

MiGROS

INTEGRATED ANNUAL REPORT 2022

A BETTER FUTURE

THROUGH
TRANSFORMATIVE
INNOVATION

FOR OUR PLANET

FOR OUR CUSTOMERS &
STAKEHOLDERS

FOR OUR
EMPLOYEES

Always in our hearts

Although every life saved in the devastating earthquake that struck on February 6th is a source of hope, those whom we lost to this catastrophe left us with an utmost sadness and indescribable pain.

We extend our deepest condolences to the families and friends of the twenty-two beloved members of the Migros family we lost. May their souls rest in peace. Our prayers are with the relatives of these beloved souls. May our nation have strength during these days of difficulty.

We will never forget the valued members of the Migros family whom we have lost. They will live in our hearts and minds forever. We will continue to stand with our colleagues and citizens in the region during this difficult time.

May our country's pain be eased.



ABDURRAHMAN CİVAN
Hatay
Antakya Palladium
(Sales Consultant)



ABUZER BEHİŞ
Adıyaman
Gölbasi Mjet
(Mjet Store Manager)



AHMET YAMAN
Hatay
Iskenderun Macrocenter
(Cleaning Officer)



ALİYE AKPINAR
Kahramanmaraş
Piazza AVM
(Security Officer)



ALPER KARAKOYUN
Hatay
Primemall MM
(Sales Consultant)



ATILLA ÇALIŞKAN
Hatay
Antakya Palladium
(Seafood Sales Consultant)



BEYHAN YÜKSEL
Hatay
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CUMA YILMAZOĞLU
Hatay
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ÇİĞDEM KARAÇAM
Kahramanmaraş
Piazza AVM
(Sales Consultant)



DİLARA YAĞLICI
Kahramanmaraş
Piazza AVM
(Cashier)



EBRU YALIM
Adana
Adana Sular
(Store Assistant Manager)



HATİCE BALCI
Hatay
Arsuz Sayek Park Migros
(Sales Consultant)



İHSAN ÇAKRAK
Hatay
Hatay Sales Store
(Sales Consultant)



İNAN ARI
Hatay
Isk. Hasan Ali Yücel Cd. Migros
(Mjet Master Officer)



İSMAİL HAKKI BİÇİCİ
Kahramanmaraş
Piazza AVM
(Paket Taksit Courier)



KEVSER AKGÜN
Kahramanmaraş
Piazza AVM
(Sales Consultant)



MEHMET ALKAYIŞ
Adıyaman
Atatürk Bulvarı
(Store Assistant Manager)



MEHMET KAĞAN KAVAK
Hatay
Dafne Mjet
(Mjet Store Manager)



MÜNİR AYTULUN
Hatay
Antakya Palladium
(Sales Consultant)



NURŞEN İMREK
Hatay
Hatay Aksaray Mahallesi Migros
(Sales Consultant)



SÜMEYRA KAYA
Osmaniye
Osmaniye Sales Store
(Cashier)



TUBA KARAKAYA
Malatya
Malatya Turgut Özal Bulvarı
(Sales Consultant)

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Chairman's Message

TL 2.3 BILLION IN INVESTMENTS

IN 2022 MİGROS SPENT A TOTAL OF TL 2.3 BILLION TO FINANCE INVESTMENTS IN PHYSICAL AND ONLINE GROWTH, ENHANCEMENT OF STORE OPERATIONS, LOGISTICS, INFORMATION TECHNOLOGIES, AND **ENERGY SUSTAINABILITY.**



Valued Migros stakeholders:

A few weeks ago we suffered one of the most devastating earthquakes ever to strike our country. May God have mercy on the souls of those who lost their lives and bind up the wounds of all who survived. As the process of rescue and recovery unfolds, Migros has been providing every possible support and assistance for the families of those who lost loved ones and for those who were affected by the earthquakes. Migros will continue to do so. I believe that through unity and solidarity we

can overcome even this tragedy. I also believe that as a nation we must work with greater awareness and in cooperation with authorities so as to ensure that we need never endure such frightful losses as these again.

Economic & sectoral review

2022 was a year fraught with challenges and uncertainties for the global economy. Economic activity slowed perceptibly worldwide while many countries registered significant increases in inflation, owing in part to rising energy prices.

Here in our own country, growth slowed last year while inflationary pressures were experienced to a significant degree. Having registered a year-on growth rate of 11.4% in 2021, the Turkish economy grew by only 5.6% in 2022, a year in which producer prices nearly doubled at around 97.72% and consumer prices increased by close to two-thirds at 64.27%. For all of that however, the food retailing industry remained vigorous and continued to contribute to national economic growth and job-creation. Competition in our sector became even more intense as retailers continued to open new stores in online and offline channels.

Operational & financial performance

In 2022 Migros spent a total of TL 2.3 billion to finance investments in physical and online growth, enhancement of store operations,

logistics, information technologies, and energy sustainability. That figure corresponds to 133% of our 2021 investment outlays. During 2022 our company opened a total of 367 new stores—just over one a day on average—and the total number in the chain as of year-end stood at 2,908. Migros once again registered strong year-on growth in its online sales while the number of stores supplying goods for such sales reached 956.

Migros' consolidated sales were up by 105% in 2022 and reached TL 74.5 billion. Migros' operational profitability improved thanks to strong turnover growth as well as to effective cost management. Due in part to such strong operational profitability as well as to the effect of one-off tax income, Migros booked a net profit of TL 2.6 billion in 2022.

The credit rating agency JCR Eurasia Rating increased Migros' long-term national issuer

Chairman's Message

credit rating to “AAA (tr)”, which denotes the highest investment grade. Migros has also a “AAA(tur)” rating assigned by Fitch Ratings, which likewise denotes the highest investment grade

Investing in the future: Migros' transformation

For Migros, 2022 was a year in which we focused on developing new business lines in the company's ongoing efforts to transform its ecosystem through new subsidiaries that add value to our customers.

One such is **MoneyPay**, Migros' e-money licensed subsidiary that is developing an array of fintech products and services. I believe that MoneyPay will be creating increasingly more value both for Migros and for its customers as it continues to move forward in the period ahead.

Migen Enerji is a company that we set up to manage electric vehicle charging stations. In the coming months our plan is for this new subsidiary to begin providing EV recharging services initially at locations where our biggest stores are in operation. Furthermore, we have joined forces with Türkiye's new domestic car manufacturer Togg. Under our agreement with Togg, Migros' mobile app will be integrated into Togg cars' intelligent systems thereby enabling drivers to place Migros orders online. The app will also show users where the nearest Migros store is so that they save time by having their battery topped up while they're inside the store doing their shopping.

Another new initiative is Migros One's **Migros Yemek**, our new online food ordering and delivery platform. Our plan is to expand Migros Yemek's service footprint throughout the country as much as possible in 2023 in order to create value for its customers' household budgets.

Planning a Better Future

Anadolu Group as a whole strives to make today better in order to ensure the wellbeing of people, the planet, and its business tomorrow. Migros for its part makes a big contribution to that effort both directly and through its leading-edge retailing-industry practices. During 2022 Migros continued to promote sustainable farming and localization while also supporting women's cooperatives and women's workforce participation. We intend to go on doing so in the future as well.

Migros sees it as important to make certain that consumers have uninterrupted access to wholesome food and proper nourishment, that farmers are supported and empowered, and that farming is sustainable and agricultural production is localized. In line with this, Migros has developed a business model that prioritizes localized production and sale of farmed products. By allocating more space in stores for locally-grown produce for example, Migros supports local producers and helps them along their branding journey while also giving consumers better access to more affordably-priced local goods. By making its procurements through local cooperatives, Migros makes it possible for small-scale farmers and producers to contribute a bigger market share. By empowering women in agriculture, Migros supports economic-space gender and equality

opportunity. In the case of the last, Migros also provides training resources to strengthen women-owned initiatives and ventures and allocates increasingly more space for the products of women's cooperatives on its store shelves.

Looking ahead...

Over the last few years, Migros has substantially reduced its balance-sheet risk by paying down its FX-denominated debt. At the same time, the company has also grown its business and strengthened its shareholders equity. Although Migros has always been an operationally profitable company; there had been periods of net loss due to FX losses. We have now moved from periods of net loss to periods of net profit.

In 2022 Migros secured a net profit in excess of its balance-sheet prior-year losses, which means that it is—technically—in a position to pay out a dividend. Looking ahead, Migros can now concentrate on pursuing growth and creating ever more stakeholder value as it moves forward expanding its physical store network, investing in new online operations, and creating more jobs. As to what this means for our shareholders, I am pleased to say that starting from the current year, Migros will allocate the value it creates to growing in a balanced way and sharing it with its shareholders.

Yours sincerely,

Tuncay Özilhan
Chairman of the Board of Directors
Migros Ticaret A.Ş.

NEW SUBSIDIARIES, NEW BUSINESS LINES

FOR MIGROS, 2022 WAS A YEAR IN WHICH WE
FOCUSED ON DEVELOPING NEW BUSINESS LINES IN
THE COMPANY'S ONGOING EFFORTS TO TRANSFORM
ITS ECOSYSTEM THROUGH NEW SUBSIDIARIES THAT
ADD VALUE TO OUR CUSTOMERS.

CEO's Message

STRONG GROWTH

BENEFITING FROM MULTICHANNEL COMPETENCIES, **EFFECTIVE PRICING STRATEGIES**, AND INCREASING CUSTOMER FOOTFALL AS WELL AS FROM A STRONG RECOVERY IN THE COUNTRY'S TOURISM INDUSTRY, MIGROS CONTINUED TO GROW IN 2022.



Valued Migros stakeholders:

I must sadly begin my remarks by expressing my condolences to our entire country and nation on account of the earthquakes we experienced in February. May God have mercy on the souls of those whom we lost; for their survivors I wish the speediest of recoveries. We were deeply grieved by the painful loss of twenty two members of the Migros family—each one a young, wonderfully and exceptionally valuable individual in the prime of life with their own hopes for the future. They will forever

remain in our hearts as members of the Migros team.

The morning of the same day that the earthquake struck in the dead of night, Migros immediately reached out to its employees and their families while also dispatching lorries loaded with aid for victims in stricken areas. Working in coordination with authorities, we supported rescue and recovery efforts and continue to do even now. We can only hope never to have to suffer so great a catastrophe as this one yet again.

Economic & sectoral review

Responding to steadily accelerating renormalization as our country emerged from the pandemic, the food retailing industry remained vigorous in 2022. Physical store openings continued apace throughout the sector while online retailing investments lost none of their momentum. Our business of course is a highly competitive one in any case, but the spate of new stores opening their doors for the first time made it even more so. Changes in consumer shopping habits brought on by the pandemic likewise necessitated increased investment in digitalization and associated infrastructure.

Migros introduced efficiency-enhancing new services & logistics models benefiting from advances in artificial intelligence technologies

while also continuing to create new integrated sales channels in order to reach customers in every possible way and never relaxing its resolve to supply customers with the highest-quality products and services at the most affordable prices. Migros also gave its full backing to the government's anti-inflation program by delaying the reflection of costlier inputs into shelf prices for as long as possible. It likewise made its own contribution to consumers' household budgets by conducting campaigns in which thousands of items were offered at discount prices.

Financial & operational performance

Benefiting from multichannel competencies, effective pricing strategies, and increasing customer footfall as well as from a strong

CEO's Message

recovery in the country's tourism industry, Migros continued to grow in 2022. Consolidated sales were up by 105% year-on and reached TL 74.5 billion.

Last year our company continued to expand its presence in both bricks & mortar and online retailing. During 2022 Migros invested more than TL 2.2 billion in growth-supporting logistical services, energy, and technology investments while also creating new employment opportunities in both channels.

Thanks both to effective cost management in the face of rising operational expenses and to strong turnover growth, Migros' consolidated EBITDA increased by 106% and reached TL 6 billion with an EBITDA margin on the order of 8.0%. Thanks likewise to strong cash flow creation, the company was also able to reduce its financial indebtedness last year. In 2022 Migros secured a net profit of TL 2,580 million, TL 993 million of which was attributable to a one-off deferred tax income, significantly improved its shareholders equity position, and reached a position of technically being able to pay out a dividend.

Strategizing and gearing up for the future

In 2022 Migros continued to focus on opportunities for pursuing physical and online channel growth. The progress that was achieved on that front last year has also wrought meaningful, beneficial changes in Migros' growth story as well as in how the company is viewed by investors. Having strengthened its balance sheet and paying down its FX-denominated debt, our company is now in a position to invest more in new infrastructure and business lines. The strategy changes that we anticipated making in the post-pandemic landscape are one by one taking shape and going live. While continuing to come up with innovative solutions enabling us to respond quickly to customers' needs and expectations, we're also developing new partnership structures focused on creating sustainable long-term value. Over the last two years, Migros launched four new subsidiaries: Migros One, MoneyPay, Migen Enerji, and Mimedra. The Company also increased its 50% stake in courier service provider Paket Lojistik to 75%. By supporting Migros' core business activity—retailing—these new subsidiaries will help position Migros even more strongly in the highly competitive retailing industry and ensure the sustainability of the company's long-term growth. We have been building a new ecosystem around Migros by establishing strong subsidiaries. I would like to state that this process will continue in 2023.

As things now stand, all the operations of Migros Sanal Market, Migros Hemen, Migros Ekstra, MacroOnline, and Tazedirekt have been combined under Migros One, which provides distribution service and software management support for all five. To this group we last year added "Migros Yemek", a new online food ordering and delivery platform, that is now serving customers in many cities through an extensive network of restaurants etc offering a wide range of affordably-priced, highly-diversified, and healthy meal-choice options. We are currently involved in setting up another Migros One operation we're calling "Migros One Kitchen". This is a network of so-called "cloud kitchens" with more than ten Migros private-label offerings to prepare affordably-priced, superior-quality, and tasty meal options. We intend to continue investing in cloud kitchens, to increase their number, and to expand our portfolio by creating new private-label offerings in line with customers' expectations.

In 2022 we continued our efforts to create value in the ready-meals segment. We introduced Migros Ev Lezzetleri (Home-Cooked) takeaway at 250 stores in 40 provinces. Migros Sokak Lezzetleri (Street Food) takeaway is being sold at stores in four provinces and we also have a Migros Lezzet Meydanı (Food Court) cafe at one location.

Having received its e-money license, our fintech subsidiary MoneyPay expanded its service portfolio with the addition of a "Buy Now Pay Later" option. MoneyPay plans to quickly introduce other customer-value creating products and solutions in the period ahead. I believe that the

LONG-TERM SUSTAINABLE VALUE

WHILE CONTINUING TO COME UP WITH INNOVATIVE SOLUTIONS ENABLING US TO RESPOND QUICKLY TO CUSTOMERS' NEEDS AND EXPECTATIONS, WE'RE ALSO DEVELOPING NEW PARTNERSHIP STRUCTURES FOCUSED ON CREATING SUSTAINABLE LONG-TERM VALUE.

CEO's Message

synergies arising from MoneyPay's collaboration with Migros will nourish that company's rapid growth and enable it to create long-term value for Migros.

Another subsidiary that we set up in 2022 is Migen Enerji, an electric vehicle recharging service provider. Our plan is for Migen Enerji to set up EV recharging stations at more than fifty Migros store locations and begin serving customers in 2023.

Last year we also continued to focus on information technologies and digitalization and to invest in intelligent-solution projects carried out by startups working with our Migros Up co-innovation platform. These investments allow us to quickly incorporate the innovative AI-supported smart solutions provided by startups into many aspects of our business ranging from retailing practices to financing systems. A good example of this is the Hergele Mobility startup that we invested in for the development of Wamo, a warehouse mobility vehicle that significantly improves the efficiency of Migros Sanal Market order-filling processes.

Migros Better Future Plan

The detailed information about Migros' sustainability-related efforts and operations under the Migros Better Future Plan that is presented in this year's integrated annual report once again reveals the degree to which Migros is committed to realizing its aim of ensuring a better and more sustainable future for everyone. Migros' shares have been included in the Borsa İstanbul BIST Sustainability Index without exception in every year since that index's inception in 2014. When the Borsa İstanbul stock exchange launched its BIST Sustainability 25 Index, our company's shares immediately qualified for inclusion and have remained since. Migros' Carbon Disclosure Project reports of its climate-change mitigation and water-conservation efforts have again qualified it as a Climate Leader and a Water Leader for the fourth and second times respectively.

Migros gives much attention to supporting sustainable agricultural practices and smallholders, to sourcing from cooperatives, and to prioritizing localized production and sale of farmed products.

Migros demonstrated its commitment to combating climate change by declaring that it had revised its carbon footprint reduction target so as to be compatible with the 1.5 °C scenario. New investments to generate electricity from solar power will contribute to a more sustainable future. Migros is engaged in an ongoing and determined effort to achieve its 2030 carbon-emissions,

water-consumption, and food-waste prevention targets within the overall framework of the Migros Better Future Plan; indeed, it is striving to surpass them. In the area of social sustainability, Migros is making strong progress especially towards the fulfillment of its gender-equality and opportunity-equality targets.

In 2023 Migros will be looking to further expand its online operations, open 365 new stores, create about 10,000 new jobs, and invest about TL 4 billion in a variety of projects. I have every reason to be confident that our current growth momentum will remain strong in the period ahead.

For Migros, "economics" involves much more than just "company" or "industry"; it means thinking about the social, environmental, and economic wellbeing of an entire ecosystem of which it, along with its stakeholders together with their interests and resources, is a part. It is because of this mindset that Migros will continue marshal all the means at its disposal to create shared value in partnership with its stakeholders and move forward with them.

I close these remarks with my wishes for a speedy recovery from the recent earthquakes and with my thanks to everyone for their confidence in Migros.

Thank you for your attention.

Ö. Özgür TORT, PhD
Chief Executive Officer
Migros Ticaret A.Ş.

A CDP LEADER

MİGROS' CARBON DISCLOSURE PROJECT
REPORTS OF ITS CLIMATE-CHANGE MITIGATION
AND WATER-CONSERVATION EFFORTS HAVE
QUALIFIED IT AS A CLIMATE LEADER AND A
WATER LEADER FOR THE FOURTH AND SECOND
TIMES RESPECTIVELY.

About the Report

GRI 2-1, GRI 2-2, GRI 2-3



OUR INTEGRATED ANNUAL REPORT HAS BEEN PREPARED IN ACCORDANCE WITH GRI STANDARDS AND **THE INTERNATIONAL INTEGRATED REPORTING** FRAMEWORK.

Migros Ticaret A.Ş. creates environmental, social, and corporate governance value, strategy, management, and performance systems and processes in line with its fundamental corporate governance principles of transparency, accountability, responsibility, and fairness. It shares what it creates with all of its stakeholders. Having previously published separate annual and sustainability reports, Migros' 2021 sustainability report was presented in an integrated format. This year the company is publishing an integrated annual report, the first such to be published by a food retailer in Türkiye. It covers the 12 months from 1 January 2022 to 31 December 2022 and presents all of the company's financial performance and 99.9%* of its sustainability performance during the reporting period.

This integrated annual report has been prepared in accordance with Global Reporting Initiative (GRI) standards and the international integrated reporting framework published by the International Integrated Reporting Council (IIRC). The report presents the company's financial and operational performance from an integrated perspective, considering all six primary capital

elements. It discloses created values and future goals in an explicit, transparent, reliable, and consistent manner that is compatible with the previous report.

This report was prepared with input from both internal and external national and international stakeholders. It presents the company's risks and opportunities and corporate governance approach in the context of an operational ecosystem that it has strengthened so as to address current needs and be compatible with new technologies. This is all done within the overall framework of priority and focus areas identified in the Migros Better Future Plan, which serves as the company's sustainability strategy and roadmap. The short, medium, and long-term impact of the company's activities and operations is presented through the lens of its value creation framework.

OPEN,
TRANSPARENT,
RELIABLE,
CONSISTENT



OUR COMPANY'S
PERFORMANCE IS
PRESENTED FROM
AN INTEGRATED
PERSPECTIVE,
CONSIDERING ALL
6 CAPITALS.

About the Report



This report has also been prepared in accordance with the expectations of World Economic Forum Stakeholder Capitalism Metrics, the United Nations Global Compact (UNGC), the Task Force on Climate-related Financial Disclosures (TCFD), and the indices in which the company's shares are tracked. UN Sustainable Development Goals (SDGs) with which each activity or operation is associated are identified. International Financial Reporting Standards (IFRS) provided guidance in the reporting of financial data.

Selected data on Migros' 2022 greenhouse gas emissions and its supply chain and human rights activities and operations have been externally and independently audited and verified to ensure the validity of its sustainability performance. The Greenhouse Gas Emissions Verification Statement prepared in accordance with ISO 14064-3 and the Independent Assurance Statement on Human Rights and Supply Chain are included in the **Annexes** to the 2022 Integrated Annual Report.

The company's 2022 independent financial audit was conducted in accordance with International Financial Reporting Standards (IFRS) as well as with the Independent Audit Standards (IAS) published by the Capital Markets Board (CMB) and the Independent Audit Standards (IAS) published by the Public Oversight, Accounting & Auditing Standards Authority (KGK).

Migros continuously strives to improve its strategic and sustainability-focused performance in line with the evolving expectations and needs of its entire value chain. It aims to deliver better results to stakeholders through better practices. Your feedback about Migros' integrated annual reports is important for their continued future improvement. Please email your ideas or suggestions to malimigros@migros.com.tr and/or to surdurulebilirlik@migros.com.tr.

SUSTAINABILITY-FOCUSED PERFORMANCE

OUR COMPANY AIMS TO STEADILY IMPROVE ITS STRATEGIC AND SUSTAINABILITY-FOCUSED PERFORMANCE EACH YEAR IN LINE WITH THE EVOLVING NEEDS AND EXPECTATIONS OF ITS ENTIRE VALUE CHAIN. IT REPORTS TO STAKEHOLDERS THE RESULTS IT ACHIEVES THROUGH IMPROVEMENTS IN ITS PRACTICES.



* Although financial data associated with a shopping mall in Kazakhstan that is operated by a locally-based subsidiary is presented in financial statements, information about the subsidiary's sustainability performance is not reported.

Migros' Impact Journey

1954**Established**

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

1975

Koç Group acquires a majority stake in Migros.

1991

Migros goes public.

1997

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

1998

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

2005

Migros acquires Tansaş, a national food retailer. Macrocenter format is launched.

2009

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

2011

Migros Jet convenience store format is launched.

2014

Migros' shares are included in the newly-launched BIST Sustainability Index.

A 68 YEAR-LONG JOURNEY

Migros' Impact Journey

2015

Anadolu Group acquires 40.25% of Migros shares.
Migros submits its first CDP Climate Change Report.

2016

Migros adds the Tazedirekt online natural food shopping brand to its portfolio.
Migros' shares are included in the BIST Corporate Governance Index.
Migros' first GRI-compliant sustainability report is published.

2017

Anadolu Group's share in Migros reaches 50%.
Migros acquires 95.5% stake in Kipa.

2018

Migros merges with Kipa under the roof of Migros.
Migros' online service network reaches all 81 cities of Türkiye.

2019

The Migros Hemen mobile app is launched.

2020

Migros' online service network reached all 81 cities of Türkiye.
Migros subsidiary MoneyPay Ödeme ve Elektronik Para Hizmetleri A.Ş. commences operations.

