139	640,384
Segment assets	15,530,990	13,933,828
Less: Eliminations	(152,931)	(116,780)
Total assets of consolidated financial statement	15,378,059	13,817,048

	2020	2019
Turkey	15,179,432	13,257,553
Other countries	254,473	258,481
Segment liabilities	15,433,905	13,516,034
Less: Eliminations	(89,307)	(53,154)
Total liabilities of consolidated financial statement	15,344,598	13,462,880

Segment information of capital expenditures as of 31 December 2020 and 2019:

	2020	2019
Turkey	533,420	331,470
Other countries	6,074	9,391
	539,494	340,861

NOTE 4 - CASH AND CASH EQUIVALENTS

	2020	2019
Cash	151,082	91,094
Banks		
- demand deposit ^(*)	146,059	164,976
- time deposit	1,415,858	1,094,940
Cheques in collection	338	501
Credit card receivables	1,517,456	976,798
	3,230,793	2,328,309

^(*) The Group transfers the cash in its stores registers to the bank on a daily basis. In accordance with the bank agreements, transferred cash amounts have temporary blockages for a certain period of time. As of 31 December 2020, a cash amount of TL 130,290 in bank accounts is temporarily blocked due to the mentioned cash transfer. (2019: TL 135,424)

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NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

Weighted average effective interest rates on TL and EURO denominated time deposits as of 31 December 2020 are 17.8% and 2% respectively (2019: 11.3% and 0.3%)

Other cash and cash equivalents consist of credit card receivables. Credit card receivables with a maturity of less than one month are discounted at 31 December 2020 with annual rate of 15.5% (2019: 10.6%)

The maturity analysis of time deposits at 31 December 2020 and 2019 is as follows:

	2020	2019
1 - 30 days	1,415,858	1,086,900
30 - 90 days	-	8,040
90 - 180 days ^(*)	-	65
Over 180 days ^(*)	5,879	19,649
	1,421,737	1,114,654

^(*) Related amount indicating the bank deposits with over 90 days maturity recognised as cash fund by the Group (Note 5).

NOTE 5 - FINANCIAL INVESTMENTS

Financial assets

	2020	2019
Time deposit ^(*)	5,879	19,714
	5,879	19,714

^(*) Related amount indicating the bank deposits with 90-180 days maturity recognised as cash fund by the Group.

Financial assets carried at fair value through other comprehensive income

	2020	2019
Long term financial assets carried at fair value through other comprehensive income	10,815	4,415
	10,815	4,415

	2020		2019	
	TL	Share (%)	TL	Share (%)
Paket Lojistik	3,250	25	3,250	25
Moneypay Ödeme ve Elektronik Para Hizmetleri A.Ş. ^(*)	7,565	80	1,165	100
Total	10,815		4,415	

^(*) It was decided to change the name of Sanal Merkez Ticaret A.Ş., subsidiary of our Company, to Moneypay Ödeme ve Elektronik Para Hizmetleri A.Ş. ("MoneyPay").

Moneypay Ödeme ve Elektronik Para Hizmetleri A.Ş.'s cost reflects its fair value.

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NOTE 6 - TRADE RECEIVABLES AND PAYABLES

Trade receivables:

	2020	2019
Receivables from tenants and wholesale activities	151,596	115,328
Doubtful trade receivables	92,941	79,867
Notes receivables	14,507	3,211
Due from related parties (Note 26)	154	749
Less: Provision for doubtful receivables	(83,330)	(71,996)
Less: Unearned finance income on term sales	(1,343)	(805)
	174,525	126,354

The maturity of trade receivables are generally less than one month as of 31 December 2020 and they were discounted with the annual rate of 15.5% (2019: 10.6%).

Movement of provision for doubtful receivables is as follows:

	2020	2019
1 January	71,996	60,313
Current year charge	12,294	11,191
Transfers from non-current assets held for sale	(3,355)	506
Collections and reversals	(2,114)	(2,234)
Currency translation effect	4,509	2,220
31 December	83,330	71,996

Trade payables:

	2020	2019
Trade payables	7,071,924	5,464,568
Due to related parties (Note 26)	280,013	255,588
Expense accruals	115,536	95,333
Unincurred finance cost on term purchases	(128,079)	(71,695)
	7,339,394	5,743,794

The maturity of trade payables is generally less than three months and they are discounted with annual rate of 15.6% as of 31 December 2020 (2019: 10.6%).

The further disclosures of liquidity risk and foreign exchange risk that the Group is exposed to with respect to the trade payables are included in Note 28.

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NOTE 7 - OTHER RECEIVABLES AND PAYABLES

Short term other receivables

	2020	2019
Receivables from personnel	25,121	20,742
Receivables from insurance companies	2,689	1,200
Other	44	13,767
	27,854	35,709

Long term other receivables

	2020	2019
Deposits and guarantees given	4,913	5,265
	4,913	5,265

Other short term payables

	2020	2019
Other taxes and funds payable	113,275	70,033
Value added tax payables ("VAT")	54,093	46,972
Credit card bills collection account ^(*)	2,459	4,195
Other	8,887	12,460
	178,714	133,660

^(*) Majority of the payables above consist of related banks' credit card bill collections made in the stores. The collections have the maturity of less than one month.

Long term other payables

	2020	2019
Deposits and guarantees received	29,232	13,026
	29,232	13,026

NOTE 8 - INVENTORIES

	2020	2019
Raw materials	18,381	17,184
Work in progress	50,882	40,034
Merchandise stocks	3,325,656	2,654,269
Other	19,304	3,829
Less: Provision for net realizable value	(74,643)	(48,867)
	3,339,580	2,666,449

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NOTE 9 - PREPAID EXPENSES AND DEFERRED REVENUES

Short term prepaid expenses

	2020	2019
Prepaid rent expenses	43,372	27,441
Prepaid insurance expenses	30,923	26,954
Advances given	32	653
Other prepaid expenses	39,856	24,442
	114,183	79,490

Long term prepaid expenses

	2020	2019
Prepaid rent expenses	19,059	30,300
Advances given for property, plant and equipment	1,943	2,782
	21,002	33,082

Short term liabilities from customer contracts

	2020	2019
Customer cheques	118,362	70,826
Deferred revenues	23,970	24,158
	142,332	94,984