2021

Migros subsidiary Mimed Medya Platform A.Ş. is formed.
Migros subsidiary Dijital Platform Gıda Hizmetleri A.Ş. (Migros One) is set up to manage all online operations.
Migros' first integrated report is published.

2022

Migros subsidiary Migen Enerji ve Elektrikli Araç Şarj Hizmetleri A.Ş. becomes operational.

Migros increases its stake in Paket Lojistik ve Teknoloji A.Ş. from 25% to 75%.

The Migros Yemek online food ordering and delivery platform becomes operational.

Migros shares are included in the BIST Sustainability 25 Index.

Migros publishes its first integrated annual report.

Migros becomes a signatory to the United Nations Global Compact.

Migros is included in the Bloomberg Gender-Equality Index

FOR MİGROS, 2022 WAS A YEAR IN WHICH
NEW SUBSIDIARIES WERE SET UP,
NEW BUSINESS LINES WERE ENTERED,
AND SIGNIFICANT ESG PERFORMANCE
PROGRESS WAS MADE.



OUR CORPORATE PROFILE

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Our Vision, Mission, Strategy and Values



Our Vision

To be the most beloved and valuable new-generation retailer of Türkiye.



Our Mission

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



Our Strategies

- Creating a unique shopping experience
- Sustainable ecosystem
- Omnichannel growth
- Competitive, winning corporate culture

Our Values

The company values which have been formed by the participation of our employees and which bound everyone are as follows:

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

CREATING SUSTAINABLE
ADDED VALUE FOR ALL
STAKEHOLDERS

Our Principles

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

- Fairness
- Transparency
- Responsibility
- Accountability

Migros Better Future Plan

Ecosystem Sustainability Through Transparent, Responsible, Ethical Governance

To adopt the governance practices that are rightful for all stakeholders through our value-focused business model and integrated thinking system. To create shared value for all by integrating our stakeholders into our goals through our economic value, recruitment, and investments.

A BETTER FUTURE FOR OUR PLANET

Extensive Combat Against Climate Change

To carry out studies to measure and reduce our carbon footprint
To develop projects for effective use of water and energy resources

Sustainable Agriculture and Saving Food

To support sustainable agriculture and agriculture-oriented biodiversity;
To make improvements and collaborations throughout our value chain to reduce food waste

Supporting the Circular Economy

To measure, reduce and recycle our wastes or return them into economy; To improve the life cycle of our private label products

A BETTER FUTURE THROUGH TRANSFORMATIVE INNOVATION

Innovative Practices

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

Product Data Accessibility and Transparency

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

A BETTER FUTURE FOR OUR CUSTOMERS AND STAKEHOLDERS

Accessing Sustainable Products and Services

To continuously develop a product and service portfolio to support a behavioral change toward a sustainable lifestyle

Supporting Healthy Living

To manage the quality and control processes of products and services; To develop projects to encourage wellbeing

Responsibility and Awareness Studies

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

A BETTER FUTURE FOR OUR EMPLOYEES

Employee Satisfaction and Talent Management

To support our employee's personal and professional development and manage their career plans fairly and transparently

Gender and Opportunity Equality

To work in compliance with human rights in all our activities
To observe gender equality and equal opportunity

Health and Safety of Our Employees


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




Sustainability Targets

All sustainability targets are linked to strategic approaches and priorities spanning the company's entire organizational structure and are assessed from the standpoint of critical ESG issues capable of impacting the value the company creates. This approach enables the company to identify potential risks and potentially to create opportunities for itself. Sustainability goals are treated as medium / long-term items on board of directors and executive committee meeting agendas. This ensures that executive and operational teams have full authority to take action in order to deal with any short-term risks and opportunities that may arise while achieving strategic objectives but it also provides the mechanism for effective corporate governance in line with the company's accountability-sharing and transparency approach. To ensure sustainability ecosystem viability, all stakeholder interactions and value-chain linkages are assessed from the standpoint of the risks they may entail. Such attention is also given to short-term objectives which facilitate fulfillment of medium / long-term targets and/or compliance with regulatory and/or technological changes.

The sustainability targets whose fulfillment Migros is tracking in line with its sustainability priorities are presented in the accompanying chart along with detailed progress information.

	Target	Base year	2022 performance	Status	Details 
A Better Future for Our Planet	42% ↓ reduction in absolute Scope 1 and Scope 2 carbon emissions by end-2030	2020	8.62%	In progress	Our carbon footprint
	Reduce per-day water consumption/m ² sales area by 10% ↓ by end-2030	2021	1.90%	In progress	Our sustainable water management
	Reduce per-day electricity consumption/m ² sales area by 35% ↓ by end-2030	2019	7.80%	In progress	Our energy-efficiency practices
	Reduce our food waste tonnage/food supply tonnage by 50% ↓ by end-2030	2018	27.70%	In progress	Our food waste prevention practices
	Reduce CO ₂ emissions/shipped unit by 2.5% ↓ by end-2026	2021	5.43%	Completed	Our sustainable distribution systems
	Reduce CO ₂ emissions/shipped unit by 2.5% ↓ by end-2027	2022	0.0355 kg CO ₂ e	New	Our sustainable distribution systems
	Reduce by plastic waste 493 ton ↓ s by end-2030 as per Business Plastic Initiative (IPG) commitment	2020	463 tons	In progress	Our plastic waste reduction practices
A Better Future through Transformative Innovation	Develop food traceability digital platform by 2023	2020	Agriculture Production Traceability Portal	Completed	Product data accessibility & transparency
	Develop 15 Migros Up co-innovation projects with startups by end-2024	2021	9 co-innovation projects	In progress	Migros Up co-innovation center
	Standardize and digitalize all merchandisable goods product data by end-2030	2021	18% 9,483 products are recorded items standardized & digitalized	In progress	Product data accessibility & transparency

Sustainability Targets

	Target	Base year	2022 performance	Status	Details 
A Better Future for Customers & Stakeholders	Increase GAP-certified fresh fruit and vegetable procurements tonnage by 15% by end-2023	2022	15%	New	Good Agricultural Practices
	Have all farmed fish put on sale GAP-certified by end-2030	2022	-	New	Good Agricultural Practices
	Allocate 760 hectares of farmland for organic agriculture by end-2026	2020	491 ha	In progress	Sustainable agriculture & biodiversity
	Provide online consumer education to 1 million people through Migros Family Clubs and Migros Women's Academy by end-2023	2021	2.8 million people	Completed	Our projects supporting social gender equality
	Provide certified classroom training to 500,000 new people through Migros Family Clubs by end-2027	2022	367,745 people	New	Our projects supporting social gender equality
	Expand sustainable products line through regenerative-agriculture projects by 2025	2021	Rainforest Alliance-certified M Life raw hazelnuts	Completed	Our regenerative-agriculture project
A Better Future For Our Employees	Increase percentage of women with senior-executive responsibilities (director & above) by 23% by end-2023	2019	20%	In progress	Gender & opportunity equality
	Increase percentage of women with managerial responsibilities by 35% by end-2027	2018	32%	In progress	Gender & opportunity equality
	Increase percentage of women in top management (CEO & direct-reports) to between 27-33% by end-2026	2018	27%	In progress	Gender & opportunity equality
	Reduce accident severity rate (lost days) by 1% by end-2025	2020	0.43%	In progress	Employee health & safety

About Migros

REACHING OUT TO CUSTOMERS WHEREVER THEY MAY BE THROUGH STORES AND ONLINE CHANNELS ENCOMPASSING ALL 81 OF TÜRKİYE'S PROVINCES, WE ALSO CREATE **CUSTOMER VALUE** THROUGH OUR SUBSIDIARIES.

Stores

Supermarkets



Hypermarkets



Macrocenter



Wholesale



Online channels

MIGROS
sanalmarket

MIGROS
Hemen

MIGROS
EKSTRA

macro^{online}

Taze
Direkt
.com

MIGROS
yemek

Creating customer value

MIGROS ONE

MONEY
pay

mimeda

PAKET TAXI

MIGEN

About Migros



Through stores in all 81 of Türkiye's provinces and online channels accessible from everywhere in the country, Migros Ticaret A.Ş. offers a wide range of products satisfying customers' needs and expectations as well as of services that add speed, convenience, and value to their lives. Migros is pioneering the food retail sector in Türkiye with its 68 years of retailing-industry experience and innovative approach.

Continuing to add new stores to its chain year after year, Migros delivers shopping-experience and service-quality excellence to customers throughout the country. In order to respond more effectively and quickly to consumers' constantly changing and growing needs and expectations, each year the company sets a store-opening target to make its unmatched service quality and rich array of offerings even more accessible to them. In 2022 Migros opened 195 M, 22 MM, 3 MMM, 110 Migros Jet, 11 Macrocenter, 8 Macroiosk, 17 Minigros, and 1 Migros Toptan (wholesale) stores. With the opening of these 367 new stores in 2022, the total number of stores reached 2,908, 956 of which supply goods for the company's online operations. Total net sales space reached 1.8 million m² in 2022.*The company's international operations currently consist solely of a single shopping mall of which it is the operator in Kazakhstan.

Advancing along the same course as Migros Sanal Market, the reach of the company's Migros Hemen service was extended to all 81 of the country's provinces in 2022. The operations of Migros Sanal Market, Migros Hemen, Migros Ekstra, Macroonline, and Tazedirekt have all been

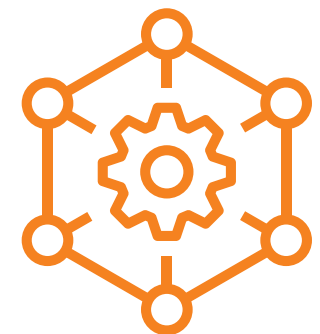
unified under the company's subsidiary Dijital Platform Gıda Hizmetleri A.Ş. ('Migros One'), to which Migros Yemek, an online food ordering and delivery service, was also added in 2022. All these Migros online brands are accessible through a single, integrated mobile app. Detailed information about them is provided in this report in the “ **Our E-Commerce Channels**” section of “Digitalization and Our Innovative Practices”.

In addition to its multi-format and omni-channel approach to retailing, Migros steadily grows its service network consisting of Mameda, MoneyPay, Paket Taxi and to which electrical vehicle (EV) recharging station service provider Migen, was added in 2022. Mion, Migros' cosmetics-store format, opened its first premises in January 2023 and currently has operations at four locations in İstanbul. The company plans to expand Mion's service reach with the addition of new stores in 2023.

As a signatory to the United Nations Global Compact (UNGC), Migros seeks to grow along with its employees, suppliers, customers, and other stakeholders through the deployment of its sustainability journey, technological & logistical infrastructure, investments, and strong value chain. With this goal in view, the company undertakes projects to improve and maintain its performance from year to year, to ensure that its technological infrastructure keeps pace with constantly changing demands, and to minimize risks while maximizing opportunities. As a result of many years of ongoing investment in customer-focused agile transformation, digitalization & leading-edge technology, people, and commercial and environmental sustainability, Migros is today positioned so as to respond to customer demands in the most comprehensive way possible.

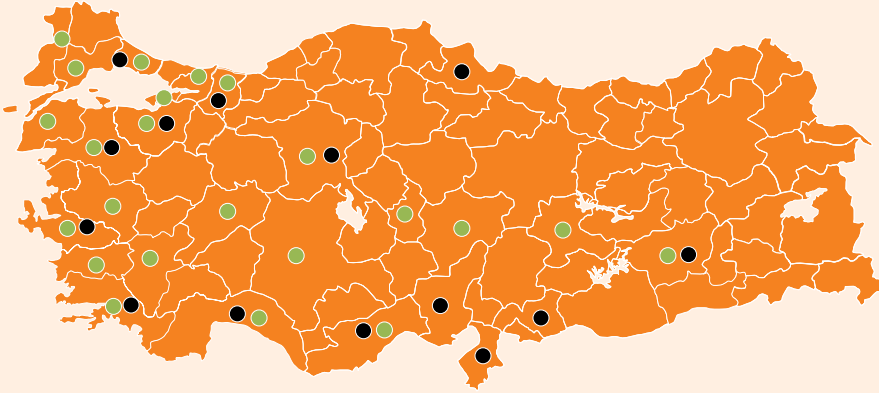
68 YEARS IN BUSINESS

MİGROS IS PIONEERING THE FOOD RETAIL SECTOR IN TÜRKİYE WITH ITS 68 YEARS OF RETAILING-INDUSTRY EXPERIENCE AND INNOVATIVE APPROACH.



* Includes only premises open to shoppers and excludes dark stores.

Our Stores and Online Activities



2,908

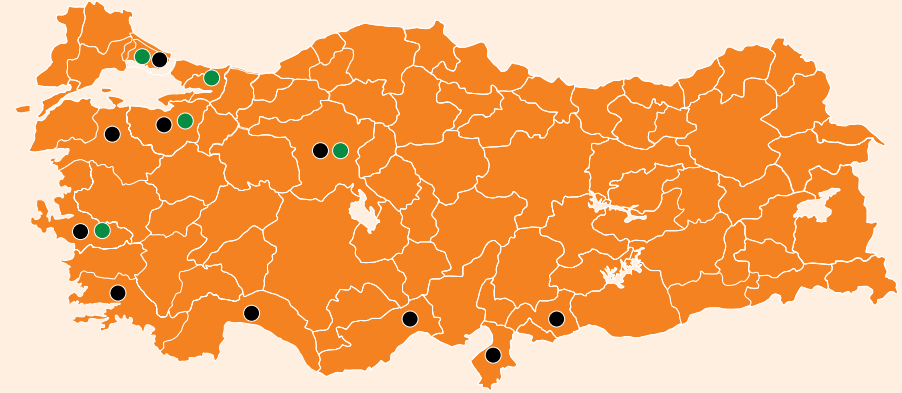
STORES

IN 81 PROVINCES

■ **Migros:** 81 Provinces

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

● **Macrocenter:** Adana, Ankara, Antalya, Balıkesir, Bursa, Diyarbakır, Gaziantep, Hatay, İstanbul, İzmir, Mersin, Muğla, Sakarya, Samsun



■ **Migros Sanal Market:** 81 Provinces (843 Stores)

● **Macroonline:** Ankara, Antalya, Balıkesir, Bursa, Hatay, İstanbul, İzmir, Mersin, Muğla, Gaziantep (10 Provinces, 84 Stores)

● **Tazedirekt:** Ankara, Bursa, İstanbul, İzmir, Kocaeli

● **Migros Hemen:** 81 Provinces (377 Stores)

ONLINE

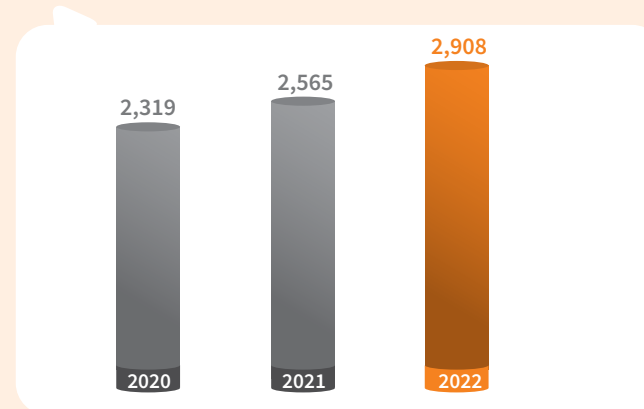
SERVICE

IN 81 PROVINCES

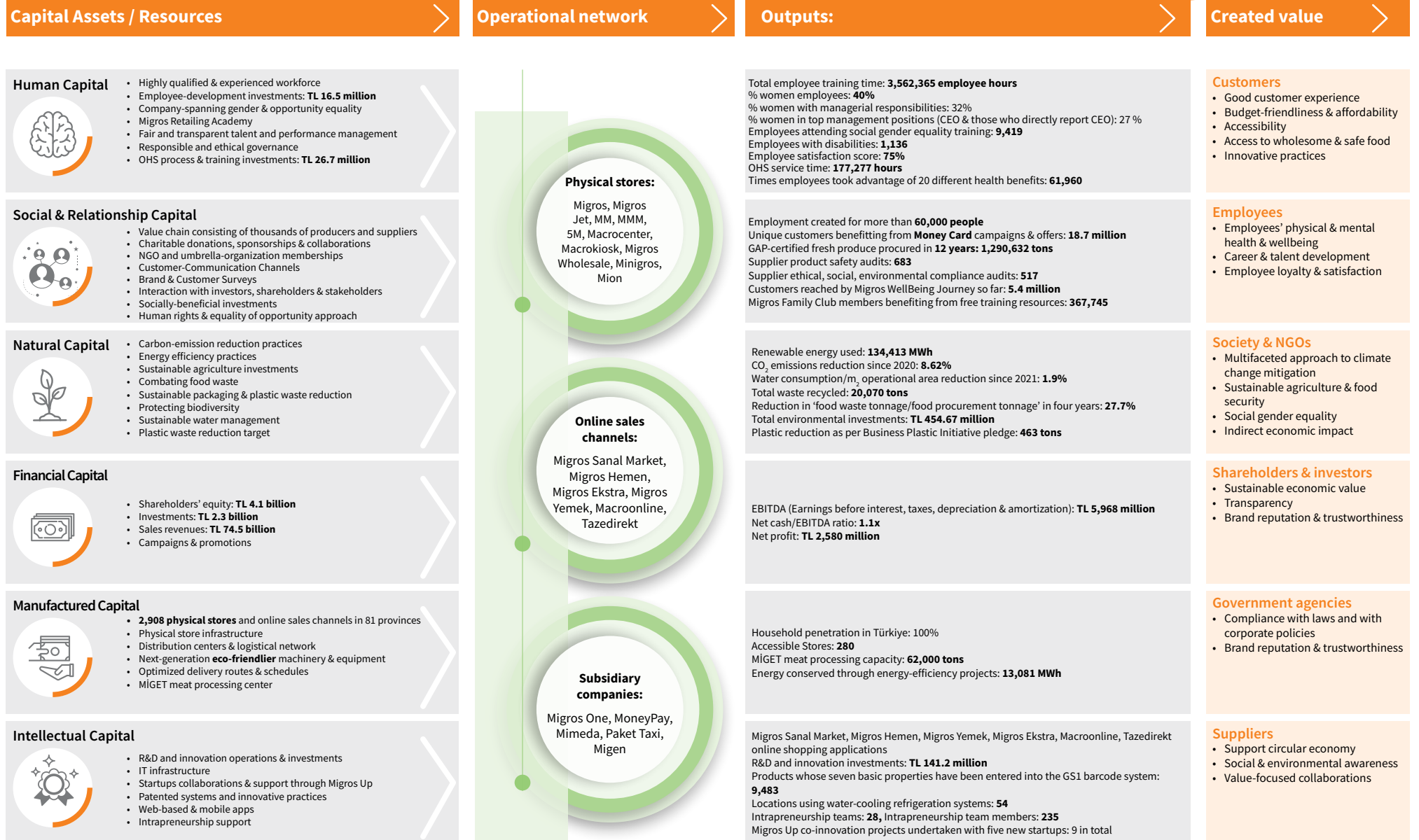
2022 - Breakdown of Store Types

Store Type	Number of stores in 2022
Migros	1,046
MM Migros	458
MMM Migros	155
Migros Jet	1,010
Minigros	27
5M Migros	56
Migros Toptan (Wholesale)	26
Macrocenter	87
Macrokiosk	43
Total	2,908

Year-based Store Numbers

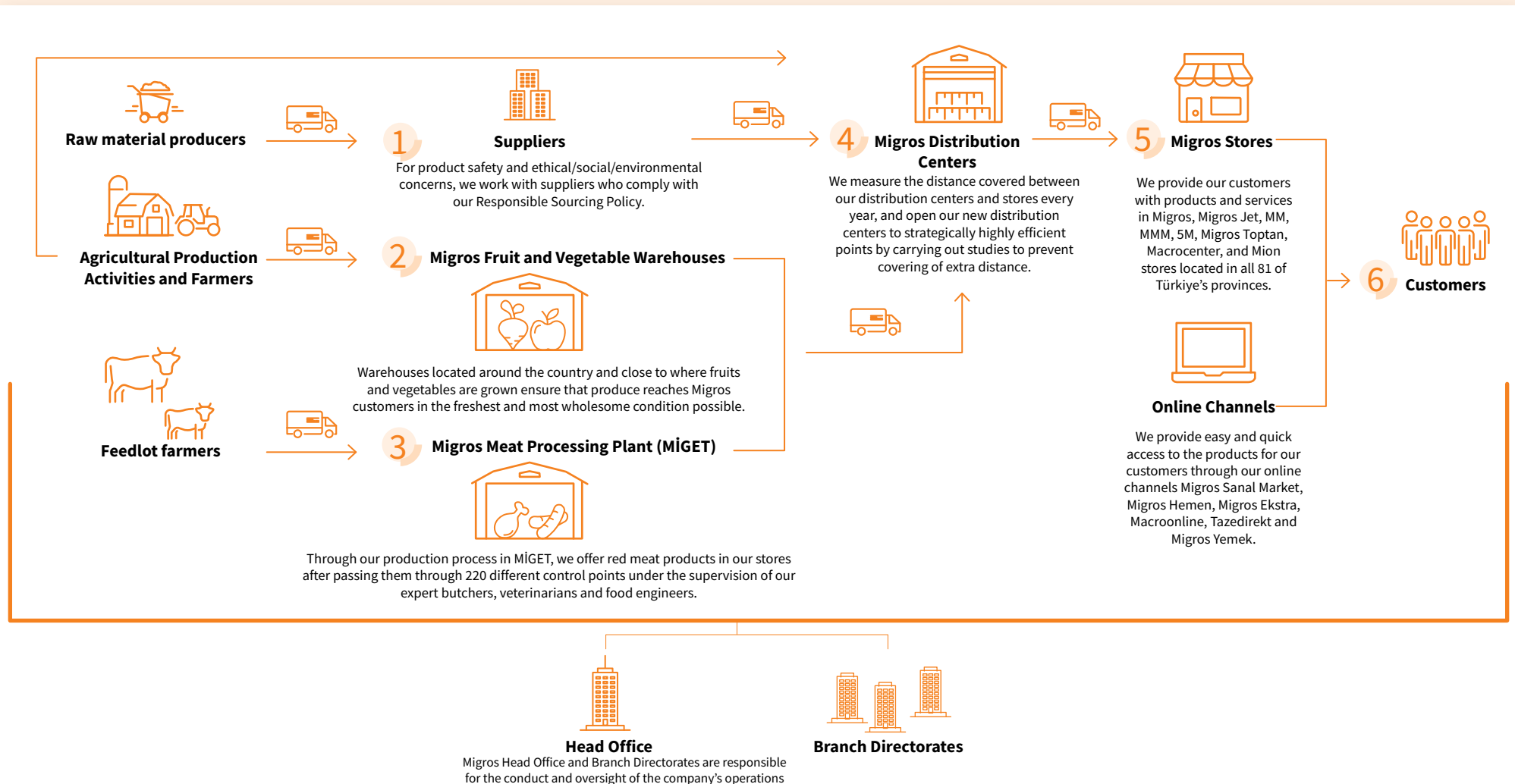


Our Value Creation Model



Our Supply Chain Chart

In keeping with its approach of ensuring that it is always and everywhere accessible to everyone, Migros conducts its retailing operations through a network consisting of stores in all 81 of Türkiye's provinces and its online channels. In keeping with Migros' approach of delivering high-quality service, the products that it makes itself or procures from suppliers are sent to distribution centers from which they reach the company's stores and customers. Strategically located distribution centers, distribution route & schedule optimization, improvements in stores' infrastructure, and store concepts designed to be as accessible as possible and capable of responding to every need all give Migros the ability to continuously develop and enhance its customer service.