Long term deferred revenue

	2020	2019
Deferred revenues	25,081	3,196
	25,081	3,196

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NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipments period ended at 31 December 2020 is as follows;

	1 January 2020	Additions	Disposals	Impairment loss ^(*)	Revaluation	Transfers	Transfer to fixed assets held for sale	Cumulative translation differences	31 December 2020
Cost									
Land	1,288,070	-	(658,498)	(1,240)	40,422	-	(97,841)	19,994	590,907
Buildings	1,048,096	4,901	(372,588)	(14,078)	12,545	1,284	(182,513)	68,648	566,295
Leasehold improvements	899,000	80,685	(9,531)	(10,768)	-	2,247	(14,351)	13,823	961,105
Machinery and equipments	1,279,878	200,631	(38,191)	-	-	14,482	(33,512)	27,206	1,450,494
Motor vehicles	10,988	2,281	(449)	-	-	-	(4,110)	1,035	9,745
Furniture and fixtures	840,781	102,357	(12,535)	-	-	480	(61,875)	17,808	887,016
Construction in progress	54,913	99,090	-	-	-	(39,057)	-	1,545	116,491
	5,421,726	489,945	(1,091,792)	(26,086)	52,967	(20,564)	(394,202)	150,059	4,582,053
Accumulated depreciation									
Buildings	(29,461)	(28,076)	37,770	-	-	-	22,978	(44,921)	(41,710)
Leasehold improvements	(459,195)	(69,180)	7,532	6,689	-	-	5,715	(2,755)	(511,194)
Machinery and equipments	(684,063)	(111,716)	35,142	-	-	(30)	25,666	(8,694)	(743,695)
Motor vehicles	(3,378)	(2,052)	407	-	-	-	2,227	(589)	(3,385)
Furniture and fixture	(509,391)	(54,035)	10,598	-	-	(635)	59,452	(15,314)	(509,325)
	(1,685,488)	(265,059)	91,449	6,689	-	(665)	116,038	(72,273)	(1,809,309)
Net book value	3,736,238								2,772,744

^(*) Impairment loss amounting to TL 19,397 consists of leasehold improvements of the stores closed in 2020 and fair value changes in lands and buildings (Note:21).

There is no pledge on property, plant and equipment as of 31 December 2020 and 2019. Depreciation charges on property, plant and equipment are included in marketing expenses. TL 11,365 of the total depreciation charge is related to Ramstore Macedonia DOO.

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NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movement of property, plant and equipments period ended at 31 December 2019 is as follows;

	1 January 2019	Additions	Disposals	Impairment loss ^(*)	Revaluation	Transfers	Transfer to fixed assets held for sale	Cumulative translation differences	31 December 2019
Cost									
Land	1,458,276	-	(196,874)	(12,776)	25,212	8,202	-	14,232	1,288,070
Buildings	1,017,439	16,849	(129,098)	(12,746)	122,496	16,585	-	24,954	1,048,096
Leasehold improvements	844,539	57,689	(4,107)	(18,583)	-	41,598	-	2,877	899,000
Machinery and equipments	1,168,600	85,160	(21,941)	-	-	-	-	6,461	1,279,878
Motor vehicles	6,397	5,562	(1,239)	-	-	-	-	268	10,988
Furniture and fixtures	786,762	40,053	(6,000)	-	-	14,344	-	5,622	840,781
Construction in progress	37,381	101,935	-	-	-	(85,891)	-	1,488	54,913
	5,319,394	307,248	(359,259)	(44,105)	147,708	(5,162)	-	55,902	5,421,726
Accumulated depreciation									
Buildings	-	(31,795)	2,334	-	-	-	-	-	(29,461)
Leasehold improvements	(404,733)	(70,245)	2,773	14,605	-	-	-	(1,595)	(459,195)
Machinery and equipments	(592,706)	(104,986)	18,066	-	-	(61)	-	(4,376)	(684,063)
Motor vehicles	(1,439)	(2,344)	555	-	-	-	-	(150)	(3,378)
Furniture and fixture	(457,474)	(51,202)	3,839	-	-	(452)	-	(4,102)	(509,391)
	(1,456,352)	(260,572)	27,567	14,605	-	(513)	-	(10,223)	(1,685,488)
Net book value	3,863,042								3,736,238

^(*) Impairment loss amounting to TL 29,500 consists of leasehold improvements of the stores closed in 2019 and fair value changes in lands and buildings (Note:21).

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NOTE 11 - INTANGIBLE ASSETS

Other Intangible Assets

Movement of intangible assets period ended at 31 December 2020 is as follows;

	1 January 2020	Additions	Disposals	Transfers	Transfer to non- current assets held for sale	Cumulative translation differences	31 December 2020
Cost							
Trademark	2,787	-	-	-	-	-	2,787
Rent agreements	39,131	-	-	-	-	-	39,131
Rights	408,899	49,551	(5,468)	20,364	(5,927)	2,957	470,376
Other intangible assets	169,302	-	-	865	-	-	170,167
	620,119	49,551	(5,468)	21,229	(5,927)	2,957	682,461
Accumulated amortisation							
Rent agreements	(35,403)	(773)	-	-	-	-	(36,176)
Rights	(290,041)	(56,212)	4,010	-	3,700	(1,883)	(340,426)
Other intangible assets	(101,842)	(17,338)	-	-	-	-	(119,180)
	(427,286)	(74,323)	4,010	-	3,700	(1,883)	(495,782)
Net book value	192,833						186,679

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NOTE 11 - INTANGIBLE ASSETS (Continued)

Other Intangible Assets (con't)

Movement of intangible assets period ended at 31 December 2019 is as follows;

	1 January 2019	Additions	Disposals	Transfers	Transfer to non- current assets held for sale	Cumulative translation differences	31 December 2019
Cost							
Trademark	2,787	-	-	-	-	-	2,787
Rent agreements	39,131	-	-	-	-	-	39,131
Rights	373,595	33,613	-	-	-	1,691	408,899
Other intangible assets	163,627	-	-	5,675	-	-	169,302
	579,140	33,613	-	5,675	-	1,691	620,119
Accumulated amortisation							
Rent agreements	(34,355)	(1,048)	-	-	-	-	(35,403)
Rights	(234,169)	(54,733)	-	-	-	(1,139)	(290,041)
Other intangible assets	(84,366)	(17,476)	-	-	-	-	(101,842)
	(352,890)	(73,257)	-	-	-	(1,139)	(427,286)
Net book value	226,250						192,833

Amortisation expenses related to intangible assets have been accounted under general administrative expenses.

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NOTE 12 - GOODWILL

	2020	2019
Opening balance	2,252,992	2,252,992
Closing balance	2,252,992	2,252,992

Impairment tests for goodwill:

The whole amount of goodwill is related to the acquisition of Migros, the Group management considers the synergy to be created by the important domestic market position as the main reason for the goodwill. Accordingly, the Group management allocated the above mentioned goodwill amount to Turkish domestic operations which is the main cash generating unit, considering its market share and importance of the total turnover of the domestic operations in the Group consolidation.

The recoverable amount of cash-generating unit was determined based on value-in-use calculations. These value-in-use calculations include the discounted after tax cash flow projections, which are based on TL budgets approved by management covering an five year period.

Subsequent projected cash flows over a five year period were calculated without regard to any growth rate, and the analysis predicted that the existing profitability structure would be preserved.

The Group management determined the budgeted gross profit margin by taking into consideration the previous performance of the company and the market growth expectations. The discount rate 7.9% used is the after tax discount rate and includes the company-specific risks. The fact that the after-tax discount rate used in the calculation of discounted cash flows is higher/lower by 100 basis points (such as 7.9% or 8.9% instead of 6.9%) causes a decrease/increase of TL 872,886 (2019: TL 677,058) in the fair value calculations for which sales costs are deducted, as of 31 December 2020. Within the context of analysis performed by the Management, above mentioned changes in the key assumptions on which recoverable amount is based would not cause carrying amount to exceed its recoverable amount.

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NOTE 13 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

a) Non-Current Assets Held for Sale

In line with the Group's growth targets and its strategic focus, Ramstore Macedonia DOO (a subsidiary of the Group operating in North Macedonia) operations have been re-evaluated. Following the evaluations, Ramstore Macedonia assets have been reclassified as "assets held for sale" since the sale of 100% shares of the subsidiary Ramstore Bulgaria EAD ("Ramstore Bulgaria"), the 99% direct shareholder of Ramstore Macedonia, is planned to be concluded in the short term.

	2020
Property, Plant and Equipment	278,163
Inventories	48,606
Non-Current Assets Held for Sale	137,804
Elimination effect	(41,958)
Total Assets Held for Sale	422,615
Trade Payables	83,366
Other	15,517
Elimination effect	(22,510)
Liabilities Regarding Assets Classified for Sale	76,373

b) Income and Expenses from Discontinued Operations

Income and expenses related to discontinued operations, compared to last year, are as follows:

	2020	2019
Revenue	349,882	326,604
Cost of Goods Sold	(259,303)	(240,249)
General Administrative Expenses	(25,371)	(21,691)
Marketing Expenses	(61,740)	(50,435)
Other Income and Expenses from Operating Activities	(643)	(1,648)
Finance Expenses	1,702	1,345
Profit Before Tax	4,527	13,926
Tax Expense	(3,531)	(2,861)
Net Profit	996	11,065

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NOTE 14 - RIGHT OF USE ASSETS

For 31 December 2020 and 2019, movement on right use of assets is as follows:

	1 January 2020	Additions	Disposals	31 December 2020
Cost				
Buildings	2,769,878	999,250	(12,983)	3,756,145
Accumulated depreciation				
Buildings	(451,334)	(515,067)	-	(966,401)
Net book value	2,318,544			2,789,744
	1 January 2019	Additions	Disposals	31 December 2019
Cost				
Buildings	2,367,750	411,407	(9,279)	2,769,878
Accumulated depreciation				
Buildings	-	(451,334)	-	(451,334)
Net book value	2,367,750			2,318,544

Amortisation expenses related to right of use asset have been accounted under sales and marketing expenses.

Short term lease liabilities	2020	2019
Lease liabilities	597,777	474,250
	597,777	474,250
Long term lease liabilities	2020	2019
Lease liabilities	2,336,754	1,960,130
	2,336,754	1,960,130

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NOTE 15 - FINANCIAL LIABILITIES

	31 December 2020		
	Effective interest rate (%)	In original currency	Total TRL equivalent
Short term borrowings			
With fixed interest rate - TRL	14.84	657,772	657,772
With floating interest rate - TRL	21.47	486,571	486,571
Total short term borrowings			1,144,343
Current portion of long term borrowings			
With floating interest rate - EUR	5.29	4,614	41,563
With fixed interest rate - TRL	11.79	333,392	333,392
With floating interest rate - TRL	16.65	34,213	34,213
KZK Loan - Tenge	11.53	249,569	4,354
Total current portion of long term borrowings			413,522
Total current bank borrowings			1,557,865
Non-current bank borrowings			
With floating interest rate - EUR	5.29	90,102	811,629
With fixed interest rate - TRL	11.79	1,187,555	1,187,555
With floating interest rate - TRL	16.65	220,123	220,123
KZK Loan - Tenge	11.53	3,471,945	60,578
Total non-current bank borrowings			2,279,885
Total financial liabilities			3,837,750

The redemption schedule of borrowings with effective interest rate at 31 December 2020 is as follows:

	Tenge loan TRL equivalent	Euro loan TRL equivalent	TRL loan	Total TRL equivalent
1 January 2021 - 31 December 2021	4,354	41,563	1,511,948	1,557,865
1 January 2022 - 31 December 2022	18,055	39,682	547,261	604,998
1 January 2023 - 31 December 2023	20,495	771,947	324,242	1,116,684
1 January 2024 - 31 December 2024	17,547	-	348,639	366,186
1 January 2025 - 5 June 2025	4,481	-	187,536	192,017
	64,932	853,192	2,919,626	3,837,750

The fair value of borrowings at 31 December 2020 is TL 3,856,169.