Highlights of 2022



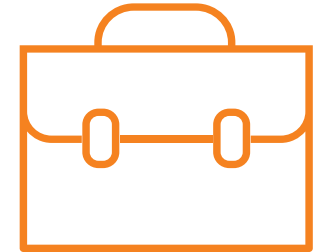
MİGROS BECAME **THE FIRST FOOD RETAILER** TO BE ADMITTED TO THE NEWLY-LAUNCHED BIST SUSTAINABILITY 25 INDEX.

- Migros is the only food retail company that has been in the BIST Sustainability Index for 9 consecutive years since 2014. In 2022, Migros became the first food retailer to be admitted to the newly-launched BIST Sustainability 25 Index.
- Migros has also been included in the BIST Corporate Governance Index every year since 2015. On 28 December 2022, the company's corporate governance rating stood at 9.67 (96.70%).
- Migros ranked among **Climate Leaders for the 4th time and Water Leaders for 2nd time** by receiving 'A-' grades in **Carbon Disclosure Project (CDP) 'Climate Change'** and **'Water Security'** programs.
- In the **Fortune 500 list of Türkiye's** biggest companies Migros ranks **15th**; in the **Capital 500 list** it ranks **17th**.

- In Capital magazine's survey, Migros once again headed **"The Favorite Retail Company"** list, this time for the **19th** year in a row. It also ranked **3rd** in the **'100 Women Friendly Companies'** list and **2nd** in the **'100 Women Executive Friendly Companies'** list.
- According to a research of the Capital Magazine, we are among **the first 10 companies** in the categories of "Sustainability", "Economic contributions", "Financial resilience", "Trustworthiness", "Customer satisfaction", "Innovation", and "Digital transformation" performance.
- Migros numbered among the top ten companies in Fast Company Türkiye's series of **"50 Top Innovating Companies"** awards.
- Migros is the first Turkish food retailer to be included in **the Bloomberg Gender Equality Index**.
- Migros' 13.8 **Sustainalytics ESG Risk Assessment** score puts the company in the "Low ESG risk" category and also ranks it **5th** among 194 food retailers worldwide on the same measure.
- Migros is a signatory to the **United Nations Global Compact**.
- We brought together the **Rainforest Alliance certified** Türkiye's first private label product, **M Life Raw Hazelnut**, with our customers.
- Migros established its **Migen Enerji ve Elektrikli Araç Şarj Hizmetleri A.Ş.** subsidiary to support motor-vehicle transformation in Türkiye.
- **Migros Yemek** and Migros One Kitchen brands have been added to Migros' online food ordering & delivery channels and are now in service. The latter is a network of Migros-own cloud kitchens that prepare the food themselves.

Information about Migros' 2022 awards may be found on the company's [corporate website](#).

"THE FAVORITE RETAIL COMPANY" FOR THE 19TH YEAR IN A ROW



MİGROS IS **THE FIRST TURKISH FOOD RETAILER** TO BE INCLUDED IN THE BLOOMBERG GENDER EQUALITY INDEX.

Our Operating Environment



THE SUPPLY CHAIN, WHICH HAS AN IMPORTANT PLACE IN **THE VALUE CHAIN OF THE RETAIL SECTOR**; CONSUMER HABITS, CONSUMER EXPERIENCE, PRODUCTION CONDITIONS, SERVICE UNDERSTANDING, ETC. ALSO CONTINUE TO CHANGE WITH DIGITAL TRANSFORMATION

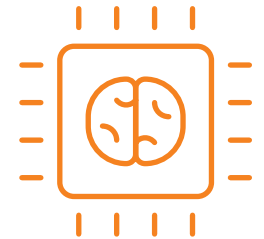
Migros keeps a close watch on national and international trends, technological & economic developments, and new regulations and standards or changes in existing ones that might have an impact on the food retailing industry. Migros recognizes the importance of fully engaging stakeholders in the fulfillment of its responsibilities. It seeks to create long-term value throughout its value chain and for all stakeholders. Migros ensures full compliance with the requirements of laws and regulations and other prerequisites through its effective risk & opportunity assessment processes and its ability to agilely accommodate and adapt to change.

Technology

The global impact of the ongoing digital transformation manifests itself most clearly in the retailing industry from the standpoints both of internal process management and of delivering products and services to consumers. All the issues that are crucially important elements of the retailing industry's value-creation process—supply chains, consumer habits, the consumer experience, production conditions, service attitudes etc—continue to evolve as the digital transformation moves forward.

Artificial Intelligence (AI)-based technologies can be employed to great advantage in the development of innovative solutions and practices for incorporation into retailing processes. The millions of data-points that emerge as a result of retailing operations may be analyzed and assessed to spot anomalies and abuses and also provide input for managing such processes as on-shelf product availability, quality control, store traffic and much more. Efforts are also being made to improve the customer experience among shoppers at AI-supported stores and to develop AI-based self-service shopping technologies. Machine-learning methods are likewise useful in demand-modeling, on-shelf product availability, product-choice optimization, and similar processes. **Blockchain**, cloud systems, intelligent & active packaging, Internet of Things(IoT), and similar innovative technologies offer new and practical solutions for dealing with such issues as trustworthy food accessibility, product traceability, shelf-life prolongation, employee hygiene control, and product destruction prevention. A close watch is kept on global trends and developments in warehouse and store order-picking, delivery, and similar processes. Innovative projects are encouraged to incorporate these methods into efforts to reduce carbon emissions and energy consumption as a way of assisting climate change mitigation. Robotic process automation (RPA) is used to increase the efficiency of business processes by automating frequently-performed tasks and in

ARTIFICIAL INTELLIGENCE BASED TECHNOLOGIES



WE AIM TO CREATE VALUE FOR ALL OUR STAKEHOLDERS AND **VALUE CHAIN** IN THE LONG TERM


Our Operating Environment



the deployment of mobile technologies. Progress is also being made in even newer trends such as virtual and enhanced reality, wearable technologies, and so on.

The spread of internet use and growing numbers of internet users are constantly giving birth to new e-commerce opportunities. Recourse to e-commerce solutions has been expanded and intensified by market growth, increasing smartphone use, the convenience of doing business over the internet, population growth, growth in e-commerce retailing, and the proliferation of social media and their penetration into ever more aspects of people's everyday lives. According to findings of a Survey on Information and Communication Technology (ICT) Usage in Households and by Individuals survey conducted by Türkiye Statistical Institute (TurkStat), the number of households with internet access reached 94% in 2022, up two percentage points in just a year. Increased internet access may also be associated with greater use of smartphones and tablets. According to Türkiye Electronic Communications Industry Market figures published by the Information and Communication Technologies Authority, the spread of 3G and 4.5G services had brought the number of mobile broadband subscribers accessing the internet through mobile devices (phones & tablets) to about 72.6 million as of Q3 2022.

As a result of all such developments as these, the volume of online commerce continues to expand with increasing momentum. The Electronic Commerce Information Platform reported that the total volume of e-commerce in Türkiye increased by 116% just in the first six months of 2022 while the total value of online orders increased by 38% to TL 2,294 million and the number of e-commerce businesses reached 488,706.

Keeping a close watch on all such developments, Migros makes use of them to come up with innovative solutions for increasing the efficiency and productivity of its operational and business processes and giving customers the benefit of them in its stores and online channels in line with its strategy of pursuing multichannel growth. Detailed information about these solutions is presented in the “**A Better Future Through Transformative Innovation**”  section of this report.

Economic Review

For the global economy, 2022 was a challenging year brimming over with many uncertainties, not the least of which were those arising from Russia's war on Ukraine and the ensuing surge in energy and commodity prices that the invasion led to. Having begun to rise in many countries in Q4 2022, inflation turned into a global problem in 2022 and economic activity faltered worldwide.

The Türkiye economy for its part started out robustly as it entered 2022 and it continued to benefit from vigorous domestic demand during the first half-year. However as inflationary pressures became increasingly more intense, economic activity lost momentum in the second half and the Türkiye economy ended up with an overall 5.6% growth rate in 2022, just a shade under half the 11.4% growth it registered in 2021.

With post-pandemic renormalization gaining momentum, Türkiye's food retailing industry remained lively and continued to grow in 2022. Competition across the sector however became even more intense as retailers continued to open new stores and to diversify and expand their online operations. Changes in consumer shopping habits brought on by the pandemic likewise necessitated increased investment in digitalization and associated infrastructure.

DEVELOPMENT OF E-COMMERCE

THE EXPANDING OF INTERNET USE EVERY DAY
AND THE INCREASING NUMBER OF INTERNET
USERS LEAD TO THE DEVELOPMENT OF
E-COMMERCE.

Our Operating Environment



For Migros, 2022 was a year in which the company focused on seeking out and tapping growth opportunities in its physical and online sales channels, which it continued to do by expanding its ecosystem with newly set-up subsidiaries and entering new business lines.

With shoppers becoming more price-sensitive, Migros' competitive-pricing strategies enabled it to increase its shares in both modern and total FMCG markets.

International and National Developments

Ensuring that its operations are in accord with applicable national and international rules and regulations, that it keeps abreast of sectoral requirements, and that it complies with mandatory laws and regulations are among Migros' responsibilities. As a company Migros attaches critical importance to being in full compliance with every aspect of legal frameworks governing such issues as Consumers, Competition, Electronic Commerce, Business Practices, Data and Technology, and Personal Data Protection Law (PDPL) The company keeps a particularly close watch on e-commerce law and is mindful of its impact on its operations. As a member of the Food Retailers Association (GPD), Migros provides that organization with opinions, findings, and studies about issues that are of concern to the retailing industry or touch upon its activities. In case a new legislation comes into force, all changes in the legal framework are integrated into the company's operations and are used to inform and strengthen business strategies.

The EU has published a new **Corporate Sustainability Reporting Directive (CSRD)** which revises the Non-Financial Reporting Directive (NFRD) and which goes into effect in 2024. This change is extremely important for all stakeholders insofar as it puts financial and sustainability reporting on equal footing and thus will give them stakeholders access to reliable, transparent, and comparable data. It also requires companies to report their environmental, social, and corporate governance metrics and expects them to provide detailed information about how they are dealing with any adverse impact they may have on people and the environment and how they intend to reduce it. The new reporting rules also apply to a company's entire value chain. Companies that are required to comply with CSRD rules will also have to conform to **EU Taxonomy** principles, a classification system intended to insure that new investments are directed to financially sustainable projects.

Migros conducts a series of checks and controls to ensure that all the food it sells is in full compliance with the rules set out in the **Ministry of Agriculture and Forestry's Turkish Food Codex Regulation**. Because providing consumers with goods they can trust is a core element of the value that the company creates and likewise in keeping with its "Buy Safely, Store Safely, and Sell Safely" Motto, Migros constantly makes certain that its offerings are always in accord with the mandatory requirements of applicable laws, regulations, and administrative provisions. The company also regards it as critically important that changes in existing rules as well as newly-introduced rules be immediately incorporated into its own processes, which—in keeping with its Task Force on Climate Related Financial Disclosures (TCFD)-compatible approach to reporting—also include those involving climate-related risks & opportunities.

WE CONTRIBUTE TO ASSESSMENTS
INTERESTING AND DIRECTING THE SECTOR
WITH OUR OPINIONS, RESEARCH AND WORK.

Our Operating Environment



Migros keeps its eye on local and global trends and on ongoing developments in food retailing in order to ensure that its practices are up to date. It likewise keeps a close watch on the activities and operations of the Global Food Safety Initiative (GFSI) so as to ensure that everything the company sells is compatible with internationally-accepted practices as well. Migros also consults the IFS Global Market database to check its own suppliers' performance.

The Ministry of Environment, Urban Planning & Climate Change's *Communique on principles and procedures concerning Mandatory Deposit Management System practices*, is concerned with recovering, recycling, and reusing packaging associated with products that consumers buy and use. As a GPD member, Migros has expressed its opinions, engages in stakeholder dialogue, and interacts with its value chain on matters pertaining to the implementation and development of this system. The company has also achieved full compliance with the requirements of the Zero Waste Regulation published by the same ministry and continues to conform to that regulation's rules governing waste management and associated practices.

At the 15th Conference of the Parties (COP 15) to the UN Convention on Biodiversity attended by 193 countries in Montreal in 2022, an agreement was reached and commitments were made to guarantee the protection of at least 30% of the nature on our planet by 2030. As Türkiye is to host the 16th United Nations Biodiversity Conference of the Parties to the UN Convention on Biological Diversity (COP16), Migros is eagerly looking forward to playing an active role on behalf of the country's private sector.

The Paris Agreement is globally accepted with regard to adaptation to the adverse effects of climate change, resilience to climate change, and sustainability. The agreement was signed by our country in 2015, approved by the Grand National Assembly of Türkiye in 2021, and the goal of Carbon Net Zero by 2053 was declared. Having previously declared its commitment to reduce greenhouse gas emissions by 21% as compared with a business-as-usual scenario by 2030, Türkiye upped that commitment to 41% at COP 27 in 2022. The country also plans to announce its nationally-determined contributions to priority-sector emissions reduction in agriculture, energy, waste, transport, and construction. Also, *Türkiye's Decarbonization Pathway Net Zero in 2050*, report has been announced. It reveals what kinds of changes need to take place in order to achieve carbon-neutrality. Migros is keeping abreast of current developments in this area while also striving to reduce its emissions to help the country fulfill its treaty and other international commitments. The company also plans to invest in alternative renewable energy resources in order to ensure its own energy-sustainability.

Migros budgets financial resources for investments in technology, climate-risk mitigation, projects to tap climate-related opportunities, internal & external corporate entrepreneurship support, and employee awareness and motivation enhancement in order to promote sustainable and inclusive growth within the overall framework of the **European Green Deal**. In 2021 an important step in the direction of climate change mitigation was taken when the **European Climate Law**, a legally-

THE PARIS AGREEMENT



INLINE WITH THE PARIS AGREEMENT, TÜRKİYE ANNOUNCED THE GOAL OF CARBON NET ZERO by 2053.



Our Operating Environment



binding EU obligation to make Europe a carbon-neutral continent by 2050, went into force. As the transition to a low-carbon economy in line with Türkiye's avowed goals and commitments to international agreements may entail the introduction of a carbon tax, Migros is necessarily taking such risks into account. Although there are as yet no emissions-trading or carbon-pricing mechanisms in our country, Migros is voluntarily basing its in-house risk assessments on a carbon-pricing framework set out in the **Ministry of Environment, Urban Planning & Climate Change's Partnership for Market Readiness Program (PMR)**. This work is being undertaken so as to make certain that the company is able to fully keep pace with low-carbon transition processes. For this reason, Migros sets specific, science-based emissions-reduction targets in order to fulfill any obligations that it may incur.

Detailed information is provided about Migros' food safety, quality, hygiene, and supplier audits and objectives in the **"A Better Future for Customers & Stakeholders"**  section and about its climate-mitigation, waste management, circular economy, and packaging waste recovery, recycling, and reuse operations and objectives in the **"A Better Future for Our Planet"**  section of this report.


Our Materiality Matrix in 2022

Whenever determining its priorities as a company, Migros always gives attention to the opinions, expectations, and needs of its stakeholders and it constructs sustainable business models that take all such variables and contingencies into account before engaging in any action itself. The frame of the six-capitals is central to the sustainable conduct of the company's business. In light of ongoing changes in stakeholder expectations, it is likely that increasingly more attention will have to be given to incorporating climate-related risk and opportunity assessment into economic value-creation. With this in mind, Migros adheres to a strategic, wholistic approach when integrating climate-related risks and opportunities impacting its natural capital into all of its business and operational processes. Similarly when identifying its objectives and courses of action, Migros is mindful of global trends and risks and opportunities in line with its approach of creating value for all of its stakeholders.

Migros previously identified its sustainability priority issues by organizing workshops and conducting surveys and also taking into account sectoral and worldwide trends, global reports, and its own business activities and operations. It now conducts a biennial broad-based stakeholder priority survey whose findings are then subject to interim revisions in light of current global and sectoral trends and priorities as well as of risks that shareholders and investors convey to the Migros Board of Directors or express at company General Assembly Meetings. The 2021 prioritization survey solicited the opinions of a population of 905 stakeholders chosen from among the company's suppliers, customers, employees, and Sustainability Committee members as well as students.

The sustainability priority issues identified as a result of this survey are shown in the accompanying Prioritization matrix.

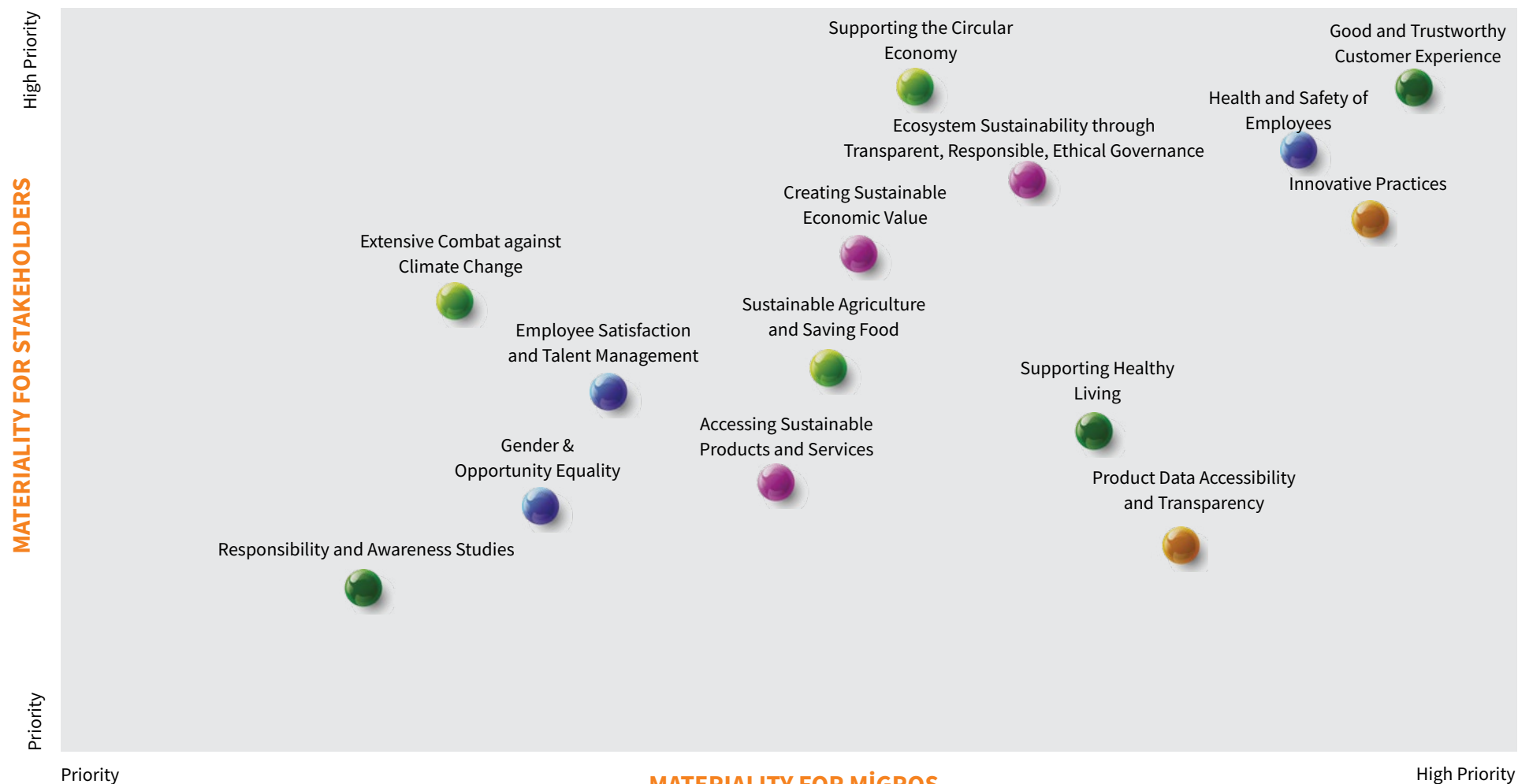
These issues have been categorized under the **"Transparent, Responsible & Ethical Governance for a Sustainable Ecosystem"**, **"A Better Future for Our Employees"**, **"A Better Future for Our Customers & Stakeholders"**, **"A Better Future for Our Planet"**, and **"A Better Future through Transformative Innovation"** headings of the Migros Better Future Plan. Having done that, priority issues were then wholistically reviewed taking into account the company's short, medium, and long-term targets and commitments.

Detailed information about Migros' priority targets & commitments, the contributions of its business operations to the realization of Sustainable Development Goals, and other sustainability issues is provided in the **"Migros Better Future Plan"** section of this report. 

Our 2022 Materiality Matrix

GRI 2-4, GRI 3-1, GRI 3-2, GRI 3-3

Our High Priority Issues



- A Better Future for Our Employees
- A Better Future for Our Customers and Stakeholders
- A Better Future for Our World
- A Better Future for Innovative Transformation
- Our Responsible and Transparent Governance Approach



İYİ FİYAT

Financial
Capital

Integrated
Reporting
Capitals

CREATING
SUSTAINABLE
ECONOMIC VALUE

Creating Sustainable Economic Value

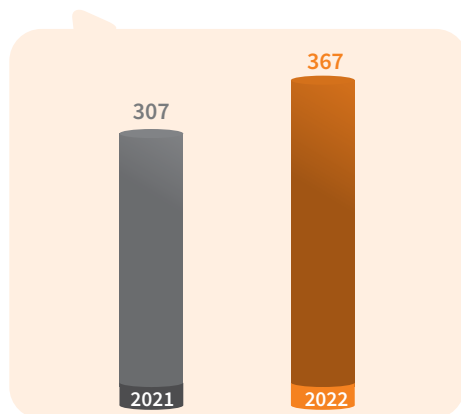
GRI 2-22, GRI 3-1, GRI 3-2, GRI 3-3, GRI 201-1, GRI 202-1, GRI 206-1



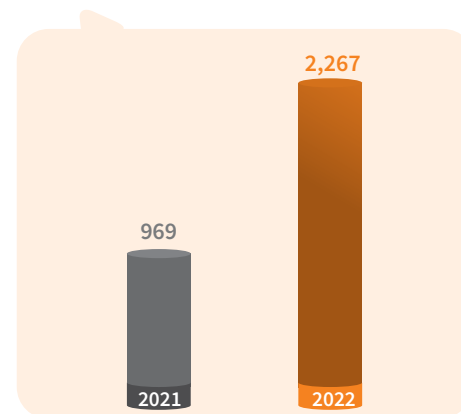
Financial Review

Migros continued to demonstrate strong growth performance in 2022. The company's consolidated sales amounted to TL 74.5 billion and were up by 105% as compared with the previous year. This growth was fueled by the ongoing successful performance of the company's online sales

Store Openings



Investment Outlays (TL million)



operations, by existing and newly-opened stores, a robust tourism season, and competitive pricing strategies. Online sales in 2022 accounted for a 15.6% share of Migros' total revenues (excluding tobacco products and alcoholic beverages).