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NOTE 15 - FINANCIAL LIABILITIES (Continued)

The redemption schedule of principal amounts of borrowings at 31 December 2020 is as follows:

	Tenge loan TRL equivalent	Euro loan TRL equivalent	TRL loan	Total TRL equivalent
1 January 2021 - 31 December 2021	3,695	-	1,241,414	1,245,109
1 January 2022 - 31 December 2022	18,055	-	448,978	467,033
1 January 2023 - 31 December 2023	20,494	852,554	308,575	1,181,623
1 January 2024 - 31 December 2024	17,547	-	450,729	468,276
1 January 2025 - 5 June 2025	4,481	-	378,312	382,793
	64,272	852,554	2,828,008	3,744,834

The redemption schedule of contractual cash outflows, which consists of principal and interest, of borrowings at 31 December 2020 is as follows:

	Tenge loan TRL equivalent	Euro loan TRL equivalent	TRL loan	Total TRL equivalent
1 January 2021 - 31 December 2021	10,711	41,059	1,586,029	1,637,798
1 January 2022 - 31 December 2022	24,023	41,284	713,245	778,552
1 January 2023 - 31 December 2023	24,216	872,691	475,567	1,372,474
1 January 2024 - 31 December 2024	19,176	-	557,479	576,654
1 January 2025 - 5 June 2025	4,716	-	420,078	424,794
	82,842	955,034	3,752,397	4,790,272

The Group has the obligation to comply with the various credit commitments in the loan agreement in the interest of the said bank credits. The financial ratios calculated on the consolidated financial statements as of 31 December 2020 are in line with the provisions of the bank loan agreement.

The movement schedule of borrowings as of 31 December 2020 and 2019 is as follows:

	2020	2019
Beginning balance	4,403,039	4,570,097
Proceeds of borrowings	1,570,780	770,200
Payments	(2,748,401)	(1,257,980)
Foreign exchange losses	558,071	299,404
Interest accrual	54,261	21,318
Closing	3,837,750	4,403,039

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NOTE 15 - FINANCIAL LIABILITIES (Continued)

	31 December 2019		
	Effective interest rate (%)	In original currency	Total TRL equivalent
Short term borrowings			
With fixed interest rate - TRL	23.09	281,603	281,603
Total short term borrowings			281,603
Current portion of long term borrowings			
With floating interest rate - EUR	5.27	49,741	330,808
With fixed interest rate - TRL	19.67	319,753	319,753
With floating interest rate - TRL	21.59	25,167	25,167
KZK Loan - Tenge	11.58	354,383	5,523
Total current portion of long term borrowings			681,251
Total current bank borrowings			962,854
Non-current bank borrowings			
With floating interest rate - EUR	5.27	380,298	2,529,211
With fixed interest rate - TRL	19.67	681,917	681,917
With floating interest rate - TRL	21.59	175,423	175,423
KZK Loan - Tenge	11.58	3,441,682	53,634
Total non-current bank borrowings			3,440,185
Total financial liabilities			4,403,039

The redemption schedule of borrowings with effective interest rate at 31 December 2019 is as follows:

	Tenge loan TRL equivalent	Euro loan TRL equivalent	TRL loan	Total TRL equivalent
1 January 2020- 31 December 2020	5,523	330,808	626,523	962,854
1 January 2021- 31 December 2021	15,870	952,011	539,615	1,507,496
1 January 2022- 31 December 2022	18,089	1,011,974	132,442	1,162,505
1 January 2023- 31 December 2023	15,672	565,226	113,284	694,182
1 January 2024 - 12 September 2024	4,003	-	71,999	76,002
	59,157	2,860,019	1,483,863	4,403,039

The fair value of borrowings at 31 December 2019 is TL 4,558,469.

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NOTE 15 - FINANCIAL LIABILITIES (Continued)

The redemption schedule of principal amounts of borrowings at 31 December 2019 is as follows:

	Tenge loan TRL equivalent	Euro loan TRL equivalent	TRL loan	Total TRL equivalent
1 January 2020- 31 December 2020	5,093	200,283	451,340	656,716
1 January 2021- 31 December 2021	15,870	913,887	83,583	1,013,340
1 January 2022- 31 December 2022	18,089	1,085,218	598,316	1,701,623
1 January 2023- 31 December 2023	15,672	656,822	157,250	829,744
1 January 2024 - 12 September 2024	4,003	-	148,080	152,083
	58,727	2,856,210	1,438,569	4,353,506

The redemption schedule of contractual cash outflows, which consists of principal and interest, of borrowings at 31 December 2019 is as follows:

	Tenge loan TRL equivalent	Euro loan TRL equivalent	TRL loan	Total TRL equivalent
1 January 2020- 31 December 2020	8,756	338,214	671,574	1,018,544
1 January 2021- 31 December 2021	19,902	1,031,396	881,390	1,932,688
1 January 2022- 31 December 2022	22,438	1,157,027	231,550	1,411,015
1 January 2023- 31 December 2023	17,424	672,334	239,086	928,844
1 January 2024 - 12 September 2024	8,326	-	192,205	200,531
	76,846	3,198,971	2,215,805	5,491,622

NOTE 16 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Other short-term provisions	2020	2019
Provision for litigation	94,561	81,125
Provisions for customer loyalty programs	2,344	1,754
Other	1,982	2,360
	98,887	85,239

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NOTE 16 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

There are various lawsuits filed against or in favour of the Group. Receivables, rent or labour disputes constitute the majority of these lawsuits.

	2020	2019
Beginning balance	81,125	82,496
Increase during period	27,868	25,422
Provision released	-	(7,729)
Payments during period	(14,432)	(19,064)
Ending balance	94,561	81,125

Collaterals, Pledges, Mortgages ("CPM")

31 December 2020:

	TL equivalent	TL	USD	EUR
A. CPM given on behalf of the Company's legal personality	242,637	237,861	651	-
B. CPM given on behalf of fully consolidated subsidiaries	60,578	-	8,253	-
Total collaterals, pledges and mortgages	303,215	237,861	8,904	-

Proportion of the other CPM's to equity (%)

-

31 December 2019:

	TL equivalent	TL	USD	EUR
A. CPM given on behalf of the Company's legal personality	236,424	228,982	1,253	-
B. CPM given on behalf of fully consolidated subsidiaries	53,634	-	9,029	-
Total collaterals, pledges and mortgages	290,058	228,982	10,282	-

Proportion of the other CPM's to equity (%)