Effective management of operational expenses and robust cash flow generation were foremost among the financial performance issues on which the company focused during 2022. With strong sales revenue growth combined with operational efficiencies contributing to greater operational profitability, the company's consolidated EBITDA increased by 106% in 2022 and weighed in at TL 5,968 million on an 8.0% EBITDA margin.

In 2022, Migros secured a net profit of TL 2,580 million, TL 993 million of which was due to a one-off deferred tax income. When that is excluded, Migros' 2022 net profit amounts to TL 1,587 million, which corresponds to a profit margin of 2.1%.

Continuing to generate strong cash flow all year long in 2022, Migros registered improvements in both its net cash position and its shareholders equity. Its Net cash/EBITDA ratio, which was 0.3x in 2021, increased to 1.1x in 2022, while its shareholders equity burgeoned from TL 536 million to TL 4.1 billion during the same twelve-month period.

Booking TL 2.3 billion as capital investment in 2022, Migros continued to expand its online and physical retailing footprint and reach. In 2022, the company opened 367 new stores -just over one a day on average- and the total number of stores as of year-end stood at 2,908, 956 of which were actively supplying goods for Migros' online sales.

At the time the February 2022 earthquakes struck southeastern Türkiye, Migros had 228 stores- all of them located in rented premises and insured- in the ten provinces that were hit the hardest. Of that number, 41 stores were located in buildings that suffered structural damage serious enough for them to be classified as no longer usable.

TL 2.3 BILLION INVESTMENT OUTLAYS

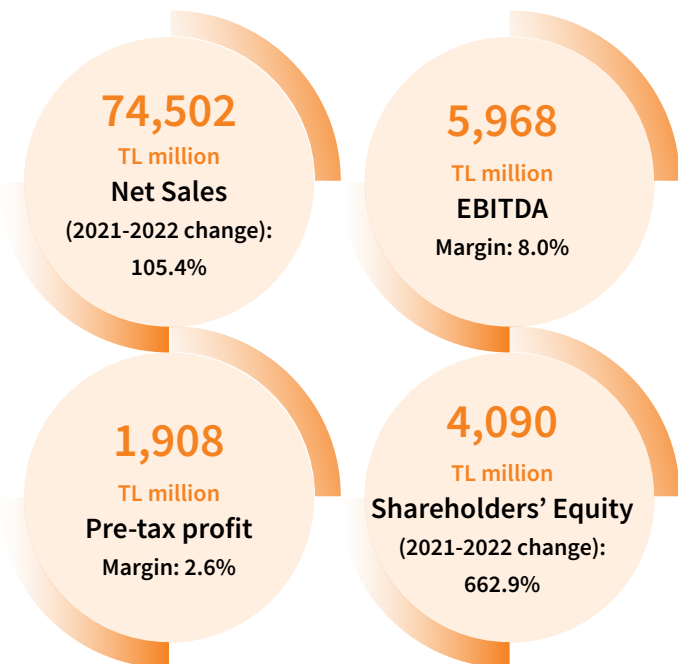


IN 2022,
CONSOLIDATED SALES
INCREASED 105%
YEAR-ON-YEAR.

Creating Sustainable Economic Value

Migros' guidance for its consolidated sales growth in 2023 is between 75-80%. Taking the reality of steadily rising energy and logistics costs into account, the company foresees its consolidated EBITDA margin ending up in the 7.0-7.5% range in 2023. Migros is looking to open another 365 stores in the year ahead, plans to spend about TL 4.0 billion on investments, and expects to create about 10,000 new jobs.

Key Indicators (TL million)	2021	2022	Change (%)
Total Assets	18,100.3	36,423.9	101.2
Total Liabilities	17,564.3	32,334.1	84.1
Total Equity	536.1	4,089.8	662.9
Net Sales	36,272.2	74,502.0	105.4
Gross Profit	8,754.5	17,799.6	103.3
EBITDA (after ETB & unused vacation provisions)	2,894.2	5,968.2	106.2
Profit from continuing operations before tax	225.5	1,908.2	746.3



LIQUIDITY RATIOS	December 2021	December 2022
Current Ratio	0.66	0.77
FINANCIAL STRUCTURE RATIOS	December 2021	December 2022
Financial Leverage (Total Liabilities/Total Liabilities & Equity)	0.97	0.89
Total Liabilities/Total Equity	32.77	7.91
Financial Liabilities (w/o Lease Liabilities) / Total Assets	0.16	0.07
Net Cash Position (w/o Lease Liabilities) (TL thousand)	663,618	5,425,782
PROFITABILITY RATIOS (%)	1 January - 31 December 2021	1 January - 31 December 2022
Gross Profit Margin	24.1	23.9
Operating Profit Margin	2.0	3.7
EBITDA (after ETB & unused vacation provisions) (including IFRS 16 impact)	8.0	8.0
EBITDA Margin (including IFRS 16 impact)	8.4	8.4
EBITDA Margin	5.9	6.9
EBITDAR Margin	10.3	10.6
Net Profit Margin	1.0	3.5
SHARE PERFORMANCE RATIOS	December 2021	December 2022
Market Capitalization (TL thousand)	6,869,189	26,524,411
Share Price (TL)	37.94	146.50
Earnings/Loss per Share from Continuing Operations	1.98	14.25
Earnings/Loss per Share from Discontinuing Operations	0.00	0.00

Creating Sustainable Economic Value



Contributing to Employment and Local Development

Migros engages in an ongoing effort to pursue growth that is inclusive of all of its stakeholders. Through its physical stores and online channels, the company contributes not only to local employment and job-creation but also to regional development by making procurements from local farmers and producers in all 81 of Türkiye's provinces.


Our Suppliers

Numbering its suppliers among its most important stakeholders, Migros regards developing and maintaining good relations with them as being crucial to its own development. The company has a highly diversified and efficient supply chain consisting of 2,031* active suppliers and about 20 thousand farmers. Migros attaches importance to supplier growth and development and therefore strives to create business relationships which are not just mutually beneficial but which also create added value for the whole country. In 2022 Migros added another 334 new suppliers to its business-partner network. Believing that its own sustainable growth targets are achievable only with the support of its suppliers, Migros therefore focuses on conducting its supply chain operations with a mindfulness for their overall sustainability. In line with this, the company also

promotes production-standard conformity throughout its supply chain by integrating producers on every scale into such processes. In this way, Migros not only creates added value for its own business model but also supports its suppliers in their efforts to strengthen their own market positions by contributing to their development.

Migros' suppliers are likewise important to the company's value chain. Good evidence of this is to be seen in the fact that the payments made to suppliers in 2022 accounted for 76.1% of all the economic value which the company generated during the year.

Migros initiated a **Producer Financing System** project Which is the first of its kind in Türkiye, this innovative system facilitates agricultural-financial industry interactions to help ensure food production continuity while also making producers financially more robust. Under this project, in which farmers who supply Migros with goods for sale in its stores may receive advances on what is owed to them from Ziraat Bank or İşbank, the company helps balancing food price by shortening the supply chain between producers and consumers while also improving producers' cash flows and strengthening their cash positions.

Detailed information about suppliers is provided in the “**Sustainable Growth with Our Suppliers**”  section of this report.

WE EMBRACE A VALUE-ADDED GROWTH MODEL
BY SUPPORTING LOCAL PRODUCTION AND
LOCAL EMPLOYMENT.



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

Creating Sustainable Economic Value



Our Employees

In keeping with its principle of being as widely accessible and reachable as possible, Migros is actively engaged in service provision through physical stores and online operations in all 81 of Türkiye's provinces. Migros' employees are the principal source of all the value that the company creates and the biggest factor underlying the company's success. When indirect job-creation is also taken into account, Migros provides employment for more than 60,000 people in the conduct of its operations. Even during the recent Covid-19 pandemic, Migros continued to recruit and hire new employees. In 2022 the company added 9,000 new people to its payroll and set a target to add another 10,000 in 2023. In 2022, Migros paid out a total of TL 6.3 billion in wage, salary, and other benefits to its personnel.

Detailed information about Migros' employees is provided in the “**Our Employee Profile**” section of this report.

Our Customers

Pioneering the retailing industry forward and creating added value by responding to customers' ever-changing expectations are two issues to which the company attaches great importance. In line with this, Migros sees its first priority as that of contributing to consumer household budgets through its pricing policy of offering best-value quality products and services at always-affordable prices while creating customer value through an approach that makes customer satisfaction

central to everything that it does. More than 1,500 items—including the company's own private-label products—are offered with yellow label letting shoppers know that they offer premium quality at the lowest price. The beneficial consequences of this are to be seen in the fact that Migros is Türkiye's most-widely accessed consumer brand: 100% of the country's households have shopped at a Migros store at least once.

Detailed information about Migros' customers is provided in the “**Effective Communication with Our Customer**” section of this report.

Civil Society

Believing that creating social value is one of its responsibilities, Migros strives to fulfill that responsibility through social-responsibility projects and investments. During 2022 the company donated a total of TL 1,410,405.62 in support of socially beneficial institutions and organizations including Educational Volunteers Foundation of Türkiye, Aegean Forest Foundation, Koç University, Anadolu Education and Social Assistance Foundation, and Turkish Red Crescent among others. The company also expands the reach of its socially beneficial activities by developing projects that it undertakes with different NGOs. Thanks to the hide and offal donations to TEGV and ZİÇEV through Migros during the Feast of Sacrifice of 2022, 3,096 children were supported in their education.

Public

On the basis of its IFRS consolidated financial statements, Migros incurred TL 279.5 million in income and corporation tax obligations in 2022. In addition, the company also paid out a total of TL 50.7 million in other taxes, duties, and charges in 2022.

9,000 NEW EMPLOYEES

IN 2022 THE COMPANY ADDED 9,000 NEW PEOPLE TO ITS PAYROLL AND SET A TARGET TO ADD ANOTHER 10,000 IN 2023.



A BETTER FUTURE FOR OUR EMPLOYEES

Our Employee Profile
Empowering Our Employees
Our Employees' Health and Safety
Gender & Opportunity Equality

Our Employee Profile

GRI 2-7, GRI 2-8, GRI 401-1



MIGROS RECOGNIZES THE IMPORTANCE OF MAXIMIZING **EMPLOYEE SATISFACTION** BY ADHERING TO PRACTICES THAT ARE INCLUSIVE AND EQUITABLE.

Migros makes employee health, safety, and development central to its corporate culture, values, and governance approach. In the conduct of all of its employee-related processes and operations, the company is mindful of the commitments it has made to abide by the precepts of the **United Nations Universal Declaration of Human Rights** and **International Labor Organization standards**. Because it regards its employees' development as a way of generating added value for the company, Migros acknowledges and incentivizes their strengths while also identifying weaknesses and providing resources and opportunities to help employees develop their careers and achieve their future goals. Because Migros regards the health and wellbeing of its employees as matters of importance, it allocates increasingly more resources to safeguarding both.

In addition to employee development-centered career-management processes and safe workplace environments, Migros also recognizes the importance of maximizing employee satisfaction, which it does both by providing a variety of fringe benefits and by adhering to practices that are **inclusive and equitable**. Migros knows that providing workplace environments that respect employees' rights, treat everyone **fairly and equally**, and support personal and professional progression is

indispensable to the sustainability of its business model.

Regarding individual differences as valuable assets, Migros strives to strengthen its reputation among all stakeholders both at home and abroad as an employer who treats all employees fairly and makes no distinctions whatsoever among them based on **language, religion, or ethnic origin**.

Migros furthermore believes it has a responsibility to champion **business-model equitability and fairness** throughout the business community. In line with this, the company enters into collaborations through which it undertakes a variety of projects that will contribute to social gender and opportunity equality and it likewise engages in ongoing efforts extend the reach of its positive impact.

Highlights of the progress which Migros made during 2022 in fulfillment of agility, continuous and collective learning, awareness and responsibility arising from compliance systems reinforced by its corporate culture are presented below.

- **40%** of Migros employees are female and **60%** are male.
- **9,000** new employees were added to the payroll.
- **752** position vacancies were filled through in-house promotions.
- **411** new personnel were recruited as a result of **Migros' Recommend a Friend project**.
- The number of employees with physical disabilities on the company's payroll reached **1,136**, and **25** of them are in positions with management responsibilities.*
- **98%** of all management positions were filled through in-house promotions.
- **70%** of Migros' employees are employed outside Istanbul.
- The average age of all Migros employees is **32**. **77%** of them are **Gen Y** and **11%** of them are Gen Z members.
- Average term of service among administrative employees and store managers is **11 years**.
- **55%** of Migros' employees work in their hometowns.**

* Employees with disabilities make up 2.5% of Migros' workforce; 27% of them are female and 73% are male.

** Hometowns are defined as the same province as which they were born.

AN
EQUITABLE
& FAIR
BUSINESS
MODEL



Empowering Our Employees

GRI 2-26, GRI 201-3, GRI 401-2, GRI 404-1, GRI 404-2



MIGROS STRIVES TO BE ITS EMPLOYEES' BIGGEST SUPPORTER BY CONTRIBUTING TO THEIR CAREER PROGRESS **AS WELL AS PERSONAL AND OCCUPATIONAL DEVELOPMENT** FROM THE MOMENT THEY ARE HIRED

Talent and Career Management

Migros regards well-trained, customer-focused, difference-making employees as the most important resource on which it can draw in order to further advance its pioneering position in retail sector. For this reason, the company strives to be its employees' biggest supporter by contributing to their career progress as well as personal and occupational development from the moment they are hired. Migros ensures that its company goals are embraced by all of its employees and steers career planning, potential-identification, compensation, and development processes by means of a **performance management system** which tracks and reviews employees' performance fairly and productively.

In order to make certain that the company's strategies and goals are fairly, transparently, and understandably communicated, a **dedicated workshop** is conducted annually. Throughout the year, Migros measures its employees' abilities, competencies, and performance by means of an HR performance-review system. Strictly **objective performance management processes** are

crucial to the principle of equality of opportunity and therefore play a determinative role in employee career and development plans. Both **Key Performance Indicators (KPI)** and agility-revealing **Objectives and Key Results (OKR)** metrics are incorporated into the performance management system, thus enabling the company to monitor and determine the degree to which employees meet their financial targets and achieve their performance goals. The system is also robustly designed so as to securely allow each employee to view the results of the company's objective assessment of their strengths, weaknesses, and potentials. The system additionally provides input for strategic workforce planning and workforce talent gap analysis processes.

Administrative employees' performance is reviewed once a year; that of store managers and employees is reviewed twice a year. The evaluation process is intended to contribute to the realization of the company's strategic goals by setting objectively-quantifiable targets associated with specific elements of those strategies. Store managers' screens have "**Training Calendar**" and "**Feedback**" sections that were added to promote a better and more interactive employee-supervisor experience and to more effectively incorporate employees' personal preferences into training and evaluation processes.

To make it possible for all Migros employees to manage their own career-path and progression planning processes themselves, the talent & career management system is equipped with a "**Migros Career Paths**" module that immediately reports departmental staffing vacancies/opportunities and gives the company's own employees the first chance to take advantage of them.

Through its **Career Coaching Platform**, Migros gives **newly-recruited store employees** access to coaching resources provided by the company's internal trainers to help them get up to speed in their new jobs in the most effective way possible. Since becoming operational in May 2022, this platform's **49 coaches** have given coaching support to **1,229** new hires.

OBJECTIVE PERFORMANCE MANAGEMENT



THROUGH THE CAREER COACHING PLATFORM, **1,229 NEWLY-RECRUITED** EMPLOYEES WERE SUPPORTED

Empowering Our Employees

All **Strategic Human Resources** planning is informed by input from the **Company's Talent & Performance Management** processes. During strategic human resources planning meetings, critical positions and backup plans are reviewed for every level; when risks are identified, proactive decisions are taken to deal with them. Effective human resources management, planning, evaluation, and training processes are what enable Migros to identify its HR needs clearly and usually to deal with them internally. In 2022, **98% of the company's managerial staffing requirements** were fulfilled by means of internal promotions. Thanks to the talent & career management system's internal application module, **752 position vacancies were also filled internally**.

Highlights of Migros' talent & career management operations during 2022 are presented below:

- Individual performance evaluations for **37,140** employees
- Annual evaluations for **1,506** administrative employees
- **35,634** semiannual store management and store employee evaluations,
- More than **370** administrative-unit and store management employee competency evaluations,
- Supplementary independent consultancy-conducted employee competency-potential evaluations.

In addition to effective performance-evaluation and career-management systems and processes, Migros also recognizes the crucial role that motivation plays in employees' success. For this reason, the company identifies and rewards employee success in a variety of ways, one of the most important of which is the **"Migros Rewarding System"**, which considers employees' performance according to such metrics as creativity, added-value creation, and teamwork. During 2022, **11 thousand Migros employees** were rewarded by this system.

Migros' human resources practices have to date earned it a total of 24 awards from internationally prestigious "Stevie Awards" and "Globe Awards" programs. Under The Globe Awards Business Excellence program, the jury included Migros among the world's ten most successful HR-practices companies and assigned the company Grand Winner status.

In keeping with its **"Better Job, Better Future"** approach, Migros prioritizes attracting talented young people to work for the company and strives to reach out to them through its brand ambassadors. Through its Migros Career **Instagram** 🌐, **LinkedIn** 🌐, and **Facebook** 🌐 social media accounts the company sends out a constant stream of information and support concerning career opportunities at Migros. The company also recently updated its corporate career website to make it easier for users to become acquainted with the company and its HR teams and to learn about open positions and apply for them. One of the most important ways in which Migros attracts talented young people is through its eight-month **Long-Term Internship Program** called

BETTER JOB, BETTER FUTURE

MIGROS PRIORITIZES ATTRACTING TALENTED
YOUNG PEOPLE TO WORK FOR THE COMPANY
AND STRIVES TO REACH OUT TO THEM
THROUGH ITS BRAND AMBASSADORS

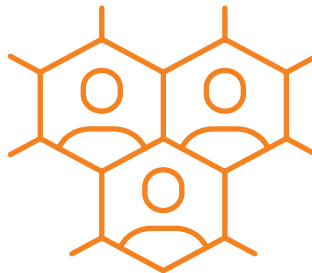


Empowering Our Employees



“**Smart**”, which gives university students a chance to benefit from the company’s orientation, mentoring, and training programs and gain hands-on professional experience before embarking on their careers. 71 university students attended the 2022-2023 round of the Smart program. Migros conducts programs such as **M-Draft**, **Hiring Day**, and **Datathon** that are also designed to attract and recruit talented young people. During **Datathon**, an event that Migros organizes to support data science culture, the innovative and creative ideas of more than 1,600 participants competed. Prizes aggregating TL 100,000 were handed out to the top three teams whose projects made it to the finals.

Through Anadolu Education and Social Assistance Foundation (Anadolu Eğitim ve Sosyal Yardım Vakfı), Migros has provided **scholarship** to 13 successful university students, in addition to which the company also gives them access to mentoring support provided by senior managers to help guide them towards their futures.



Contributing to Employee Development

Aware that its employees are the greatest strength on which the company may draw in its efforts to keep pace with the business world’s rapidly changing conditions, Migros designs technology-supported learning experiences for all employees so that they may maximize their own progress and development. Through **Migros Retail Academy** (MPA), which contributes to employee career and personal development through in-house and lifelong learning opportunities, the company gives its employees access to classroom and distance-learning resources.

Migros strives to help its employees gain experience which is informed by its goals and priorities and which is nourished by retailing industry requirements and global practices. In line with this, the company engages in an ongoing effort to expand its training catalogue resources under such headings as professional development, on-the-job training, competency development, personal development, and leadership & management skills. In order to ensure the sustainable success of such training, curriculums focus on such leadership-transforming concepts as “**Servant Leadership**”, “**Diversity & Inclusiveness**”, “**Women’s Leadership**”, “**Organizational Climate**”, “**NexGen Mentoring**”, “**Upskilling & Reskilling**”, and “**Mutual Learning**”.

In line with its employee-development goals in 2022 Migros:

- Outperformed its target of increasing total (In-Class + Online) learning time for administrative - unit and store management employees to 104 hours/person, increasing it to 124 hours instead
- **Outperformed its target** of increasing the percentage of strategic training in total training to at least 15%, by raising it to 17%
- Outperformed its target of increasing total **Administrative Unit Specialist Development Program** training time by 15%, increasing it by 23% instead

71 UNIVERSITY STUDENTS

71 UNIVERSITY STUDENTS ATTENDED THE 2022-2023 ROUND OF THE SMART PROGRAM.

Empowering Our Employees

Conducted a total of **24 “Orange Break”, “Catch The Change”, and “Just Us”** themed **webinars** which dealt with a variety of issues related to the individual and leadership development of administrative employee through the **MPA Teams platform** and which were attended by **3,700 employees**.

- Was the recipient of **18 international awards** recognizing the success of Migros Retail Academy in 2022.
- Provided MPA training to **98% of all company employees** while also reducing training outlays by having **90% of all training conducted using in-house resources**.

Migros has initiated, as part of Migros Retail Academy, an “Agile4M Transformation Office” project through which agile-transformation coaching is being provided to 55 teams. Agidemy, an agile-transformation school set up within Migros Retail Academy, conducts an intensive agility program specially designed for Migros personnel.

In line with its changing strategies, Migros periodically updates its training curriculum content in light of its employees’ needs. To that end, the company focuses on developing employees’ leadership skills through the **Migros Leadership Development Faculty** and provides training capable of enhancing such skills.

Also benefiting from Migros Leadership Development Faculty resources during 2022 were **3 sessions of the “Mission: Leadership”** program, **5 initial and follow-up sessions of the “Management Building Blocks”** program, and **7 sessions of the TrendUP** and **15 sessions of the “Discovering”** programs that specially were conducted for regional sales managers.

For senior management, the company has set up the Migros Leadership Development Faculty’s “Leaders Assembled and Leadership for the Future” programs. The seminars which are intended for Directors and higher-level executives positions, were attended by 110 people. Those who complete the “Leaders Who Empower” segment of the first module of the **“Leadership for the Future”** program take part in group coaching sessions and in training programs supporting particular areas in which they need of development. The curriculum content of the **“Inclusive Leadership”** program is designed to take into account both the results achieved in the “Leaders Who Empower” segment and developmental needs. During 2022, 2,350 Migros employees took part in Leadership Development Faculty training programs. In 2022, a total of **716,841 hours of training time** (406,165 In-class+ 310,675 online) was attended by 7,345 Migros employees at all levels.

Through its **“Development Agreement”** program, Migros further enriches and strengthens its employees’ training & development inventories. During 2022, 1,737 Migros employees benefited from 121 training.



18

AWARDS

MIGROS RETAIL ACADEMY RECEIVED 18 INTERNATIONAL AWARDS IN 2022.

Empowering Our Employees



During 2022:

- Migros employees were provided with a total of **3,562,365 hours (employee*hours)** of face-to-face and online training under 2,431 separate headings; average training time per person was 84 hours.
- Migros employees received a total of 2 million hours of in-class training under 527 separate headings along with 1.5 million hours of online training under 1,904 separate headings.
- The total value of all investments and resources allocated by Migros to employees' personal & professional development, career planning & management, performance management & review, and other training categories was **TL 16.5 million**.

Migros works closely with external project partners in order to ensure that its employees' personal & professional development derive maximum benefit from such collaborations. Under a **"Migros Retailing Associate & Bachelor's Degree Program"** agreement with Anadolu University, employees who do not yet hold such degrees are given a chance to study and be awarded one. **76 Migros employees** graduated from this program in 2022. Believing that collaborations such as these with external stakeholders makes itself stronger as a company, Migros also provides its employees access to academic-level programs at **Koç University, Boğaziçi University, and Uludağ University**. In partnership with the Uludağ University, product and technology-related training is provided to the company's store employees and managers.

Through the KÜMPEM Migros Executive Development Program at Koç University, midlevel managers are provided with a 39-day course of 234 hours of instruction designed to equip them with all the knowledge they might need to advance their careers in business. KÜMPEM redesigned as a hybrid training program that was launched in 2022.

"MAYA Store Manager Training", "Fresh Produce Specialist Certification", and "Retail Industry Overview" are the names of Migros employee-development programs carried out at Anadolu, Karadeniz Teknik, Ege, Trakya, Marmara, and Süleyman Demirel universities. Under the MAYA program, senior-year students at those schools may enroll in retailing industry-specific classes taught by Migros managers as well as by academicians. These courses cover a host of retailing-related issues ranging from sales to teamwork, from communication to the customer experience, from finance to logistics, and from retailing mathematics to leadership while at the same time also giving students the benefit of hands-on, real-world retailing experience as trainees. Students who attend these courses are given a chance to work for Migros initially as an entry-level store employee and subsequently as a store manager.

"Retail Industry Overview" is the name of a certification program initiated at Trakya University in 2022 in Migros' first collaboration with that school. This program is intended to introduce students to basic retailing-industry concepts and practices and thus to create a pool from which management-level personnel may be recruited.

"Retailing Management Certification" is the name of a program being undertaking jointly with Boğaziçi University. Specially designed for potential store managers, this program provides instruction in a variety of retailing and commercial subjects.

UNIVERSITY COLLABORATIONS

MİGROS PROVIDES DIFFERENT TRAINING PROGRAMS TO ITS EMPLOYEES AT KOÇ UNIVERSITY, BOĞAZIÇI UNIVERSITY AND ULUDAĞ UNIVERSITY.



Empowering Our Employees

“Corporate Wellness & Productivity” is the name of a new program added to the training catalogue in 2022. Under this program, **95 executives** were provided with instruction and support for coping with time and stress-related issues.

“Sales School” is the name of a Migros employee-development program that focuses on attitudes that create competitive advantages in the retailing industry by responding to its unique needs. Under this program, attention is given to all the training resources that store employees are given the benefit of from the moment they are hired onward. “Sales School” is intended to completely redesign company training programs to make them compatible with next-generation employee profiles and technological developments taking into account both Migros’ current needs and its future ones. In this redesign, career-path way-stations were reconsidered and attention was given to providing individualized training content addressing sales teams’ specific needs. A customized content **“E-Commerce School”** was set up for employees involved in Migros’ commercial operations.

Under its **“Personalization Project”**, the company works through Migros Family Clubs to focus on the personal development of store employees. A total of 384 people have taken part in 36 of these projects carried out in locations across the country.

Through its **“Distribution Center Development Program”**, Migros provides its employees with another resource capable of supporting their professional development. Intended for distribution center team leaders, department supervisors, and shift foremen and designed to boost successful teamwork in the conduct of warehousing operations, the training programs were created to

include **“Communications and Effective Team”** main headings. Under this program, 5 groups of department supervisors received 3 days of training while 10 groups of team leaders and shift foremen received 2 days of training.

“Orange Break” is the name of a development and career-focused series of podcasts delivered through Migros Sosyal App platform. **“Perishable Food Schools”** conducted as part of Migros Retail Academy, support apprenticeship and work-based learning. Through GATEM Butcher Training Program **Migros trains and develop its own butchers..** GATEM, along with schools opened to provide fresh-produce and charcuterie training in line with needs, have all been combined into **Migros Fresh Food Faculty**.

MİGET Butcher Training Program and MİGET Women Meat Processor Training Programs were launched in 2022. 77 people took part in 5 of these programs. Thanks to these programs, teaching men and women who lack any previous butchering experience whatsoever a valuable new trade, also creates a talent pool from which the company may draw. Thus, qualified employees need provided from own manpower is aimed.

Migros started the direct fish procurement process in 2022 and opened “Migros Fish School”. In addition to these, all personnel who are or will be employed in street-food functions are provided with **New Professional Development and Service-Ritual Training**.

“Good Idea Good Project” is the name of a platform that Migros initiated to solicit and benefit from new and creative ideas that its employees may come up with in such areas as efficiency, sustainability, technology, and the like. **1,541 ideas** that were submitted through this platform in 2022 vied with one another; so far **35** of the most successful ones have been undertaken as projects.

THROUGH GATEM BUTCHER TRAINING PROGRAM MİGROS IS FOOD RETAILER IN TÜRKİYE THAT TRAINS AND DEVELOPS ITS OWN BUTCHERS.



Empowering Our Employees



Through its **Agile Transformation School**, Migros provides training in the form of comprehensive programs which support the company's ability to adapt to agile-work processes, strengthen a spirit of competition, and develop digital competencies that will enable its employees to advance more confidently into the future. New cycles of the Agile Transformation School's ADAS and Agidemy programs have been started in 2022.

Basic agile training was provided to five teams working one-on-one with agile coaches at the **Project Portfolio & Agile Transformation Office** that was set up within the Migros Information Technologies R&D Center in 2020. "Product Owner" and "Scrum master" development programs were also launched.

As of 2022, **810 employees had attended 77 programs** conducted as part of the **GETready** tomorrow's-competencies training that was developed to keep pace with the competencies of the future and to prepare employees for them. Migros believes that the success of its digital transformation is crucially dependent both on making improvements in existing technological infrastructure and on integrating digital transformation into the company's business models. For this reason, Migros is working to create an employee profile that is compatible with the company's digital strategies and thus it is having new competencies added to the existing **GETready Tech** catalogue of tomorrow's digital competencies. **423 Migros employees** attended **53 GETready programs** during 2022. Through the **Migros Advanced Data Analytics School's** data science program, Migros' IT department and Migros Retail Academy work together to develop the digital

competencies of other units' employees, to develop such competencies within their own units, to encourage employees to develop data-based projects useful in their own jobs, and to support digital-competency across the company as a whole. This six-month program provides training under the headings of Data Science, SQL, Python, KNIME, Agile, Artificial Intelligence, and Data Warehousing. During the program's fourth cycle, 31 employees were provided with "Team kanban practitioner", 10 with "Professional Agile Leadership", and 16 with "Applying professional scrum" training under the **Agidemy Master Development Program**.

Aware of the value that creative mindsets and new ideas generate for the company, Migros encourages its employees to make room for both in the conduct of their jobs. Through its **Corporate Intrapreneurship Program**, Migros promotes a Lean Startup model that provides the basis for coming up with innovative business ideas by means of interfunctional authorized teams making use of agile working methods. By providing training resources and working opportunities in this way, the company helps project team members not only to add greater depth to their existing professional and personal knowledge and skills but also to acquire new knowledge and skills by supporting their development in other areas. These projects also benefit the company by potentially opening up new revenue streams. Under the Corporate Intrapreneurship Program in 2022, three high-priority projects—**Energy Production Systems, Cooperative Unity, Jet Shopping Aisle**—were launched to encourage employee participation in the company's digital transformation and its incorporation into the company's business processes. To date, **235 employees** have created added value for Migros through their involvement in **28 Corporate Intrapreneurship Program projects**.

Migros is devoting increasingly more attention and resources to activities that will enhance its employees' ability to keep abreast of and adapt themselves to rapidly and constantly evolving global trends. The company undertakes a variety of projects for developing its employees and

GETREADY

810 EMPLOYEES HAD ATTENDED 77 PROGRAMS CONDUCTED AS PART OF THE GETREADY TOMORROW'S-COMPETENCIES TRAINING.



Empowering Our Employees

for creating productive business models for itself by expanding employees' competencies. Interfunctionally-enabled teams making use of agile working methods have demonstrated their ability to come up with many new ideas that may usefully be put into practice. Under its **HRF5 program** in 2022, a variety of projects were initiated under such names as “**HR Support for Subcontractor & Operator processes**”, “**Retail-Effective HR Management**”, “**Office Layout & Services Development**”, “**Multidimensional & Adaptive Talent Acquisition**”, “**Performance System Transformation**”, “**Value-Creating Internal Communication**”, “**Organizational Climate Transformation**”, “**Corporate Intrapreneurship**”, and “**We are different / We are equal**”

Sustainability Trainings

Migros regards it is important to contribute to sustainability-awareness among its employees for the sake not just of own future as a company but of the future of the whole world. In keeping with this, **Migros Retail Academy** provides award-based sustainability training in cooperation with a **Boğaziçi University Lifelong Learning Center (BULLC)** whose aims are to promote sustainability awareness among and to contribute to the individual and professional development of Migros

employees through online training resources dealing with such issues as **Climate Change, Water Management, Sustainable Biodiversity, and Food and Plastic Waste Management** while also contributing to environmental wellbeing. A “Sustainability Series” of five training modules introduced in 2022 provides reward-based gamified sustainability training content that contributes to sustainability-awareness creation throughout the company. These trainings were received **63,446 times**. 19,093 Migros employees have received at least one of them at least once.

Orange Break sessions included “**Climate Revolution & The Circular Economy**” and “**Sustainable Development Agendas & Sustainable Development Goals**” webinars conducted by leading academicians and specialists in the field. Combat with Climate change training was also provided to Migros senior management.

404 Migros employees were completed interactive training on the use of recycling bins and proper at-source waste sorting that designed in cooperation with Migros Retail Academy.

SUSTAINABILITY ORIENTED TRAININGS

MİGROS RETAIL ACADEMY PROVIDES AWARD-BASED SUSTAINABILITY TRAINING IN COOPERATION WITH A BOĞAZIÇI UNIVERSITY LIFELONG LEARNING CENTER.



Empowering Our Employees



Employee Satisfaction

Aware that its personnel are the most crucially important stakeholders who make it possible for the company to achieve its goals, Migros regards employees as the keystones of its value-creation model. In line with this, the company therefore acknowledges its responsibility to achieve and maintain high levels of employee satisfaction, takes steps to accomplish this, and measures and keeps track of its performance. The performance scorecards of all executives at manager level and above including the members of senior management have an “Employee satisfaction & loyalty” target which contributes between 2.5-3.0% of their annual performance bonuses are directly affected by this target. **The Employee Satisfaction & Loyalty Survey** is conducted by an independent research company to measure employee satisfaction level and loyalty. These surveys identify employee satisfaction and loyalty issues that are in need of improvement; survey findings are used as input for the formulation and conduct of action and follow-up plans. 84% of all Migros employees were polled in the 2022 Employee Satisfaction & Loyalty Survey, which reported 75% and 64% levels of employee satisfaction and employee loyalty* respectively.

* The Employee Loyalty rate is also monitored on a gender basis. Female employee loyalty rate was 67% and male employee loyalty rate was 62%.

In keeping with its commitment to being a responsible employer, Migros endeavors to strengthen employee loyalty by providing all store and administrative-unit employees with such fringe benefits as private health, life & personal accident insurance, automatic private pension enrollment, and medical checkup coverage.

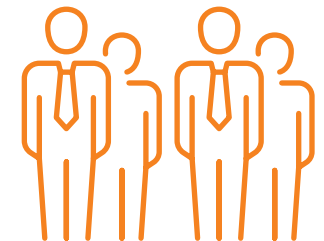
In addition to basic fringe benefits such as food allowance, salary and bonus; Migros provides travel, feast, leave, heating & clothing, tuition, maternity, family-death, marriage, fuel, and office support package allowances. The company also provides various other fringe benefits as may be stipulated in collective bargaining agreements and individual work contracts. Migros employees’ salary entitlements were in no way affected on account of changes in working hours or because of lost worktime owing to Covid-19 lockdowns and restrictions. Migros employees may be provided up to a week of paid compassionate leave to take care of personal problems such as the death of or need to care for a family member or other close relative.

There is a bonus practice that applies to 70% of administrative employees, other than those in the top management, in line with their seniority and positions, and to all store employees. Through its “Stevie Awards For Great Employers” winning **DEHA Flexible Fringe Benefits Program**, which was specially designed for the company’s administrative and store white-collar employees, Migros allows its employees to customize their existing fringe benefit entitlements according to their personal wishes and needs. **6,335 Migros employees** took advantage of the DEHA Flexible Fringe Benefits Program in 2022.

Migros store employees are also **permitted to flexibly** determine their own **work schedules** on condition that they work at least four but not more than eleven hours during any 24-hour

‘DEHA’ FLEXIBLE FRINGE BENEFITS PROGRAM

6,335 MIGROS EMPLOYEES TOOK
ADVANTAGE OF THE DEHA FLEXIBLE
FRINGE BENEFITS PROGRAM IN 2022



Empowering Our Employees

GRI 2-30, GRI 403-4, GRI 407-1

SOLUTION TO 42,744 CALLS WITH MIGROS SHARING HOTLINE

“THANK-YOU PLATFORM” IS SET UP ON ITS HR PORTAL THROUGH WHICH EVERY EMPLOYEE MAY SEND A THANK-YOU NOTE TO ANOTHER



period and also satisfy the 45 hours-a-week requirement. Administrative-unit employees are also permitted to arrive at/leave the workplace up to an hour early or late on condition that they satisfy the weekly worktime requirement.

In order to come up with solutions to employees' problems, to respond verbally or on request in writing to their questions, and especially to deal promptly and effectively with possible breaches of ethics ‘**Migros Sharing Hotline**’ has set up for employees to use. **42,744 calls** were received through this hotline during 2022 and their issues reported were resolved.

Migros also believes in the power of positive peer feedback in employee motivation. With this in mind and also to support a high-motivating workplace environment that acknowledges and encourages individual efforts, in 2022 the company set up a “**Thank-you Platform**” on its HR Portal through which every employee may send a thank-you note to another. In the first week of its launch, **more than 30 thousand thank-you notes** were sent through this system.

A variety of in-house events and activities are organized to enhance employee satisfaction by means of which Migros strengthens both its relationships with its employees and their emotional attachment and loyalty to the company.

Freedom of Association

Migros fully respects and complies with the right of its employees to individually and collectively interact with the company and among themselves. Migros has been providing its employees with workplace environments and working conditions that recognize their right to unionization since 1972. The company cooperates fully and in every way possible with the Union, to ensure mutual compliance with ILO standards in dealing with such issues as compulsory labor and child labor as well as with applicable labor laws and regulations and with rules governing fair and impartial treatment and human rights.

As of end-2022, 70.8% of Migros' employees were union members. The two-year (1 January 2020 - 31 December 2022) collective labor agreement that Migros and Tez-Koop-Is Union signed on 30 March 2020 contained provisions governing a variety of occupational health & safety issues such as protective food aid cleaning supplies& equipment, sick leave & pay, workplace doctor, examination room and medicine cabinets, illness, people to be employed in light duties, and work clothing & equipment, all of which the company diligently and scrupulously complied with. As this collective labor agreement has expired, Migros and the union are currently in negotiations to draw up a new one.

Migros also provides its union-member employees with a variety of fringe benefits such as performance bonuses and food, travel, religious feast, leave, fuel, clothing, military service, cash indemnity, and child allowances. As stipulated in their collective labor agreement, union members employed in Migros workplaces covered by that agreement receive monthly allotments of Money card bonus that can be shopping in the specified amount. They are also entitled to receive marriage, maternity, and family-death allowance; those with dependent children attending school likewise receive a tuition allowance once a year. By supporting employees in such ways as these, Migros not only makes life easier for them but also burnishes its reputation as an employer who stands by all of its employees.

RESPECT FOR LABOR RIGHTS

MIGROS FULLY RESPECTS AND COMPLIES WITH THE RIGHT OF ITS EMPLOYEES TO INDIVIDUALLY AND COLLECTIVELY INTERACT WITH THE COMPANY AND AMONG THEMSELVES.

Our Employees' Health and Safety

GRI 3-1, GRI 3-2, GRI 3-3, GRI 403-1, GRI 403-3, GRI 403-5, GRI 403-6, GRI 403-7, GRI 403-8



Performance Indicator	Target Year	Target	2022 Performance	Status by Target	Base Year / Status
Work Accident Severity Rate (Lost days)	2025	1% ↓	0.43 % ↓	In progress	2020 / 19.09

Migros recognizes employee health & safety as one of its most fundamental priorities. The company classifies^{*} all workplaces as well as any operation involving employees in accordance with the requirements of **Occupational Health and Safety (OHS) Law** and it ensures their full legal framework compliance at all times.


While providing safe workplaces and working conditions throughout the company, Migros also strives to set an example for others. The company's heightened health & safety awareness is further supported by specific policies and concrete action. OHS issues and target-fulfillment are high on the list of criteria by which executives' performance is measured and they contribute 40% of the score on which annual performance bonus is based. Believing that safe-workplace sustainability is dependent on making OHS a key element of corporate culture, Migros allocates resources for promoting OHS awareness among employees and throughout the company.

^{*} While the head office, branch directorates and stores are in the less dangerous class, MİGET meat production facility, breeding farm, distribution centers, and fruit and vegetable warehouses are in the hazardous category.

In order to ensure that the company's mandatory OHS obligations are fulfilled and that employees are fully engaged in OHS processes, **OHS committee meetings** are regularly held in Migros Head Office, Branches Directorates, stores, MİGET meat processing plant, breeding farms. Migros conducts their works to improve its operations to ensure a safe and healthy working environment for employees, prevent occupational diseases, minimize work accidents, define hazards properly and identify the risks, and take proactive measures.

Migros has been awarded **TS ISO 45001 Occupational Health & Safety Management System**^{*} certification by the Turkish Standards Institution. Compliance with this standard is audited annually, most recently in 2022.

All units of Migros have ISO 45001, and **Migros OHS Management system** covers all of the company's employees. Believing that OHS performance can always be improved, Migros will continue to cultivate OHS awareness and to fulfill its OHS responsibilities well above and beyond mandatory requirements.

Migros formulates its OHS Policy through a restorative-leadership approach of dealing with any workplace-associated OHS risks to which its employees, business partners, and customers may be exposed. As such, the policy sets out guidelines for creating and maintaining safe and healthy workplaces and is continuously reviewed and assessed to determine whether or not it is in compliance with mandatory requirements and internationally accepted standards. The Migros **Occupational Health and Safety Policy**  is publicly disclosed on the company's corporate website.

All Migros workplaces and operations undergo a process of OHS risk-assessment so as to ensure that hazards are detected and unsafe situations/behaviors are identified. Both the assessment process itself and the analysis and reporting of its findings are made more effective and comprehensive through improvements in technology and digitalization. Corrective measures are planned and taken to deal with any unacceptably high risks as well as with issues that could do with improvement. All OHS risks, practices, corrective/restorative actions and follow-ups are recorded and monitored through the company's "MSafe Occupational Health Safety" management system application.

A SAFE AND
HEALTHY
WORKING
ENVIRONMENT



MİGROS INVESTED
A TOTAL OF TL 26.7
MILLION FOR OHS IN 2022

Our Employees’ Health and Safety

Our Performance and Targets

Both the steady increase in new employee and workplace numbers and the associated growth in the company’s operations make it necessary to constantly review and update Migros’ OHS performance metrics and targets.

Reflecting the accelerating pace of its digital transformation, in 2022 the company added new modules to its **MSafe OHS management system application** and took measures to require company executives to play more active roles in OHS processes. Along with the changes in that system, an **OHS Performance Analysis System (PAS)** was also introduced in which each workplace is assigned an OHS PAS score. The goal of the OHS PAS system is to facilitate all OHS performance, documentation, training, accident reporting, auditing, and risk-detection & mitigation processes are properly, effectively, and sustainably managed and improved. As a result of expansion in the OHS team, 6,312 onsite inspections were conducted at 2,099 workplaces in 2022. Migros has set itself the goal of reducing its Work Accident Severity Rate (lost days)* by 1% (base-year 2020) by end-2025 through proactive risk-assessment and mitigation approaches. In 2022 the company’s accident severity rate (lost days) was down by 0.22% as compared with 2021 and by 0.43% as compared with 2020. Among Migros stores, lost work days due to work-accident were down by 48% as measured on a like-for-like basis.** Across all Migros workplace premises in 2022 1,647 work-related accidents were reported and 2,387 workdays were lost. Among the company’s subcontractors, these numbers were 1,808 and 3,621 respectively. No death attributable to a work-related accident occurred on company-owned premises in 2022.

* Detailed information about work-related accidents, lost worktime/workdays, and units in which work-related accidents occurred is provided in the “Annexes” section of this report.
** Like-for-like changes in same store performance reflect improvement in lost workdays due to work-related accidents in 2022 as compared with the same store’s performance in 2021.



During 2022, **185 Migros employee** (74 OHS specialists, 84 workplace doctor, 27 health workers) were employed in the provision of a **total of 177,277 hours of OHS services** to subcontractors and their employees. OHS services were also provided to a total of 16,985 Migros employee, 15,052 of whom worked in stores and the remainder in administrative units. 33% of all store employee and 38% of all Migros employee received the benefit of OHS services in 2022; OHS services were also provided to the employee of 6,558 subcontractors, which number corresponds to 70% of the firms with which the company has a subcontractor business relationship.

OHS Training Programs & Inspections

Migros believes awareness and responsibility are two issues that are very important from the standpoint of the conduct of all of its operations. For this reason the company provides training resources that make its employees aware of their OHS responsibilities, teach them about the requirements of their job descriptions, and thus reduce unsafe behavior that might disrupt work or process continuity.

In-class Trainings		Online Trainings	
OHS		OHS	
Number of Employees	5,842	Number of Employees	34,256
Hour	32,672	Hour	85,055
Covid-19		Covid-19	
Number of Employees	1,132	Number of Employees	8,633
Hour	1,132	Hour	41,705

Through both the OHS practices which it develops and adheres to and the OHS employee training which it provides, Migros seeks to prevent lost workday due to work-related accidents. In line with this, newly-hired employee are given OHS training during their orientation and OHS

REFLECTING THE ACCELERATING PACE OF ITS DIGITAL TRANSFORMATION, IN 2022 THE COMPANY ADDED NEW MODULES TO ITS MSafe OHS MANAGEMENT SYSTEM APPLICATION

Our Employees' Health and Safety



refresher training at regular intervals while they remain on the company's payroll. Through its OHS specialists and workplace doctors, Migros also ensures the OHS training processes are audited and properly conducted. In 2022, 34,256 Migros employees were given online OHS training while 5,842 received such training in class. Every new employee is given a physical examination by a Migros-employed workplace doctor before starting work and thereafter undergoes such checkups at regular intervals and has access to company-provided medical examination resources for as long as they remain on the company's payroll. During 2022, **12,790 health checkups** were performed. Of the Migros employees who took sick leave for reasons associated with Covid-19 during 2022, 47% were female.

Migros' OHS trainers and specialists provide company employee with emergency action plan training, which is subsequently followed up with drills at regular intervals. Drill performance is reviewed to determine where improvements in behavior are needed and refresher training is regularly provided as required.