-

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NOTE 16 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Contingent assets and liabilities

Guarantees given at 31 December 2020 and 2019 are as follows:

	2020	2019
Letter of guarantees given	303,215	290,058
	303,215	290,058

Guarantees received at 31 December 2020 and 2019 are as follows:

	2020	2019
Guarantees obtained from customers	224,732	176,257
Mortgages obtained from customers	16,129	73,823
	240,861	250,080

NOTE 17 - EMPLOYEE BENEFITS

	2020	2019
Wages payable	181,653	108,832
Social security deductions	57,472	39,777
	239,125	148,609

	2020	2019
Provision for employee termination benefits	257,690	204,503
Provision for unused vacation	158,126	139,366
	415,816	343,869

Movement of provision for unused vacation is as follows:

	2020	2019
Beginning balance	139,366	122,848
Increase during period	26,218	30,351
Recovered during period	(7,458)	(13,833)
Ending balance	158,126	139,366

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NOTE 17 - EMPLOYEE BENEFITS (Continued)

Provision for employment termination benefits

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and who reaches the retirement age, whose employment is terminated without due cause, is enlisted for military service or passed away. The termination benefit to be paid is one month wage per a service year up to the maximum employment termination benefit limit.

In the consolidated financial statements as of 31 December 2020 and 2019, the Group reflected a liability calculated using the projected unit credit method and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees.

The following actuarial assumptions were used in the calculation of the total liability:

	2020	2019
Discount rate (%)	4.15	3.72
Turnover rate to estimate the probability of retirement (%)	88.87 - 100.00	89.87 - 100.00

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of TL 7,638.96 effective from 1 January 2021 (1 January 2020: TL 6,730.15) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

In the calculation, the employees were separated into two groups based on the working years in the Group: 0-14 years and 15 years and above. The probability of retirement is used as 88.87% and 100% for the employees working 0-14 years and 15 years and above, respectively.

The principal assumptions used in the calculation of retirement pay liability are discount rate and anticipated turnover rate.

- If the discount rate had been 1% lower/(higher), provision for employee termination benefits would increase/(decrease) by TL 24,413 (TL 28,712).

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NOTE 17 - EMPLOYEE BENEFITS (Continued)

Movements in the provision for employment termination benefits are as follows:

	2020	2019
Beginning balance	204,503	145,477
Increase during period	109,496	92,159
Provision for discontinuing operations	(506)	-
Payments during period	(41,837)	(39,321)
Actuarial (gain)/loss	(13,966)	6,188
Ending balance	257,690	204,503

NOTE 18 - REVENUE

	2020	2019
Domestic sales	29,074,462	23,052,626
Foreign sales	149,695	255,254
Other sales	37,001	31,848
Gross sales	29,261,158	23,339,728
Discounts and returns (-)	(470,968)	(474,968)
Sales revenue, net	28,790,190	22,864,760
Cost of sales	(21,391,323)	(16,745,635)
Gross profit	7,398,867	6,119,125

Details of domestic and foreign sales before other sales, discounts and returns are as follows:

	2020	2019
Retail sales revenue	28,327,746	22,357,979
Wholesale revenue	757,699	727,206
Rent income	138,712	222,695
	29,224,157	23,307,880

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NOTE 19 - EXPENSE BY NATURE

Total	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	3,117,625	2,359,479
Depreciation and amortisation	843,084	775,077
Rent and common area	590,807	478,887
Energy	362,232	353,307
Porterage and cleaning	190,000	160,322
Advertising	139,165	116,622
Mechanisation	130,616	115,276
Repair and maintenance	85,699	75,503
Security	62,937	56,491
Taxes and other fees	33,329	27,768
Communication	17,576	16,054
Other	444,735	235,747
	6,017,805	4,770,533
Marketing expenses	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	2,848,932	2,151,566
Depreciation and amortisation	843,084	775,077
Rent and common area	582,349	478,086
Energy	359,784	349,858
Porterage and cleaning	184,643	155,767
Advertising	139,151	116,588
Mechanisation	120,893	105,705
Repair and maintenance	83,350	73,146
Security	60,855	54,394
Taxes and other fees	28,813	25,024
Communication	15,155	13,855
Other	395,395	196,924
	5,662,404	4,495,990

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NOTE 19 - EXPENSE BY NATURE (Continued)

General administrative expenses	2020	2019
Personnel expenses	268,693	207,913
Other	86,708	66,630
	355,401	274,543

Expenses by nature in cost of sales for the year ended at 31 December 2020 and 2019 are as follows:

	2020	2019
Cost of goods sold	(21,343,763)	(16,703,248)
Cost of service rendered	(47,560)	(42,387)
	(21,391,323)	(16,745,635)

Cost of trade goods include discounts, incentives and volume rebates obtained from suppliers. Service costs comprise energy, advertising, cleaning, security and administrative expenses incurred in the Group's shopping malls.

NOTE 20 - OTHER OPERATING INCOME AND EXPENSES

Other operating income	2020	2019
Interest income on term sales	122,592	183,255
Interest income from operating activities	90,171	71,816
Other	82,760	53,582
	295,523	308,653
Other operating expenses	2020	2019
Interest expense on term purchases	(551,788)	(766,880)
Litigation provision	(27,868)	(25,422)
Bad debt provision expense	(11,334)	(11,683)
Other	(51,643)	(22,036)
	(642,633)	(826,021)

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NOTE 21 - REVENUES AND EXPENSES FROM INVESTMENT ACTIVITIES

Income from investing activities	2020	2019
Gain on sale of property, plant and equipment and assets held for sale	48,146	27,748
	48,146	27,748
Expense from investing activities	2020	2019
Losses from impairment provision property, plant and equipment	(15,318)	(25,522)
Losses on sale of property, plant and equipment	-	(28,417)
Losses from leasehold improvements (Note 10)	(4,079)	(3,978)
	(19,397)	(57,917)

NOTE 22 - FINANCIAL INCOME

	2020	2019
Foreign exchange gains	250,013	20,934
Interest income on bank deposits	6,312	8,122
Financial income on derivatives	36,780	-
Other	10,087	-
	303,192	29,056

NOTE 23 - FINANCIAL EXPENSES

	2020	2019
Foreign exchange losses	(582,230)	(293,082)
Interest expense on bank borrowings	(472,714)	(476,104)
Financial expense on derivatives	(28,809)	(37,456)
Interest expense on leasings	(428,469)	(406,905)
Other	(74,376)	(58,047)
	(1,586,598)	(1,271,594)

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NOTE 24 - TAX ASSETS AND LIABILITIES

	2020	2019
Corporate and income taxes payable	190,924	2,861
Less: Prepaid current income taxes	(182,716)	(14,616)
Current tax liabilities/(assets)	8,208	(11,755)
	2020	2019
Deferred tax assets	196,662	154,537
Deferred tax liabilities	(209,667)	(181,823)
Deferred tax assets/(liabilities), net	(13,005)	(27,286)

General Information

The Group is subject to taxation in accordance with the tax regulations and the legislation effective in the countries in which the Group companies operate. In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

In Turkey, corporate tax rate is 22% (2019 - 22%). In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%.