Within scope of **Emergency Preparedness & Response (EPR)** works to make them aware of what needs to be done in the event of natural disasters and other emergencies **10,800 drills conducted involving such scenarios as fire, earthquake, flood, and storm emergencies**. Employees at 74 location which including MiGET and breeding farm were given **Firefighting Training** by third party organization. Migros Head Office Rescue Team members were given search and rescue training by Disaster & Emergency Management Presidency (AFAD) specialists. To strengthen its employees' awareness of what to do in the event of an earthquake, they were given "Drop, Cover, Hold On" training by company OHS specialists.

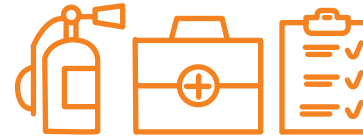


12,790
HEALTH
CHECKUPS

EMPLOYEES ARE
GIVEN A PHYSICAL
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STARTING WORK
AND THEREAFTER
UNDERGOES SUCH
CHECKUPS AT
REGULAR INTERVALS.
DURING 2022, 12,790
HEALTH CHECKUPS
WERE PERFORMED.

Our Employees' Health and Safety

The processes whereby Migros eliminates or minimizes OHS hazards and risks are summarized in the accompanying chart.



Eliminating Hazards and Reducing OHS Risks	Substitution	Engineering Control Processes	Administrative Control Processes (including training)	Personal Protective Equipment (PPE)
<ul style="list-style-type: none"> • Eliminate/isolate hazards • Stop using hazardous chemicals • Design new workplaces to be more ergonomic • Remove non-essential machinery & equipment • Near miss incident reporting forms on workplace OHS bulletin boards for employees to use to report hazards 	<ul style="list-style-type: none"> • Preference of safe chemicals for employee health (Safety Data Sheet control processes) 	<ul style="list-style-type: none"> • Environmental Monitoring & measurement • Regularly-conducted inspections & controls • MSafe OHS management system tickets opened after a periodic inspection • Work request forms • On-site inspection reports • Technical procurement OHS specifications 	<ul style="list-style-type: none"> • OHS instructions & documentation • Licensing & certification processes • Determine OHS rules; monitor compliance • On-site inspections • Vocational trainings • 14-step hands-on induction training • Basic OHS training • Online OHS training • Post work-related accident/illness report trainings • Work-related machinery & equipment training • Basic disaster-preparedness training • On-the-job talks • Situation-specific OHS training about current issues 	<ul style="list-style-type: none"> • Assess PPE requirements in light of hazard/risk exposure • Standard-compatible PPE • Formulate PPE-use directives and communicate them to employees • Assign PPE to employees • Monitor PPE use

Our Employees' Health and Safety



Our Employee Health Program

In keeping with its “**Better Job, Better Future**” approach, Migros attaches as much importance to its employees' physical and mental health and wellbeing as it does to their career and personal development. For this reason the company manages an Employee Health Program which covers all Migros employees in head office, branch directorates, and stores and which provides support across a wide range of issues from work-related accidents and illnesses to ergonomic workplace design and psychological counselling. Migros also measures and monitors its own performance in dealing with matters that affect employees' health & wellbeing so as to constantly improve it.

Based on its assessment of the healthy and nourishing meal options that Migros provides to employees and of the attention that the company gives to employee health and education such as sterile nursing rooms for mothers with infants, the **Workforce Nutrition Alliance** awarded Migros “**Gold**” level status.

During 2022, Migros employees availed themselves of **20 programs/events supporting their physical & mental health & wellbeing 61,960 times**.

A number of other resources which Migros provides to support its employees' physical & mental health and wellbeing are summarized below.

- Accessing private health insurance, health services and nutritionist opportunities are made it convenient and easy.
- 496 Migros availed themselves of Migros Employee Health Program medical checkups.

- 223 people attended a Breast Cancer awareness chat organized by Migros in partnership with Anadolu Medical Center. Listeners' attentions were drawn to the importance of early detection and diagnosis and to **self-examination screening** techniques. Breast Health Society Memeder breast-cancer awareness **Pink Ribbons** were handed out to all regional administrative unit employees.
- **1,376 Migros employees** availed themselves of the 24/7 **Psychological & Medical Consultancy Services** provided by the company.
- The calorie counts of all offerings provided in company premises equipped with their own meal halls are announced each day. Meal hall menus include **low-calorie and vegan** options.
- Motivational breakfast get-togethers are held once a month in all administrative units.

A variety of culture, art, and sport activities are organized by **Migros Family & Me Hobby Clubs** with the aims of enhancing employee motivation, reducing work-related stress, strengthening inter-employee communication, and fostering a sense of community. Such activities give participants a chance not only to socialize but also to pass the time when off work, meet and interact with personnel working in units other than their own, and practice their hobbies as well as acquire new ones.

Some of activities in this direction are as follows:

- **43 Migros Nature & Adventure club** members took part in two trips to the Taraklı Karagöl and Kartepe Karaoluk nature preserves.
- With contributions of Anadolu Efes, Migros provide a total of 2.050 people with the opportunity to watch 41 **basketball games**.
- On the occasion of Car Free Day as the part of **European Mobility Week** Migros fielded four and six-member teams that together racked up a total of 2,424 hours of racing time and earned the company **first place among eight corporate contenders**. This was the second time Migros teams competed in this event.
- Migros provides discounted tariffs specific to its employees to ensure that we can both easily access Migros applications and enjoy internet with ease of payment. **A total of 7,273 employees benefited from this, using 12,130 lines**.

A VARIETY OF CULTURE, ART, AND SPORT
ACTIVITIES ARE ORGANIZED BY MİGROS FAMILY
& ME HOBBY CLUBS.



Gender & Opportunity Equality

GRI 2-19, GRI 2-20, GRI 3-1, GRI 3-2, GRI 3-3, GRI 401-3, GRI 405-1, GRI 405-2



IN 2022, MIGROS WAS ENTITLED TO BE INCLUDED IN THE BLOOMBERG GENDER-EQUALITY INDEX, ONE OF THE INTERNATIONAL INDICES.

Performance Indicator	Target		2022 Performance	Status by Target	Base Year / Status
	Year	Target			
Female ratio among Directors and Higher Level Executives	2023	23%	20%	In progress	2019/18%
Female ratio among Top Management (Chief Executive Officer and direct reports)	2026	27-33%	27%	In progress	2018/15%
Female Executive Rate	2027	35%	32%	In progress	2019/28%

Regarding it as a key element of its corporate culture, Migros makes gender & opportunity equality a high-priority issue in the conduct of its operations. When supporting the occupational and personal development of its employees, Migros is especially mindful of gender equality. Believing that growth and development can be successful only through the involvement of everyone, Migros maintains its leading position among all its stakeholders as an exemplary female-friendly company. Through both its policies and its practices, Migros encourages women to be economically productive and self-actuating, to play more active roles in business and society, and to strengthen their presence in social life.

As set forth in **Migros Human Rights & Equal Opportunity Policy** , and **Gender Equality and Inclusion Policy** , supporting women's participation in the workforce and formal economy as well as social gender equality and undertaking and contributing to projects with the same aims are top-priority issues on its corporate agenda. In addition, as an indicator of the importance that Migros attaches to gender equality ; In 2022, Migros was entitled to be **included in the Bloomberg Gender-Equality Index**, one of the international indices.

In the 2022 edition of the Women Friendly Companies survey conducted by Capital magazine to draw attention to the importance of empowering women in work and business life, **Migros placed 3. in the journal's "Top 100 Women Friendly Companies"** list of employers with the most women on their payroll "on account of an outstanding corporate culture that results in the employment of 18,070 women directly and another 24 thousand indirectly."

The performance cards of our Executive and Manager Level Human Resources Business Partners contain the goal of increasing our female executive ratio. These targets, which have a share of 3-4% among all targets, directly affect the annual performance bonuses. Migros gives importance to

FEMALE
EXECUTIVE
RATIO 32%
(2022: +2 points)



MIGROS IS AMONG
THE COMPANIES THAT
CREATED THE HIGHEST
FEMALE EMPLOYMENT IN
TÜRKİYE AND RANKED 3.
IN THE LIST OF
**"TOP 100 WOMEN
FRIENDLY COMPANIES"**.

Gender & Opportunity Equality

women's participation in management, seeks to increase the number of women with managerial responsibilities, and strives to achieve gender parity when recruiting for management positions. In 2022 the ratio of female executives the company's increased by 2 points to 32%. Migros has committed itself to raising this to 35% by 2027. As a result of progress made towards having at least 1 female manager in every store, the percentage of such stores also increased by 2 points in 2022 and now stands at 50%. 1,321 company-owned stores now have at least 1 female manager. 318 stores are managed completely by female labor. 33% of Migros employee who were promoted to a higher position in 2022 were women.

Migros has been a signatory to the **LEAD Network EU CEO Pledge** since 2020 and its commitments under that pledge inform the company's gender-equality policy. In 2019, the ratio of female directors and higher executives was 18% at Migros and the company committed itself to **increasing that to 23%** by end-2023. In 2022 the percentage reached 20%. 12 out of 61 directors and higher executives are women. Our Board of Directors signed a commitment of increasing female representation ratio in our senior management consisting of the Chief Executive Officer and direct reports to 27-33% by 2026. As of end-2022, we have 3 females out of 11 people representing the Chief Executive Officer, other C-Suites and the directors directly reporting to the CEO. (27%)

Migros is a signatory to The Women's Empowerment Principles (WEPs). Migros ranks 2. in Capital magazine's list of Türkiye's **"100 Women Executive Friendly Companies"**.

Our Internal Practices for Gender Equality

Because social gender equality has an important place in its corporate culture and also in view of the responsibilities which that entails, Migros adheres to practices and undertakes sustainable projects that will foster a climate of gender & opportunity equality throughout the company. In order to assist these efforts, in 2022 the company launched the Migros **"We Are Different / We Are Equal"** program whose aim is to promote in-house gender equality and increase awareness of gender-equality issues through the deployment of such tools as training, videos, webinars, and bulletins. Through **Orange Break** sessions and interactive/distance training sessions that deal with gender-neutral concepts in detail, all Migros employees are made aware of the gender-neutral behavior which the company expects of them within the workplace. In addition to this, the company has also created a wide range of "Social Gender Equality" training resources whose aim is to strengthen gender equality in general both as a key element of its corporate culture and in the public space. Besides being provided to existing personnel, this training is especially given to newly-hired ones because the company wants to make certain that newcomers understand the importance that Migros attaches to gender equality and are equally sensitive about it at the workplace from the very outset.

2ND

PLACE

MİGROS RANKS 2. IN CAPITAL MAGAZINE'S LIST OF TÜRKİYE'S "100 WOMEN EXECUTIVE FRIENDLY COMPANIES".



Gender & Opportunity Equality



In line with this, the Migros orientation program includes 2 online-learning social gender equality training modules. The first of these is **“Valuing equality”**, a series of interactive training videos in which journalist and educator Melike Ilgün presents and discusses the basic principles of social gender equality and their implications.

Also, social gender equality video series was commissioned by Migros of a psychotherapist whom the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) has designated a “Gender Equality Champion”. This series draws employees’ attention to how societal concepts having to do with gender impact our lives, our physical behavior, our feelings, our aspirations, and our experiences both inside and outside the home.

In 2022, 9,419 Migros employees attend the social gender equality awareness training which the company makes available online to deter gender-based discriminatory behavior.

Migros seeks to do more than just increase gender equality awareness however; it also engages in meaningful efforts to promote gender-neutral behavior, which it does in several ways. Out of its belief in the power of learning from one another for example, Migros supports its own **Gender Equality Ambassadors**—employees who voluntarily promote gender-neutral behavior. Another example is the **Migros Women’s Leadership Development Program**, which sets out quantifiable targets for increasing the percentage of women employed at every level throughout the company as well as providing training, development, and coaching resources for achieving them. Among these resources is a series of webinars presented by the company’s female leaders that are

designed to encourage, motivate, and inspire women who are Migros store managers to seek positions of greater responsibility in the company’s organization. The Migros Women’s Leadership Development Program also benefits from LEAD Network coaching resources. Migros women’s leadership coaches also conduct webinars that focus on the qualities and competencies such as personal branding, emotional agility, perception management, target-focus, courage, and self-confidence that are needed to undertake a career in management. This series of 16 webinars has been accessed by 212 people.

In the conduct of its social gender equality activities, Migros also benefits from the services of a consultant who is a specialist in dealing with such matters. Employees’ questions about gender equality are answered by this consultant and shared with our employees via video every 2 months.

Migros has begun publishing monthly **“I Heard That (Haberim Var)”** equal-treatment bulletins to keep its employees properly informed about the company’s efforts to deal with such matters. **An Equality Workshop** was organized and attended by a representative cross-section of Migros employee selected from employees across the country. After this workshop online social gender equality meeting in which Migros director and higher level executives took part.


Gender equality working groups have been formed under the Migros HRF5 project, which brings together various company units including Human Resources, Corporate Communication, and Migros Retail Academy. These groups’ project teams meet once a week and work on their respective projects. Under the heading of awareness-creation, various programs are conducted

GENDER EQUALITY TRAININGS FOR 9,419 EMPLOYEES

MİGROS HAS BEGUN PUBLISHING MONTHLY
“I HEARD THAT (HABERİM VAR)” EQUAL-
TREATMENT BULLETINS TO KEEP ITS
EMPLOYEES PROPERLY INFORMED SUCH
MATTERS.



Gender & Opportunity Equality

in conjunction with appropriate days, occasions, and observances to enhance gender-equality process-ownership among employees. On the occasion of the **International Day for the Elimination of Violence Against Women** for example, the company promoted gender-equality on social media with the **#migrosuturuncuyaboya** hashtag and encouraged its employees to wear the observance's hallmark color orange as a sign of their support and share photographs of themselves doing so through Migros Sosyal (msosyal.com social media website). Believing that violence of every sort is a violation of human rights, Migros has formulated and shared with its employees its **Workplace Policy on Domestic Violence & Abuse** , whose aims are to create domestic violence awareness among all employees, foster a workplace environment that has no tolerance whatsoever for violence in any form, and to make those who are the victims of such abuse aware of what they can do about it.

An “**Inequality-Based Violence Against Women**” webinar that Migros organized on the occasion of November 25 International Day for the Elimination of Violence Against Women was attended by 110 employees. This was followed up by another webinar conducted in partnership with L'Oréal under the “**Stand Up - Against street harassment**” program. One session of this webinar in which psychologists took part was attended by 70 employees; another, which explored the issues of equality and justice from the standpoint of human rights, was attended by 238 employees.

A donation was made to the **Purple Roof Women's Shelter Foundation** in the name of all Migros employees. As an expression of appreciation, a collage thanking them for their solidarity in combating violence against women was made from 165 November 25 Orange-themed photographs.

In addition to social gender equality training, store and administrative-unit management employee are given training on how to conduct **gender-neutral interviews**. This training, which focuses on the principles of inclusiveness and equality with which those interviewing prospective new hires identified by HR teams should abide, likewise makes it clear that no questions of a discriminatory or sexist nature may be asked during job interviews; neither may they be used as criteria for dismissing a candidate. Company-supplied video-based training provides executives with clues about how to avoid gender-discriminating questions and dialogues. These videos have so far been viewed by 405 Migros employees.

Because of the importance Migros gives to women's career development and its sense of responsibility for empowering women it work and social life, Migros conducts and supports programs which address issues that are of interest or concern to them and which encourage and empower their presence in both. One of these is **Million Women Mentoring**, a Migros-supported program whose aim is to provide mentoring resources to a million young women 25 years of age or less who are pursuing careers in STEM (Science, Technology, Engineering, or Mathematics) by bringing them together with sectoral leaders on a digital platform.

Through its **GATEM Butcher Training Program**, Migros trains butchers for employment in its stores in all 81 of Türkiye's provinces and in its meat processing plants. Only 1% of professionally-licensed butchers in Türkiye are women; among those currently employed as butchers by Migros, 7.7% are.

WOMEN BUTCHER RATE 7.7%

%7.7 OF MİGROS' BUTCHERS ARE WOMEN
WHICH TRAINED THROUGH GATEM BUTCHER
TRAINING PROGRAM



Gender & Opportunity Equality

Migros adheres to a strictly gender-neutral remuneration policy that is equally applicable to all of its employees. No gender-based distinctions whatsoever with respect to the salaries or benefits provided to employees with similar levels of performance. Migros' remuneration policies and practices applicable to key positions and administrative employee are informed by the findings of Korn Ferry's remuneration market data. When determining remuneration policy, outsources professional advice and strives to achieve and maintain a salary & compensation system that is fair and balanced for all concerned. Detailed information about Migros' remuneration system is provided in its **Human Resources Policy** and **Remuneration Policy**. For the benefit of its employees, the company also publishes **Orange Book**, a guide that provides everyone with transparent information about Migros' remuneration system. All Migros employees are offered with the fringe benefits under the company's collective labor agreement. Migros' store employee (blue-collar) are paid hourly wages and store administrative employees (white-collar) are paid monthly salaries. In addition, their fringe benefits and salary ranges are determined referring to the market data and standards based on job, family, and level basis. No such entitlements or benefits however are ever determined in any way that is not completely gender-neutral or otherwise nondiscriminatory. Migros' policies and standards allow no gender difference in any aspect. Salary assessments for all Migros employees were made in 2022 and increased on the basis of the determined criteria above.

Detailed information about female employee percentages broken down by position level and responsibility is provided in the “**Annexes**” section of this report.

Our Works for Mothers and Expectant Mothers

Happy Mother (Mutlu Anne) is the name of a program that Migros has been running since 2020 through which the company provides pregnant women employed by the company with video and other training resources informing them about such matters as healthy nutrition and prenatal care as well as about maternity leave, return-to-work, and other associated rights. **706 Migros expectant mothers took part in this program during 2022.** Upon entering the program, an expectant mother is registered and sent a congratulatory message after which her progress through the successive stages of pregnancy is tracked. Program participants are regularly reminded of their legal rights during the pregnancy. The Happy Mother program does not end with birth but continues into the postnatal period with the company providing new mothers with ongoing support dealing with such matters as healthy nutrition and child development etc. To help those returning from maternity leave contend more effectively with the issues that may confront them, Migros has consulted pedagogues and put together a course of distance-learning parental-training resources that support new mothers and fathers as their offspring advance through the 0-12 age groups.

While supporting Migros' pregnant employees with online training resources dealing with a variety of issues ranging from proper nutrition to healthy child development and effective parenting through the Happy Mother program, the Migros **Happy Family** program continues the process by also engaging with fathers and providing them with awareness and behavior training addressing such matters as being a good parent, supporting their spouse and caring for children.

HAPPY MOTHER PROGRAM

MİGROS SUPPORT NEW MOTHERS ON THIS JOURNEY THROUGH THE HAPPY MOTHER PREGNANCY TRACKING SYSTEM.



Gender & Opportunity Equality



22,705 of the 69,652 videos covering 32 issues planned for inclusion in the Happy Mother Program have been completed and are now accessible online. This content has been viewed by 9,546 new and prospective parents. After the baby is born, the parents receive a congratulatory message and a package of infant-care products. Pregnant Migros workers who are required to wear uniforms when on the job are provided with garments specially designed to allow them to work more comfortably. The healthcare insurance package which Migros makes available to its personnel includes prenatal and postnatal coverage. Nursing mothers employed at Migros headquarters have access to specially allocated nursing rooms; female employees' locker rooms in stores are laid out so as to make them usable by nursing mothers. Minies Gift Pack is identified to new mothers' Migros Money Cards which includes diapers, baby shampoo, and similar necessities.

Female employees on maternity leave remain within the promotion process so as to ensure that their career progression is not disrupted by the birth of a child. As required by laws and regulations, total maternity leave begins 8 weeks before the anticipated date of birth and ends 8 weeks after. Total maternity leave time is 16 weeks. Fathers are also given 1 week of paternity leave beginning on the date of birth. The breastfeeding leave of 1.5 hours per day legally granted to working mothers is applied in Migros as 2 hours per day. In addition, mothers can benefit from the right to work part-time in the 6-month period after having used their unpaid maternity leave of 6 months.

Woman in Technology Association (WTECH)

In line with its commitment to the principle of gender & opportunity equality, Migros is mindful of supporting female employees in every aspect of their careers. The company engages in efforts to open new areas in science and technology in which they may discover and tap their potential. During the last 2 years Migros has increased the overall number of women employed in its **R&D center and in its information technologies and business development units by 89%**. In keeping with the same corporate approach, Migros fully supports the aims and efforts of the **Women in Technology Association**, an NGO set up to promote social progress by increasing the number of women employed in STEM functions.

LEAD Network

The LEAD Network is a nonprofit organization whose mission is to attract, retain, and advance women in Europe's consumer goods and retail sector through education, leadership, and business development. Migros has been supporting the **Turkish chapter of the LEAD Network** since its inception and is currently a Silver Partner. In 2020 the company signed the LEAD Network EU CEO Pledge, committing itself to increasing the ratio of female directors and higher executives at the company by five points. The Chapter's Chair Aysun Zaman is Manager Director of Migros' Cosmetics Retail. In 2022 she was granted an **"Inspirational Leadership Awards"** by the global LEAD organization. In 2022, Migros contributed to a joint LEAD Network and NielsenIQ survey investigating women's roles and functions in worklife. The company is also taking part in **the LEAD Network EU Mentorship Program with 3 mentors and 3 mentees**.

SUPPORTING TALENTED WOMEN WORKFORCE

MİGROS HAS BEEN SUPPORTING THE LEAD NETWORK IN TÜRKİYE SINCE ITS ESTABLISHMENT, WHICH AIMS TO INCREASE THE NUMBER, REPUTATION AND INFLUENCE OF WOMEN LEADERS BY ENCOURAGING THE DEVELOPMENT OF TALENTED WOMEN WORKFORCE IN BUSINESS LIFE.



Gender & Opportunity Equality

Women on Board Mentoring Program

Migros takes part in an inter-company mentorship program conducted by Women on Board Association Türkiye which aims to promote social development by increasing female representation on boards. To date, 3 female managers at the director level have benefited from this program as mentees. Migros also provides awareness-creation/enhancement and other training resources across its operations both to promote gender-equality concepts and to increase the number of women in positions with managerial responsibilities.



Our Projects Supporting Social Gender Equality

Family Clubs

Migros Family Clubs established in collaboration with **District Public Education Centers** aims to develop the skills of women, men and children of all ages. In addition to providing **free vocational and skill development courses** in Family Clubs, socialization opportunities for people with similar interests are offered.

Introduced in line with the company's commitment to gender & opportunity equality, Migros' award-winning Family Club project gives people of all ages—whether they are Migros employees or not—many opportunities to discover what they are capable of doing. As the majority of their **255 thousand members** are women, the clubs also encourage women to play bigger and more active roles outside the home in social spaces, to invest in their own personal futures, to acquire and develop marketable skills, and to be more effective role models for their children. Those who attend Migros Family Club courses and successfully fulfill their requirements are awarded Ministry of National Education diplomas attesting to the knowledge and skills they have gained. A steadily growing number of the women who have been awarded such diplomas are setting up businesses of their own. Children also benefit from the resources that Migros makes available through Family Clubs. In addition to the art, music, chess, choir, drama, and similar courses that they provide for children, the clubs also help youngsters become more knowledgeable, imaginative, and conscientious individuals by organizing workshops that focus on current issues such as computer coding and preventing pollution and waste.