The Law numbered 7061 on Amendment of Certain Taxes and Laws and Other Acts was published on the Official Gazette dated December 5, 2017 and numbered 30261. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

The investment incentive calculated over the investment expenditures and within the scope of the income tax law numbered 19, were not subjected to the deduction from the tax base due to the insufficient taxable profit by Kipa Ticaret A.Ş., and transferred to the Company amounting to TL 15,648 TL (31.12.2020 indexed value) and this total amount has been deducted from the taxable profit as of 31 December 2020.

The Group calculates deferred income tax assets and liabilities based on the temporary difference between the financial statements prepared in accordance with TFRS and the financial statements prepared in accordance with statutory accounts. Future periods to deferred tax assets and liabilities are calculated based on the liability method on temporary differences for the rates used as of 31 December 2020 Turkey, Kazakhstan, Bulgaria and Macedonia respectively 22%, 20%, 10% and 10% (2019: 22%, 20%, 10% and 10%).

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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

	2020	2019
Loss before tax	(220,705)	(441,483)
Calculated tax income according to parent company tax rate (22%)	48,555	97,126
Differences in tax rate of subsidiaries	(9,827)	(2,758)
Expected tax expense of the Group	38,728	94,368
Effect of non-deductible expenses	(269,894)	(157,786)
Effect of exemptions for R&D	8,521	12,196
Allowable losses	-	31,445
Tax effect of other income exempt from tax	43,191	-
Other	(3,786)	(10,475)
The Group's tax income/(expense)	(183,240)	(30,252)

The details of taxation on income for the periods ended 31 December 2020 and 2019 are as follows:

	2020	2019
Current period tax expense	(192,269)	(261)
Deferred tax expense	9,029	(29,991)
Current period tax amount	(183,240)	(30,252)

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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

As of 31 December 2020 and 2019, the deferred tax assets and liabilities calculated using the total temporary differences and the enacted tax rates are as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Deferred tax assets:				
Short term provisions	252,687	220,491	50,537	48,508
Inventories	193,538	127,483	38,708	28,046
Provision for employee termination benefits	257,690	204,503	51,538	40,850
Unincurred interest income	1,343	805	269	177
Derivative instruments	-	28,117	-	6,186
Right of use asset	266,774	135,740	53,355	27,148
Other	11,276	16,237	2,255	3,622
Deferred tax assets	983,308	733,376	196,662	154,537
Deferred tax liabilities:				
Derivative instruments	(8,663)	-	(1,733)	-
Property, plant and equipment and intangible assets	(1,093,910)	(1,123,130)	(178,611)	(164,666)
Unincurred interest expense	(128,326)	(71,695)	(25,665)	(15,773)
Other	(18,281)	(6,921)	(3,658)	(1,384)
Deferred tax liabilities	(1,249,180)	(1,201,746)	(209,667)	(181,823)
Total deferred tax liability, net	(265,872)	(468,370)	(13,005)	(27,286)

Deferred tax movement within the period is as followed:

	2020	2019
Beginning balance	(27,286)	1,765
Deferred tax expense from continuing operations	9,029	(29,991)
Recognized under equity	1,202	(2,322)
Cumulative translation difference	4,051	3,262
Ending balance	(13,005)	(27,286)

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NOTE 25 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The Company's authorised and issued capital consists of 18,105,423,300 shares at 1 shares of Kr1 nominal value as of 31 December 2020. All shares are paid-in and no privileges are given to different share groups and shareholders.

	31 December 2020		31 December 2019	
	TL	Share (%)	TL	Share (%)
MH Perakendecilik ve Ticaret A.Ş.	89,046	49.18	89,046	49.18
Kenan Investments S.A.	21,308	11.77	21,308	11.77
Migros Ticaret A.Ş.	2,962	1.64	2,962	1.64
Other	67,738	37.41	67,738	37.41
Total	181,054	100.00	181,054	100.00
Treasury shares (-)	(125,435)		(125,435)	

In the utilisation process of separation funds for Kipa shareholders due to the merger, Migros shares with a total nominal value of TL 2,962, corresponding to Kipa shares with a total nominal value of TL 48,998 which were converted to Migros shares due to the merger were purchased by Migros with a total amount of TL 125,435 within the scope of separation funds.

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Balances with related parties

Due from related parties	31 December 2020	31 December 2019
Anadolu Motor Üretim ve Pazarlama A.Ş.	80	58
Anadolu Isuzu Otomotiv Sanayi ve Tic. A.Ş.	2	417
Anadolu Restoran İşl. Ltd. Şti.	-	43
Diğer	72	231
	154	749
Due to related parties	31 December 2020	31 December 2019
Anadolu Efes Pazarlama ve Dağıtım Ticaret A.Ş.	162,315	142,932
Coca Cola Satış ve Dağıtım A.Ş.	78,381	87,144
AEH Sigorta Acenteliği A.Ş.	17,731	14,468
Adel Kalemcilik Ticaret ve San. A.Ş.	10,498	8,909
AEH Anadolu Etap Penkon Gıda ve		
Tarım Ürünleri San. ve Tic. A.Ş.	8,889	1,354
Other	2,199	781
	280,013	255,588

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NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

b) Transactions with related parties

	31 December 2020	31 December 2019
Inventory purchases		
Coca Cola Satış ve Dağıtım A.Ş.	321,955	286,004
Anadolu Efes Paz. ve Dağıtım Ticaret A.Ş.	508,890	493,465
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş.	28,252	25,234
Adel Kalemcilik Ticaret ve San. A.Ş.	8,798	6,421
	867,895	811,124
Other transactions	2020	2019
Rent revenue	496	1,593
Rent expenses	(7,457)	(15,066)
Other income	608	827
Other expenses	-	(75)
Other transactions, net	(6,354)	(12,722)

c) Key management compensation

The Group has determined key management personnel as chairman, members of Board of Directors, general manager and vice general managers.