AWARD-WINNING PROJECT: FAMILY CLUBS

FAMILY CLUBS ALSO ENCOURAGE WOMEN TO PLAY BIGGER AND MORE ACTIVE ROLES OUTSIDE THE HOME IN SOCIAL SPACES, TO INVEST IN THEIR OWN PERSONAL FUTURES, TO ACQUIRE AND DEVELOP MARKETABLE SKILLS, AND TO BE MORE EFFECTIVE ROLE MODELS FOR THEIR CHILDREN.

Gender & Opportunity Equality



Besides personally benefiting from the training they receive and the knowledge and skills they acquire by attending these clubs, the people who then go on to set up businesses of their own based on what they have learned also serve as strong role models for others. **23 thousand people–17 thousand of them women–who attended Migros-supported Family Clubs transformed their knowledge and skills into monetary earnings after graduation.**

The diploma-qualifying vocational and personal-development training courses provided through Family Clubs which located **33 Migros stores** across Türkiye cover **178 subjects ranging from beekeeping to mushroom cultivation, from traditional manuscript illumination to paper marbling, from the culinary arts to sport, and from medicinal & aromatic plants to digital marketing. The total number of people attending such courses to date is 367,745.**

Migros has set itself the goal of providing classroom training for 500 thousand new people through Family Clubs by end-2027. Through the “**Zero Waste Kitchen**” module of the Family Club culinary arts course, Migros helps prevent food waste. **These courses have been attended by 488 people.** Food-waste prevention **awareness training was also provided to another 475 people** through 27 organizations. Contributing to local economies in partnership with county-level District Public Education Centers and Ministry of Agriculture & Forestry directorates, **300 people have successfully completed Migros Family Club beekeeping**, royal-jelly production, and queen bee rearing courses and been awarded MEB diplomas and gone on to pursue careers in those endeavors. After completing the Migros Family Club beekeeping course’s comprehensive curriculum of subjects ranging from bee biology and health to product harvesting and processing,

graduates are then helped to more successfully pursue their careers by means of Migros-provided product quality & safety, marketing processes & dynamics, and sales management training.

During the Covid-19 pandemic lockdowns when Migros Family Club members were unable to meet with one another, the clubs were relocated to Migros’ social media account through which club members had access to the company’s huge library of short training videos. These videos have been watched **more than 2.5 million times** by followers and subscribers hailing from all 81 of Türkiye’s provinces. **27 education-ministry approved Migros Family Club training program courses were also attended by 450 members of 25 cooperatives.**

Migros collaborates on Living Without Obstacles awareness projects in partnership with special-education schools that are subject Ministry of National Education oversight. Through such projects, sign-language training has been provided to 10 groups of hearing-impaired school children; **Gluten-free Culinary Vocational Training** was also provided to a Mild to Moderate Intellectual Disability Children’s cooperative. Migros’ **Accessible Stores** project continues to make progress in line with its goal of having at **least 1 store manager and employee sufficiently fluent in sign language** available to assist hearing-impaired customers: **163 employees** have received such training to date. Motivation and personal development training has also been provided to 221 administrative units and store employees.

Courses that support sustainability by teaching **Recycling Practices** are given under the Migros Family Club program. These courses include a variety of activities such as making bags, baskets, and accessories from discarded plastic and other recyclable materials.

WOMEN WITH A PROFESSION

23 THOUSAND PEOPLE–17 THOUSAND OF THEM WOMEN–WHO ATTENDED MİGROS-SUPPORTED FAMILY CLUBS TRANSFORMED THEIR KNOWLEDGE AND SKILLS INTO MONETARY EARNINGS AFTER GRADUATION.



Gender & Opportunity Equality

In addition to such face-to-face training, videos dealing with waste-recycling issues are also made accessible to viewers through Migros' social media account. One example—a video that shows how to make bags using old Migroskop magazine issues—**has been accessed 4,100 times**. Migros contributes to sustainability by staging recycling events and organizing workshops that show participants of all ages how to repurpose things rather than discard them. Migros collaborated with Kloroplast, in an **“A Livable World Is Easier Together”** sustainability project whose message is that much of what we treat as garbage and trash is not waste at all and can be recycled and reused. As part of this project, **3 Migros Family Club recycling workshops were attended by 54 children**. Conducted by creative drama instructor Gözde Gürel, the workshops showed participants the importance of recycling and a sustainable world and created awareness by having the youngsters design imaginative recycling bags themselves.

In addition to the foregoing, Migros carries out projects aimed at creating and increasing public awareness on a variety of other issues. The company works with the Ministry of Health to communicate the need to diagnose and treat illnesses such as cancer and celiac disease early, with the Directorate of Woman and Family Services in the conduct of social gender equality and prevention of violence against women seminars, and with the General Directorate of Security in the conduct of substance-abuse seminars.

Supporting Women Farmers and Entrepreneurs

Migros believes it is important to support women's cooperatives as a way of empowering women in the formal economy and thereby contributing to local and regional development. For example the company makes purchases from such cooperatives that raise fresh fruits and vegetables that conform to the company's standards. The number of women's cooperatives from which Migros makes procurements reached eight in 2022.

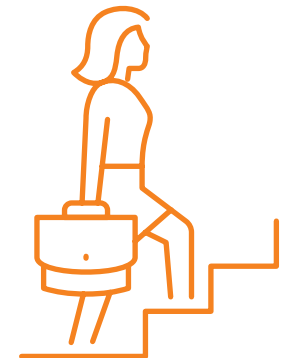
Certified training courses are also conducted at Migros Family Clubs for the members of existing or planned new women's cooperatives.

In keeping with its approach to gender & opportunity equality, Migros conducts many projects intended to inspire and encourage women to be farmers and entrepreneurs; the company also collaborates with other organizations whose mission is to empower women in farming and business. Migros works with the Women Entrepreneurs Association of Türkiye (KAGİDER) in the conduct of KAGİDER's “Development and Acceleration of Woman Entrepreneur in Agriculture program” to provide program participants with what they need to know in order to be successful entrepreneurs. Products complying with Migros standards are offered to consumers in our stores all over Türkiye.

During 2022, 15 of the 60 women taking part in this program were given Migros-provided mentoring support all year long. 193 women have benefited from this program during the last three years.

SUPPORT TO WOMEN'S COOPERATIVES

MİGROS SUPPORT WOMEN'S COOPERATIVES TO SUPPORT WOMEN IN THE BUSINESS WORLD AND TO ENSURE REGIONAL DEVELOPMENT. PRODUCTS WHICH SUITABLE FOR MİGROS STANDARDS MANUFACTURED BY WOMEN'S COOPERATIVES PRODUCING FRUIT AND VEGETABLES ARE BOUGHT.



Gender & Opportunity Equality



One of the participants in the KAGİDER program and member of the Mersin Women's Cooperative Eylem Bozdoğan, initiated a project in which 100 women farmers are raising geese to be supplied to Migros for sale in its stores. The birds are being raised under conditions that fully comply with Migros-prescribed and supported hygiene and production standards. To date, the company has bought 7,000 of them.

Other examples of Migros' collaboration with women's cooperatives during 2022 are given below.

- 400 cases of iceberg lettuce were purchased from Meryem Women's Cooperative, which was set up by the Adana metropolitan municipality in a project undertaken with UN International Labor Organization support. Migros plans to purchase a total of 130 thousand heads of lettuce from the cooperative.

- Migros undertook a new project in partnership with Bursa Yenişehir Municipality and the Bursa Agricultural Cooperatives Association under which 4 thousand tons of fresh produce ranging from peppers to eggplants and from peas to borlotti beans and tomatoes were procured and supplied in farm-fresh condition to Migros shoppers.
- 400 tons of onions and 50 tons of purple potatoes were purchased from women's farming cooperatives in Eskişehir.
- Procuring fruit grown by women farmers in Antalya through the Korkuteli Agricultural Development Cooperative, Migros sells it in farm-fresh condition to its customers. Over the last 2 years the company has purchased a total of 1,000 tons of fresh plums, apricots, and nectarines through the same cooperative, which has more than 1,800 members. Pomegranates and quinces were added to the list last year. The 1,500 tons of fresh produce that Migros purchased through the Korkuteli cooperative during 2022 was supplied to the company's stores all over Türkiye.

193

WOMEN ENTREPRENEURS

193 WOMEN HAVE BENEFITED FROM DEVELOPMENT
AND ACCELERATION OF WOMAN ENTREPRENEUR IN
AGRICULTURE PROGRAM DURING THE LAST THREE YEARS

Gender & Opportunity Equality

Migros Women's Academy

Migros undertakes many projects to support both the presence and the personal advancement of women in business life. Migros Women's Academy, which was launched in 2021, is intended to help women acquire new skills and play more diverse roles. A joint undertaking of Migros Retail Academy and Migros Family Clubs, this program covers and provides training on more than 70 subjects ranging from personal development and occupational training to interacting with other family members and creating one's own brand. Another aim of the program is to raise participants' awareness and boost their motivation so as to strengthen their presence in other areas and thus serve as sources of inspiration. The resources that Migros makes accessible through Migros Women's Academy are intended to turn the program into a platform on which productive women can start up a business of their own and market their products.

Under the same program, every year Migros works with the Ministry of Trade in organizing conventions of women's cooperatives in a single region. To date these meetings have been held in Kocaeli, Adana, Samsun, Ankara, Eskişehir, Çanakkale, Nevşehir, and Isparta. During these gatherings, Migros Women's Academy conducts classes on "Quality", "Quality Management Systems", "Produce Certification", "Good Agricultural Practices", "Fresh Produce Tracking Systems", "Central Market Registration Systems", and "Legal & Regulatory Compliance".

The products of women's cooperatives participating in the trainings given by Migros Women's Academy are offered for sale at Tazedirekt. These natural delicacies such as grape molasses,

tarhana (dried soups), tahini (sesame paste), acuka (tomato - pepper pastes and dips), manti (meat pasty), peanut butter, honey, jam and marmalade, which are produced with great effort, are presented in the **Women's Cooperatives'** category. In this context, tastes produced by 50 entrepreneurs and 600 producer women from 7 Women's Cooperatives meet with customers.

Having previously set itself the goal of providing Family Club and Women's Academy vocational/professional and personal development and training resources to one million people by end-2023, Migros had reached more than 2.8 million people through the two programs as of end-2022.

Better Future Ambassadors

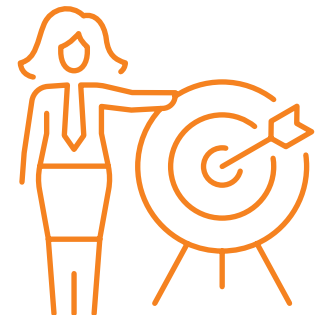
Inaugurated in 2016 as an online platform designed to empower women and enable them to develop themselves in solidarity with one another, the Migros Better Future Ambassadors program contributes to the household budgets of women who are Migros fans and enjoy interacting and exchanging ideas, opinions, recommendations, and advice with one another.

During 2022, the number of Better Future Ambassadors program members reached 150,000; as of year-end, the number of those who had earned Migros Better Future Ambassador status was 490.



FOR WOMEN TO TAKE MORE ROLE IN LIFE

MİGROS WOMEN'S ACADEMY, WHICH WAS LAUNCHED IN 2021, IS INTENDED TO HELP WOMEN ACQUIRE NEW SKILLS AND PLAY MORE DIVERSE ROLES.



Stakeholder Feedback



Esra Önel

Migros Media Planning Specialist

In my experience working at Migros for a little over a year, I've found that the company has a culture that encourages and nurtures feedback. This is evident in the company's Reverse Mentoring program, which pairs young employees with more experienced managers, and in the organization of leadership workshops where employees are encouraged to freely share their ideas. I believe that projects like the "Experience Sharers" club can help young employees achieve their full potential and also help them develop their personal abilities and plan their careers.



Semra Yasubuğa

Store Manager, Kars Central Migros

Migros adds value to the lives of its employees and customers through its multidimensional contributions and systematic workplace environment. The company rewards our efforts and successes by providing us with sustainable career-path opportunities. Working for Migros and being a member of the Migros family is an important part of my life.



Fırat Menge

Master Greengrocer, Yüksekova Yenimahalle Migros

The training I've received at Migros and the contributions the company has made to my career have made me a more proficient and productive service provider. My two years of Training to Become a Master Greengrocer equipped me with the skills and qualities needed for success in my job. It taught me how to work effectively as part of a team and how to be self-directed and ambitious. It made me aware that being diligent about whatever I do is certain to lead to successful results. It helped me to develop my self-confidence. It also contributed greatly to my ability to be flexible and creative when interacting with people.



Rabia Şentürk

Master Charcutier, Beylikdüzü 5M Migros

I learned about Migros' Happy Mother program when I found out I was pregnant. I was excited to be a mother but also nervous about the challenges ahead. The program's distance learning resources provided me with valuable information and support, and I found that what I learned made a real difference in my life after my baby was born. I believe that the Happy Mother program is a reflection of Migros' commitment to its female employees.



İbrahim Azman

Cashier, Cema AVM Ankara MMM Migros

When I heard that Migros was hiring people with disabilities, I applied for a job and the next day I received a call from Human Resources. We scheduled a video interview, which went very well. The day after that, I sent back the hiring paperwork and the next day I joined the Migros family. I was very impressed with the warmth and efficiency of the Human Resources team. They were responsive, helpful, and made the entire process very easy. My goal now is to do my best, learn as much as I can, and advance in my career.



A BETTER FUTURE FOR OUR CUSTOMERS AND STAKEHOLDERS

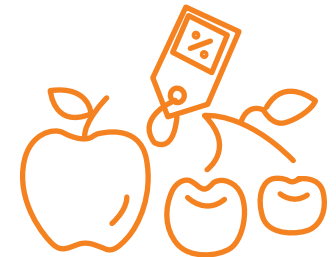
Good and Trustworthy Customer Experience
Quality, Freshness, Hygiene
Our Products and Services Supporting Healthy Living
Responsibility & Awareness Studies
Sustainable Growth with Our Suppliers

Good and Trustworthy Customer Experience

GRI 3-1, GRI 3-2, GRI 3-3, GRI 418-1



BEST-QUALITY
PRODUCTS
AT THE MOST-
AFFORDABLE
PRICES




THE MİGROS INTERACTION PLATFORM (MIP) WAS DEVELOPED WITH THE GOALS OF INCREASING OPERATIONAL EFFICIENCY WITH **DATA ANALYTICS, ARTIFICIAL INTELLIGENCE, VOICE TECHNOLOGY** AND CREATING AN UNRIVALED CUSTOMER EXPERIENCE.

Since the day it was founded, Migros' customer-oriented approach has enabled it to maintain its identity as a trusted retailer who offers shoppers the **best-quality products at the most-affordable prices**. With a physical presence in all 81 of Türkiye's provinces and online channels that reach the entire country, Migros today provides a top-notch shopping experience by giving customers access to thousands of products.

We keep a close watch on dynamic changes in both consumer behavior and demand through a variety of surveys, communication platforms, and feedback channels and we use the input from these to further diversify and improve our product and service offerings.

Committed to providing our customers with safe, fresh, and hygienic food, we abide by our **"Buy Safely, Store Safely, and Sell Safely"** principle throughout our value chain. Believing that customer communication is essential to our ability to constantly improve our value chain processes, we therefore make it a high-priority issue.

In addition to product and service offerings that support healthy lifestyles, we also encourage our customers to acquire good nutritional habits by helping them make better shopping choices. We do this through our Migros Well Being Journey program, by conducting healthy-lifestyle awareness workshops, and by providing meal-planning and recipe tips.

Detailed information about these matters is provided in the **"Our Products and Services Supporting Healthy Living"**  section of this report.

MİGROS PROVIDES
A TOP-NOTCH SHOPPING
EXPERIENCE BY GIVING
CUSTOMERS ACCESS
TO THOUSANDS OF
PRODUCTS.

Good and Trustworthy Customer Experience

Effective Communication with Our Customer

We strive to improve our communication channels so that customers can enjoy the best possible shopping experience. We make sure that these are accessible wherever our customers are. In this context, we conduct our efforts in compliance with the requirements of the **TSE ISO 10002 Customer Satisfaction Management System**. We record all customer feedback and we process it in accordance with data-confidentiality laws and regulations. We respond to all customer feedback speedily and effectively and are committed to resolving issues within 48 hours.

During 2022, customers submitted feedback about 4.5 million times. We processed all customer requests, suggestions, and other feedback meticulously and resolved 94% of the issues within 48 hours.





We constantly improve the capabilities of our infrastructure resources in order to better keep pace both with consumers' rapidly-changing habits and demands and with the retail industry's evolving needs. **The Migros Interaction Platform (MIP)** was developed in 2020 with the goals of increasing operational efficiency with data analytics, artificial intelligence, voice technology and creating an unrivaled customer experience. In 2022, we resolved about 35% of customer communications immediately through self-service modules that we developed to provide a human-like interactive experience.

We use an algorithm to anticipate the reasons why our customers call us with **Customer Communication Center** line. Thus we provide each customer with a flow that is tailored to their specific needs. We personalize our solution processes for each customer based on individual needs

and preferences. This includes a customer's sales campaign choices, accumulated loyalty points, shopping histories, previous requests, and communication preferences.

We offer customers the convenience of **ordering over the phone** through our **Alo Migros** line. Customers can place orders with stores by calling Alo Migros or by sending a WhatsApp or SMS message. They can pay for their purchases with a credit card or in cash upon delivery or when they pick them up at the store.

We offer our corporate and commercial customers a service model that provides instant solutions to their needs through our corporate WhatsApp line and e-commerce **Chatbot channels**. We also back up these channels with live support to ensure that our customers' needs are fully met. We use **Social Media Monitoring Screens** to effectively track new developments in the retail industry, trending topics, and manage customer feedback, demand, question. During 2022 **we tracked and analyzed the content of 12,132,245** social media posts. We have systems in place to monitor all written and digital media, which allows us to identify potential crises quickly and to develop effective action plans to deal with them. We use dynamic critical content maps to identify potential issues early on; we also use proactive crisis management procedures to intervene before problems escalate. Our Crisis Communication Committee, coordinated by the Corporate Communications Group Directorate, handles all kinds of communication crises in a dynamic and effective manner. In line with our scheme consisting of all our Chief Officers and the directorates that are their subordinates, the process is managed by including the top executives into the committee for each crisis issue. After assessing a crisis, we lay out a roadmap, formulate and implement an action plan, and then follow up and report on the results.

Communication channel	Address	Actions taken
Customer Contact Center	0850 200 40 00	All communications having to do with Migros, Macrocenter, Migros Sanal Market, MacroOnline, and Migros Hemen are dealt with through the Customer Communication Center Line.
Corporate WhatsApp line	0530 300 13 00	All messages received through the Corporate WhatsApp line are replied by chatbot and live support service is provided through the same channel.
Happy Customer Line	444 75 15	The Happy Customer Line deals with all communications having to do with Tazedirekt.
Corporate email addresses	iletisim@migros.com.tr, etik@migros.com.tr, surdurulebilirlik@migros.com.tr	All feedback received through our corporate email addresses is responded to.
Social media platforms	Migros Money mobile app Migros Sanal Market mobile app Twitter  Facebook  Instagram  LinkedIn 	All feedback received through our social media accounts and Migros Money and Migros Sanal Market mobile apps is responded to.

Good and Trustworthy Customer Experience



Our Customer Loyalty Program

With about **18.7 million active members** in 2022, Migros Money remains **Türkiye's biggest, most popular, and most widely-used customer loyalty program**. Through this program we provided **discounts to 10.1 million individual customers** and supported their household budgets to 2.9 million individual customers in return for the Money they earned.

We use the data that Migros Money loyalty card owners have given us permission to process in order to analyze their shopping habits by gender and demographics.

In 2022, a total of 2.5 million unique users accessed the Migros Money mobile application 7 million times, where campaigns on the Migroskop, **Tam Bana Göre (Meant For Me)** and **Wellbeing Offers** individually for Money card members, and their shopping histories can be followed.

Money Gold, membership program that we introduced in 2021, continued to be popular with Migros customers in 2022. The Money Gold card offers its users special services and discounts of up to TL 60 a month on in-store and Migros Sanal Market purchases for a monthly subscription fee of TL 9.99. Money Gold subscribers are also entitled to a number of other benefits such as free delivery, a 50% discount on two favorite products every month, two extra chances to participate in Migros' monthly **"Create Your Own Campaign Yourself" program**, access to specially-priced Migroskop campaign products, and the ability to earn loyalty points on automobile-fuel purchases.

Seeking to provide customers with quick and convenient solutions, Migros' Money loyalty program also responds to the particular needs of commercial customers as well in the form of special Money cards for yacht operators, hotel and restaurant operators, and service providers. Communication and campaign activities targeting these customers also continued in 2022.

Customer Satisfaction & Brand Research

In Capital magazine's latest annual survey of Türkiye's Most Favorite Companies, Migros was cited for the **19th year in a row as "The Favorite Retail Company"**; it also ranked among **"The Türkiye's Top 20 Most Favorite Companies"** irrespective of sector.

We constantly evaluate and adapt our business practices to respond to the changes in consumer behavior that are inevitable in a world where technology is constantly evolving. By integrating new, personalized technologies into our operations, we come up with solutions and ideas that better meet the needs of our customers. In 2022, **we conducted monthly consumer and trend surveys of 76,865 respondents** on a variety of topics using a variety of methodologies, including eye tracking. The findings were used to support strategic decision-making across the company, to understand factors that strengthen customer loyalty and have the potential to improve the customer experience, and to identify changing consumer needs. We strive to ensure demographic,

19th year in a row

The Favorite Retailer

MİGROS WAS CITED FOR THE 19TH YEAR IN A ROW AS "THE FAVORITE RETAIL COMPANY"; IT ALSO RANKED AMONG "THE TÜRKİYE'S TOP 20 MOST FAVORITE COMPANIES" IRRESPECTIVE OF SECTOR.

Good and Trustworthy Customer Experience

gender, and socioeconomic diversity among our customers when conducting interviews, polls, and other surveys. We analyze and report survey results broken down by the same categories. We use the insights and feedback we gain from our surveys to continuously improve the services we provide to our customers. In 2022, we also conducted a Corporate Reputation Survey which showed that our company's average reputation index among stakeholders was above the general norm.

Recognizing that online and physical-world retailing have become inextricably linked in the minds of today's shoppers, we had a **Digital Marketer's Logbook Survey** conducted in early 2022. This study investigated the online shopping tension points, perceptions, motivations, and behavioral differences of 144 Migros Sanal Market customers based on their shopping habits and profiles. The insights gained through this research were applied, resulting in a 46% increase in the number of people accessing Migros Sanal Marketeach day, a 23% increase in new customer acquisitions, and a 20% increase in the number of shoppers placing their first orders.