Total compensation provided to key management personnel by Group for the period ended 31 December 2020 and 2019 is as follows:

	2020	2019
Short term benefits	65,746	46,194
	65,746	46,194

Key management compensation paid or payable consists of benefits, salaries, premiums, individual pension premiums, vehicle rents and SSI and employer shares.

NOTE 27 - EARNINGS PER SHARE

Basic earnings/(losses) per share is calculated by dividing net income/(loss) for the period by the weighted average number of ordinary shares outstanding during the related period. The Company has no diluted instruments.

	2020	2019
Net profit/(loss) attributable to shareholders	(402,984)	(460,812)
Weighted average number of shares with Kr 1 face value each ('000)	18,105,233	18,105,233
Earnings per share	(2.23)	(2.55)

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NOTE 28 - FINANCIAL RISK MANAGEMENT

Financial risk management

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize their potential adverse effects on the financial performance of the Group.

Individual subsidiaries manage their risk under policies approved by their Boards of Directors.

Interest rate risk

The Group management invests its interest bearing assets on short term investments with the principle of balancing the maturity of the assets and liabilities that are sensitive to the interest rate changes.

The weighted average nominal interest rate of the Group's financial liabilities that are sensitive to interest for EURO loans is 4.75% (2019: 4.75%). As of 31 December 2020, if interest rates on Euro denominated borrowings had been 100 base point higher/lower with all other variables held constant, pre-tax profit for the year would have been TL 869 (2019: TL 2,907) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Interest rate positions of the Group at 31 December 2020 and 2019 are as follows:

	2020	2019
Financial instruments with fixed interest rate		
Time deposits	1,421,737	1,114,654
Financial investments	2,243,651	1,342,430
Lease liabilities	2,934,531	2,434,380
Financial instruments with floating interest rate		
Financial liabilities	1,594,099	3,060,609

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity and funding risk:

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The funding risk of the current and future debt requirements is managed through the continuous availability of qualified lenders. As of 31 December 2020, the Group's financial debt with a maturity longer than 1 year is TL 2,279,885 (2019: TL 3,440,185).

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NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

The maturity analysis of the Group's financial liabilities as of 31 December 2020 is as follows:

Non derivative financial liabilities:

31 December 2020	Carrying value	Contractual cash outflows	Up to 3 months	3 months - 12 months	1 years - 5 years	Over 5 years
Financial payables	3,837,750	4,790,272	398,292	1,239,506	3,152,474	-
Trade payables	7,339,394	7,467,473	6,345,141	1,122,332	-	-
Other payables	417,839	417,839	417,839	-	-	-
	11,594,983	12,675,584	7,161,272	2,361,838	3,152,474	-
31 December 2019	Carrying value	Contractual cash outflows	Up to 3 months	3 months - 12 months	1 years - 5 years	Over 5 years
Financial payables	4,403,039	5,491,622	331,437	687,107	4,473,078	-
Trade payables	5,743,794	5,751,065	4,753,804	997,261	-	-
Other payables	282,269	282,269	282,269	-	-	-
	10,429,102	11,524,957	5,367,511	1,684,368	4,473,078	-

Credit risk

The Group is exposed to credit risk due to its sales other than retail sales. Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by credit ratings and by limiting the aggregate risk from any individual counterparty. The credit risk is generally highly diversified due to the large number of entities comprising the customer base.

The risk details of credits and receivables as of 31 December 2020 and 2019 are as follows. Amounts showing the maximum credit risk exposed as of the balance sheet date are disclosed by disregarding guarantees on hand and other factors that increase the credit quality.

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NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

	31 December 2020			
	Trade receivables Related party	Other	Other receivables Other	Deposits in bank
Maximum risk exposed credit risk as of reporting date (A+B+C)	154	174,370	32,767	1,567,796
Secured portion of maximum credit risk by guarantees	-	46,474	-	-
A. Net book value of financial assets either are not due or not impaired	154	147,833	32,767	1,567,796
secured portion by guarantees	-	33,141	-	-
B. Net book value of the expired or not impaired financial assets	-	16,926	-	-
secured portion with guarantees	-	3,722	-	-
C. Impaired assets	-	9,611	-	-
net book value	-	92,941	-	-
over due (gross book value)	-	(83,330)	-	-
impairment (-)	-		-	-
secured portion of the net value by guarantees etc	-	9,611	-	-
D. Expected credit loss (-)	-	-	-	-

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NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2019			
	Trade receivables Related party	Other	Other receivables Other	Deposits in bank
Maximum risk exposed credit risk as of reporting date (A+B+C)	749	125,605	40,974	1,279,630
Secured portion of maximum credit risk by guarantees	82	34,755	-	-
A. Net book value of financial assets either are not due or not impaired	749	111,511	40,974	1,279,630
secured portion by guarantees	82	26,308	-	-
B. Net book value of the expired or not impaired financial assets	-	6,223	-	-
secured portion with guarantees	-	575	-	-
C. Impaired assets				
net book value	-	7,731	-	-
over due (gross book value)	-	79,727	-	-
impairment (-)	-	(71,996)	-	-
secured portion of the net value by guarantees etc	-	7,871	-	-
D. Expected credit loss (-)	-	-	-	-

As of reporting date there are no uncollected, overdue, and renegotiated bank deposits nor credit card receivables present at the Group portfolio, thus the Group is in the opinion that there are no credit risks regarding these assets.

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NOTE 28 - FINANCIAL RISK MANAGEMENT (Continued)

Aging of the receivables which are overdue but not impaired

	2020	2019
Between 0-1 month	7,634	3,100
Between 1-3 month	6,552	1,081
Between 3-12 month	1,996	1,209
Between 1-5 years	744	834
	16,926	6,223

Risky Position of Capital:

Net debt ratio as of 31 December 2020 and 2019 is as follows;

	2020	2019
Total liabilities	15,344,598	13,462,880
Less: Cash and cash equivalents	(3,230,793)	(2,328,309)
Deferred tax liabilities	(13,005)	(27,286)
Net debt	12,100,800	11,107,285
Equity attributable to holders of parent	31,061	352,503
Equity + net debt	12,131,861	11,459,788
	99.74%	96.92%

Foreign currency risk

The Group is exposed to foreign exchange risk primarily arising from the borrowings denominated in foreign currencies. Aforementioned foreign exchange risk is monitored and limited with derivative instruments. At 31 December 2020, if Euro had appreciated against TL by 20% and all other variables had remained constant, the income for the period before tax as a result of foreign exchange rate difference arising out of assets and liabilities denominated in Euro would have been lower in the amount of TL 24,330 (31 December 2019: 435,402 higher).

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NOTE 29 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION

	FOREIGN CURRENCY POSITION							
	31 December 2020				31 December 2019			
	Total TL equivalent	USD	Euro	Other TL equivalent	Total TL equivalent	USD	Euro	Other TL equivalent
Monetary financial assets	738,895	930	81,211	528	697,220	1,181	103,480	2,003
Trade receivables	-	-	-	-	-	-	-	-
Other	66	9	-	-	933	157	-	-
Current assets	738,961	939	81,211	528	698,153	1,338	103,480	2,003
Total assets	738,961	939	81,211	528	698,153	1,338	103,480	2,003
Financial liabilities	41,563	-	4,614	-	330,808	-	49,741	-
Non-monetary other liabilities	-	-	-	-	-	-	-	-
Current liabilities	41,563	-	4,614	-	330,808	-	49,741	-
Financial liabilities	811,629	-	90,102	-	2,529,211	-	380,298	-
Non-monetary other liabilities	6,080	-	675	-	5,194	-	781	-
Non-current liabilities	817,709	-	90,777	-	2,534,405	-	381,079	-
Total liabilities	859,272	-	95,391	-	2,865,213	-	430,820	-

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NOTE 29 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)

	FOREIGN CURRENCY POSITION							
	31 December 2020				31 December 2019			
	Total TL equivalent	USD	Euro	Other TL equivalent	Total TL equivalent	USD	Euro	Other TL equivalent
Net asset/(liability) position of off-balance sheet derivatives (A-B)	-	-	-	-	-	-	-	-
A. Total amount of off- balance sheet derivative financial assets	-	-	-	-	-	-	-	-
B. Total amount of off- balance sheet derivative financial liabilities	-	-	-	-	-	-	-	-
Net foreign currency asset/ (liability) position	(120,311)	939	(14,180)	528	(2,167,058)	1,338	(327,340)	2,003
Net foreign currency asset/(liability) position of monetary items	(114,297)	930	(13,505)	528	(2,162,797)	1,181	(326,559)	2,003
Fair value hedge funds of foreign currency	-	-	-	-	-	-	-	-
Hedge amount of foreign currency assets	-	-	-	-	-	-	-	-
Hedge amount of foreign currency liabilities	-	-	-	-	-	-	-	-
Export	-	-	-	-	-	-	-	-
Import	165,547	22,553	-	-	164,762	27,737	-	-

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NOTE 29 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)

Foreign currency sensitivity analysis as of 31 December 2020 and 2019 is as follows:

	Gain/Loss	
	Foreign exchange appreciation	Foreign exchange depreciation
20% change in Euro exchange rate		
Euro net asset/liability	(24,330)	24,330
Euro net effect	(24,330)	24,330
31 December 2019		
	Gain/Loss	
	Foreign exchange appreciation	Foreign exchange depreciation
20% change in Euro exchange rate		
Euro net asset/liability	(435,402)	435,402
Euro net effect	(435,402)	435,402

NOTE 30 - FINANCIAL INSTRUMENTS

Fair value estimation

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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NOTE 30 - FINANCIAL INSTRUMENTS (Continued)

The fair value hierarchy for the assets and liabilities measured at fair value as of 31 December 2020 and 2019 is as follows:

		Fair Value Level as of reporting period		
		Level 1	Level 2	Level 3
	31 December 2020	TL	TL	TL
Lands	590,907	-	-	590,907
Buildings	524,585	-	-	524,585
Derivatives	18,183	-	18,183	-
		Fair Value Level as of reporting period		
		Level 1	Level 2	Level 3
	31 December 2019	TL	TL	TL
Lands	1,288,070	-	-	1,288,070
Buildings	1,018,635	-	-	1,018,635
Derivatives	(28,117)	-	(28,117)	-

The discount, capitilization and store occupancy rates used in the studies were determined by the valuation companies.

The discount rates are consistent with the inflation expectation survey of the CBRT and used between 11% and 17.94% for the properties in Turkey. Discount rates used between 10% to 13% for the properties abroad.

The capitilization rates vary between 5% and 10% in terms of the location of the real estate.

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NOTE 31 - SUBSEQUENT EVENTS

In line with the Group's growth targets and its strategic focus in markets where the Group operates, Ramstore Macedonia operations have been re-evaluated. Following the evaluations, the negotiations have been initiated with regard to the sale of 100% of the subsidiary Ramstore Bulgaria EAD ("Ramstore Bulgaria") to CITY PLAZA DOO Skopje ("the Buyer"), the 99% direct shareholder of Ramstore Macedonia. In this respect, a preliminary sales agreement has been signed between our Company and the buyer. The negotiations continue regarding the signing of a Share Purchase Agreement.

In line with the Group's strategic targets, in order to acquire the tenant rights and the rent contracts of 34 stores, a transfer agreement was signed with Carrefour Sabancı Ticaret Merkezi A.Ş. ("Carrefour") on 7 January 2021.

On 26 January 2021, Kenan Investments S.A sold its Migros Ticaret A.Ş shares with the nominal value of TRL 21.308.336 over TRL 44,15 sell price. After the mentioned transaction, the share ownership of Kenan Investments SA and the funds managed by BC Partners subsidiaries decreased to 0%. The free-float increased to 49,18% as of 26 January 2021 (31 December 2020: 37,41%).

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