In the 2022 **Migros Customer Loyalty Survey** conducted in cooperation with Ipsos, 1,290 customers submitted 3,232 responses evaluating the places they regularly shop at. The results

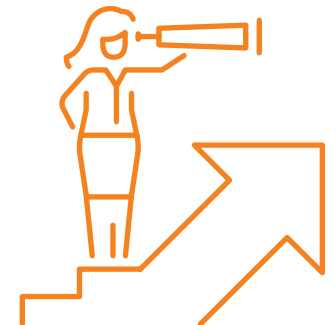
showed that Migros customers had become even more loyal since the previous year and that Migros once again numbered among the retailers that are strongest in creating and maintaining customer loyalty.

In 2022, Migros introduced the Migros Customer Experience Score to track **customer satisfaction** with in-store service, campaign effectiveness, and personnel behavior across its physical store network. As a result of the 26,091 surveys, Migros Customer Experience Score was 77 points out of 100.

In the summer of 2022, Migros conducted a **Sustainability Trends** survey among 405 customers to understand their perspectives on sustainability and how those perspectives affect their behavior. This study found that 78% of respondents said that the availability of a brand's ecofriendly or recyclable products influenced their choice of that brand. Similarly, 43% of customers said that they are more likely to purchase sustainable products now than they were last year. We are updating our services in light of these findings to better meet the needs and expectations of our customers.



IN 2022, WE CONDUCTED CONSUMER AND TREND SURVEYS OF 76,865 RESPONDENTS ON A VARIETY OF TOPICS.



Quality, Freshness, Hygiene

GRI 3-1, GRI 3-2, GRI 3-3, GRI 416-1, GRI 417-1



WE ARE THE FOOD RETAILER THAT HAS **THE MOST QUALITY MANAGEMENT SYSTEM** CERTIFICATES ISSUED BY THE TURKISH STANDARDS INSTITUTE (TSI).

We strive to be a retailer whose pioneering and innovative practices create a difference in the sector, who provides exceptional customer service that enhances customer awareness, and who ensures continuous development by adhering to legal regulations and corporate governance principles.

We take the utmost care to ensure the freshness, quality, health, and hygiene of everything we offer to customers, whether we make it ourselves or source it from others. **Our Integrated Quality Management Systems Policy** 🌐 requires that all product-related processes, from initial sourcing to end-user delivery, comply with national registration and international standards.

The Migros Health and Nutrition Policy 🌐 outlines the company's rules and approaches to product line, product safety, certified-product practices, perishable product quality standards, and the inclusion of nutritional and caloric information on packages and labels.

Our Integrated Quality Management System

We are the food retailer that has the most **quality management system certificates** issued by the Turkish Standards Institute (TSI). It leads the Turkish retail industry with **60 TSI quality certifications** covering its food safety, quality management, environmental management, customer satisfaction, occupational health & safety, Covid 19-safe production & service, fresh meat production facility & laboratory accreditation, good agricultural practices, greenhouse gas emissions verification, sustainability report assurance, and similar processes.

We use the **Migros Quality Management Systems Portal** to carry out all of our auditing processes. This includes audit planning and reporting, nonconformity detection, and follow-up action. We monitor these processes through the portal to ensure their continuous improvement. The Migros Quality Management Systems Portal makes it easier for more employees to access the quality management system. In 2022, employees entered 2.75 million data points into the portal, which represents a 54% year-on improvement in workforce productivity.

We are also working with our subcontractors to harmonize their digital systems with our own. This will allow us to systematically record all of their business processes in compliance with applicable laws and standards and to robustly, effectively, and flexibly monitor and report on them in real time.

Within the scope of our integrated management systems and in line with the Quality, Food Safety, Environment, Occupational Health and Safety, Customer Satisfaction and Social Responsibility standards, we completed our internal audits in 2,277 locations with 407,583 questions and 615 internal auditors in 2022, reaching our **performance success score to 98%**.

MIGROS
QUALITY
MANAGEMENT
SYSTEMS
PORTAL



Quality, Freshness, Hygiene

Migros' integrated management system certifications and their scope are presented in the accompanying chart.

Our Quality Certificates	Scope
TS EN ISO 9001 Quality Management System	Entire company
TS EN ISO 9001 Quality Management System	Internal Audit Department
TS EN ISO 14001 Environmental Management System	Entire company
TS ISO 45001 Occupational Health & Safety Management System	Entire company
TS ISO EN 22000 Food Safety Management System	Entire company
FSSC 22000 Food Safety Management System	MİGET and Gebze Meat Processing Plants
TS ISO 10002 Customer Satisfaction Management System	Entire company
TS OIC SMIIC 1 Halal certificates	MİGET and Gebze meat-processing plants, Tazedirekt (specified products)
Good Agricultural Practices certificates	Antalya, Bursa, İzmir operations
TS EN ISO 17025 General requirements for testing & calibration laboratory competence	MİGET Meat Processing Plant
TS ISO 14064-3 Greenhouse gas emissions verification statement	Entire company
TS Covid 19-safe production & service certificate	Distribution Centers 100%, Vegetable and Fruit Plants 100%, Production Plants 100%; Head Office -Branch Directorates 100% (Selected Stores)
Statement of Independent Assurance in Human Rights and Supply Chain (selected criteria)	Entire company
Sustainability Report Verification Assurance Statement	All business units
Perishable goods transportation certificate	Logistical services providers (selected vehicles)
Reliable Supplier certification	Migros Ticaret A.Ş.
Migros Organic Fresh Fruit & Vegetable Enterprise certificate	Mersin, Bursa, İzmir, Gebze fresh-produce warehouses
Certificates based on Aquaculture in the system of Global Agricultural Practices (GAP)	Selected suppliers

Our Quality Management Systems in our company; It is followed by our employees and managers who are affiliated with our Quality and Environmental Management departments. Employees' year-end bonuses are based on their product safety performance, with 10-20% of the bonus reflecting that performance.

Integrated Management System Training

We believe that establishing and maintaining integrated management systems and constantly improving their performance is a core value that will help Migros succeed in the future. We provide our employees with training resources to help them become more proficient and productive in their interactions with management systems. In 2022, we enhanced our Integrated Management System training by adding role-playing and gamification to make it simpler, more straightforward, and more understandable.

Employee training programs	2022
ISO 22000 Food Safety Management System	6,012
ISO 9001 Quality Management System	5,788
ISO 45001 OHS Management System	6,167
ISO 10002 Customer Satisfaction Management System	6,450
ISO 14001 Environmental Management System	5,630
Food allergens	596
Pest control	649

INTEGRATED MANAGEMENT SYSTEMS

WE BELIEVE THAT ESTABLISHING AND MAINTAINING INTEGRATED MANAGEMENT SYSTEMS AND CONSTANTLY IMPROVING THEIR PERFORMANCE IS A CORE VALUE THAT WILL HELP MİGROS SUCCEED IN THE FUTURE.

Quality, Freshness, Hygiene



Operational and Product Quality Audits

Migros ensures the continuity and effectiveness of its quality management system processes in stores, the last step in its supply chain before products reach consumers. This is done through unannounced audits performed by Migros' quality management system team and by accredited independent external auditors. In 2022, Migros Quality Management Teams conducted 2,455 and accredited independent external auditors performed **2,526 unannounced audits**.

In 2022, Migros conducted quality control on approximately 3.2 million food and non-food products across 212 different parameters. In 2022, 11 distribution centers, 5 fresh-produce facilities, 2 red meat processing plants, 11 wholesale warehouses, and all Tazedirekt and Macrocenter Homemade production operations were independently audited to assess their compliance with IFS Product Safety GM Logistics and IFS Product Safety GM Food standards.

In addition, the sale of **GMO** (Genetically Modified Organism) products is prohibited in our country due to legal regulations, and in this context, there is no sale of products containing GMOs on our shelves.

**With sales of TL 1000 and above*

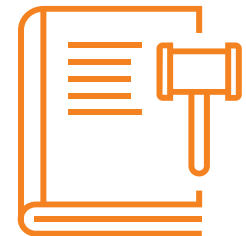
Our Product Quality Control Process

In 2022, we took steps to make certain that all the nearly 52,000* food and non-food products we offer our customers meet quality standards and are produced in a way that is safe for human health. We also take the compliance of label information with mandatory regulations seriously and we perform all necessary controls to ensure that our products are labeled accurately.

- The Turkish Food Codex Regulation on Nutrition and Health Claims sets forth the rules for nutrition and health claims made about food in Türkiye. According to Turkish Food Codex Regulation on Nutrition and Health Claims, applies to any claim that a product is low-calorie, nutritious, or has physiological benefits. It also applies to claims that a product contains non-nutrients, is non-fat, is an omega-3 source, contains no trans fats, is high-fiber or high-protein, helps protect the immune system, helps protect heart functions, etc. Such products cannot be sold in Türkiye without their regulatory compliance being proven.
- The information that a product label is legally required to contain according to the Turkish Food Codex Regulation on Labeling and Provision of Food Information to Consumers is the name of the food, its ingredients and potential allergens, the food business operator's name and address, its country of origin, its net quantity, its Expiry Date, its Best-Before Date, its lot number, special storage conditions if any, the food business operator's registration or certification number, directions for use, actual alcoholic content if any and above 1.2% by volume, and nutritional details. We ensure that our products comply with Turkish Food Codex Regulation on Labeling and Provision of Food Information to Consumers.
- We ensure that all non-food items we sell comply with applicable governing regulations. This includes cosmetics, glassware, toys, detergents, paper, stationery, electronics, and textiles. Only products with appropriate and sufficient labeling information are allowed for sale. In addition, if there are any commitments made to the consumer on the labels of the products in these product groups, their sales is approved only after their accredited analysis report is checked.

2,526 UNANNOUNCED AUDITS

WE ENSURE THAT ALL FOOD AND NON-FOOD PRODUCTS WE OFFER TO OUR CUSTOMERS COMPLY WITH QUALITY STANDARDS.



Quality, Freshness, Hygiene

- The product specifications of our private-label offerings are created in agreement with the suppliers within the framework of the agreed commercial conditions. These products are analyzed by an accredited external laboratory before they are sold in our stores. The laboratory tests the products to ensure that they meet the contractual specifications, regulatory requirements, and our own risk criteria. All new private-label food products and existing ones whose formulations have changed are taste-tested against their equivalent branded products. Our private-label products on the shelf are tried and tested by consumers in an independent consumer panel. Migros' marketing unit designs the visual appearance of private-label products' packaging and labels. The company's quality unit approves the design and verifies the accuracy of label information. After the products are defined in the system, the distribution center is controlled by the quality control. Whenever private-label food product formulations are changed, the products' specifications are updated. The products are then reanalyzed, followed by new rounds of independent taste-testing and consumer trials. Compliance with the legislation is constantly checked for product contents or packaging images. In addition, our suppliers are audited on product safety, ethical, environmental and social issues.
- We provide our customers with essential information about products through Migros Sanal Market, such as registration number, recommended use, country of origin, ingredients, allergy warnings, storage requirements, and manufacturer/producer. Also, on **Migros Sanal Market**, we offer our customers by marking products with organic, gluten-free, lactose-free, vegan, vegetarian, caffeine-free, collagen-containing, probiotic and superfood (protein, fiber, and mineral-rich content that does not contain any ingredients, including additives, flavors).

Detailed information about our 2022 operational quality audits is provided by the “**Product Safety & Quality Auditing Table**” in the “Annexes” section of this report.

Our Quality Practices with in Migros Toptan

We updated our Migros Toptan (Wholesale) mobile app in 2022 with various improvements that included providing bigger, more detailed images for 2,040 products.

We participated in a Confidence in the Supply Chain Project jointly conducted by The Association of Non-Household Consumption Suppliers (ETÜDER) and the Turkish Food Safety Association (GGD) to ensure the quality and safety of food sold at away-from-home consumption points such as restaurants.

As a result of that collaboration, we became the first company in Türkiye to be awarded supply-chain safety certification.

Thus, by raising awareness among consumers, a step has been taken to access safe food transparently. Migros Wholesale's “**Reliable Supplier**” certification was renewed in 2022.

In 2022, Migros Wholesale's logistics partner became the first company in Türkiye to be certified as a “**Perishable Foods Transporter**” under the country's regulation on the use of special equipment in the transport of perishable foodstuffs.



“FIRST IN TÜRKİYE”


MİGROS TOPTAN (WHOLESALE) BECAME THE FIRST COMPANY IN TÜRKİYE TO BE CERTIFIED AS A “PERISHABLE FOODS TRANSPORTER”.

Our Products and Services Supporting Healthy Living



IN 2022, WE OFFERED **771 DIFFERENT VEGAN PRODUCTS**, 39 OF WHICH WERE NON-FOOD ITEMS.

We provide our customers with a variety of products and services that help them eat a balanced diet, make informed choices, and live a healthy life. We strive to create positive behavioral changes across all age groups in order to promote public health and we design and update our products and services based on the needs of our customers. We rigorously manage the quality and control processes of our products and services. We are likewise committed to the continuity of the projects we develop to promote healthy lifestyles. We collaborate with our stakeholders to develop and implement a wide range of projects that have a positive impact on society and are effective.

Detailed information about how we help promote healthy lifestyles through our products and services is provided in the “**Quality, Freshness & Hygiene**”  section of this report.

Our Products with Special Attributes

We offer a range of products with attributes that are in demand by customers who are looking to live healthier lifestyles. We are providing our customers with a wide range of healthy food options. We are constantly expanding our selection of low-sugar, low-sodium, low-fat, lactose-free, gluten-free, ecological, and organic products in order to meet the demands of our customers. Consumption of fruits, vegetables, legumes, nuts, cereal products, dairy products and meat products daily in certain proportions is important for a balanced diet. We also support healthy lifestyles with our line of low-fat, low-sodium, low-sugar, and nutritionally-enhanced food products. In 2022, our portfolio of **healthy-living offerings consisted of 13,825 products**, including 462 Migros private-label products. Healthy-living products consist 41% of our total turnover.

With their extensive product line-up, superior customer service, and modern interior layouts and design, our Macrocenter stores continue to innovate and offer new gourmet food options. In addition to the most refined tastes of the world to meet the lifestyle and preferences of our customers, we also provide valuable tastes of Anatolia. Similarly, we produce various products for our vegan and vegetarian customers aiming to meet all demands. In 2022, we offered **771 different vegan products**, 39 of which were non-food items. The number of vegan products in our portfolio increased by 9% in 2022, thanks to the addition of new products. 8.1% of the detergent products we sell are deemed to be sustainable from the standpoint of their formulation or packaging.

Our company was the **first food retailer in Türkiye to offer** customers cage-free eggs in its stores. Our **M Life private-label cage-free eggs**, which first went on sale in 2018, are rated 100% organic. All of the eggs sold by our Macrocenter brand are also cage-free. Organic eggs sourced from poultry farm that we helped establish in Ordu are widely sold in our stores. Our company maintains the necessary incentives and supports to expand this transformation and increase its production capacity.

BALANCED
DIET AND
CONSCIOUS
CONSUMPTION


IN 2022, OUR
PORTFOLIO OF
HEALTHY-LIVING
OFFERINGS CONSISTED
OF 13,825 PRODUCTS,
INCLUDING 462
MİGROS PRIVATE-
LABEL PRODUCTS.

Our Products and Services Supporting Healthy Living

Developments in our line of products with special attributes in 2022 are highlighted below.

- We sold **1,681 tons of organic*** fruits and vegetables.
- To support biodiversity and sustainable fishery, we procure the fish that we offer to our customers in its usual season and sizes specified by the relevant regulations. In 2022, we sold a total of 2,600 tons of seafood that was certified sustainable by Global GAP, ASC, or other organizations. These products accounted for 58% of our total sales in this category.
- In 2022, 18% of the eggs and 1.4% of the chicken we sold in 2022 were certified organic. All of our chicken and turkey products are either organic or GAP-certified. 28% of our egg sales turnover was generated by organic products.
- **5.8% of the milk we sold was plant-based** milk qualifying it as vegan.
- The nearly 1,400** organic food and non-food items sold accounted for 1.02% of our total turnover.
- Ecofriendly products accounted for 6% of our sales and 7% of our turnover.

- Low-fat, low-sodium, and low-sugar products accounted for 2.26% of sales, nutritionally-enhanced products 1.95%, and reformulated products 3.91%."
- GAP-certified products accounted for a 45% share of our total fresh fruits and vegetables turnover. All products that are sold have GAP certificate. Details about these matters are provided in the **"Good Agricultural Practices"**  section of this report.
- We promote and constantly improve products that support healthy living and address special health needs. We also make them more affordable. We offer a 25-50% discount campaign on gluten-free products twice a year, one of which is World Celiac Day on May 9.
- The Ministry of Health's Regulation on Cosmetics, which is compatible with EU norms, prohibits animal testing of cosmetic and similar products such as skin creams, shampoos, shower jells, colognes, and toothpaste. **As Migros, we assume responsibility in this respect and do not test on animals any our private label product cosmetics to ensure compliance with our legislation.**

The standards that we set to ensure ethical, social and environmentally friendly production conditions as well as product safety for private label products of Migros are covered under our **Own Products Quality Policy.** 

IN 2022, WE SOLD 1,681 TONS OF ORGANIC FRUITS AND VEGETABLES.



* Organic products accounted for 0.78% of our total fruit and vegetable turnover and 0.49% of our tonnage in 2022.

**Including products with sales of TL 500 and above.

Our Products and Services Supporting Healthy Living



M Life

We create private-label products that meet the growing demand for healthier and more wholesome foods among consumers around the world. We market all these products under our M Life brand. Our M Life label provides our customers with convenient and affordable access to a wide range of **organic, low-calorie, gluten-free, and other healthy products**. Our M Life portfolio grew to include 52 products in 2022. We also offer customers more than 100 fresh fruit and vegetable items under the M Life brand. Over 46% of our M Life products are certified organic by the European Cooperation for Accreditation (ECAS).

85.5% of our M Life products have packaging suitable for recycling as an indicator of the importance we attach to nature. Through the launch of M Life Raw Hazelnuts, Türkiye's first private-label product certified by the **Rainforest Alliance**, we contributed to sustainable agriculture, to supporting farmers' livelihoods, and to protecting natural resources.

MİGET: Türkiye's Biggest Meat Processing Plant

We are aware of the importance of easy access to red meat and protein-containing food consumption in a balanced diet, especially for young people and children, and we offer our customers the most affordable and completely healthy products in every region of Türkiye. We established our MİGET meat processing plant to boost Türkiye's significant animal husbandry potential by expanding the country's meat production capacity. MİGET is equipped with the most advanced meat processing technologies available in the world today. Our Migros Fresh Meat Production Plant (MİGET) maintains our company's pioneering position in the sector with an annual production capacity of 62,000 tons and a staff of 3,200 Master Butchers working in 81 provinces. Our red meat products undergo 220 rigorous quality control checks before they reach customers in stores. These checks are performed by teams of qualified veterinarians, food engineers, and master butchers. To ensure the safety and wholesomeness of its meat processing operations, MİGET's TÜRKAK-accredited and ISO/IEC 17025-compliant laboratories use state-of-the-art technologies to perform hundreds of microbiological, chemical, physical, and organoleptic tests on the carcasses that arrive at the plant every day.

- All of MİGET's production processes are carried out in accordance with TS EN ISO 9001:2015 Quality Management Systems, TS EN ISO 14001:2015 Environmental Management Systems, TS ISO 45001:2018 Occupational Health and Safety Management Systems, TS ISO 10002:2018 Customer Satisfaction Management Systems, TS EN ISO 22000:2018 Food Safety Management Systems.

62 thousand tons


Production Capacity

MİGET MAINTAINS OUR COMPANY'S PIONEERING POSITION IN THE SECTOR WITH AN ANNUAL PRODUCTION CAPACITY OF 62,000 TONS AND A STAFF OF 3,200 MASTER BUTCHERS.

Our Products and Services Supporting Healthy Living

- Migros is the first company in Turkish retail industry to be awarded FSSC 22000:2018 Food Safety Management System certification. No goods are sold in our stores unless they also conform to the Turkish Standards Institute's OIC/SMIIC 1 General Requirements for Halal Food standard.

We ensure for a clean and safe farm environment suitable for animal welfare by closely monitoring the conditions such as adequate areas where animals are raised, meeting their nutritional needs, and improving ventilation. With regular veterinary controls, we provide that animals are protected by the health and well-being of their animals. We also audit our suppliers with third-party inspections for animal welfare conditions. We train our own butchers at the **Food Technologies Training Center (GATEM)** of Migros Retail Academy. With the trademark Master Butcher, we pack the products with zero-touch using the packaging techniques most suitable for the food. By this means, we ensure long time preservation of the freshness of our red meat products and meatballs ready to cook.

We produce and sell 60,000 tons of Master Butcher meat products a year. We have launched a **Master Butcher website**  that provides a behind-the-scenes look at every stage production along with helpful cooking tips and serving suggestions.

Migros Home Flavors and Street Flavors

In our Migros Home Flavors concept, in which we set out with the motto of Mothers' Recipes Cooked by Professional Chefs, we offer to our customers hygienically packaged meals prepared with healthy cooking techniques and Migros quality and assurance, suitable for the needs of our beloved mothers and for home cooking purposes. In 2022, Migros Home Flavors products were available in 250 stores in 40 cities. We also operated 12 "Street Flavors" and 1 cafe with the Flavor Center concept in 4 cities.

Our "Street Flavors" and "Flavor Center" concept cafes and food court offer a variety of delicious and affordable meals, all prepared from recipes created by Migros' Ready-Meals Development Department. In our ongoing efforts to satisfy the steadily-growing demand for ready-to-eat foods with value-adding and wholesome products, we have established food safety systems at all of our Street Flavors and Flavor Center locations.



Responsibility & Awareness Studies

GRI 3-1, GRI 3-2, GRI 3-3, GRI 413-1



WE LAUNCHED “ACCESSIBLE MİGROS” PROJECT IN 2017 AND HAVE SO FAR MADE 280 MİGROS AND MACROCENTER STORES IN 46 PROVINCES MORE ACCESSIBLE TO PEOPLE WITH DISABILITIES.

Our Accessibility Practices

As a well-established retail organization, we aim to grow by eliminating inequalities without leaving any of our social stakeholder groups behind. With this understanding, we launched an “Accessible Migros” project in 2017 and have so far made 280 Migros and Macrocenter stores in 46 provinces more accessible to people with disabilities.

At our Accessible Migros stores,

- Wheelchair ramps and handrails at all entrances
- Assisted-shopping services upon request
- At least one employee who is fluent in sign language and is easily identifiable by a distinctive badge
- Aisles and shelving designed to be accessible to shoppers in wheelchairs
- Wheelchairs on hand and ready to be used by elderly or disabled customers when needed.

We partnered with **BlindLook** to incorporate their voice simulation technology into our Migros Sanal Market mobile app to provide blind and visually impaired customers with the same level of convenience and accessibility as our other customers. We continue our efforts every year to ensure these standards in the 81 provinces where we operate.

Our Socially-Beneficial Projects

We are expanding our beneficial impact on society and the planet through our Migros Better Future Plan. Every year, we collaborate with organizations in different sectors to carry out projects in the areas of education, sport, and health.

COLLABORATIONS
WITH
ORGANIZATIONS
IN DIFFERENT
SECTORS



WE AIM TO GROW
BY ELIMINATING
INEQUALITIES

Responsibility & Awareness Studies

Our WellBeing Journey Program

Our WellBeing Journey program provides customers with a range of services including personal information, interactive suggestions and discounted product suggestions on balanced diet, regular and adequate water consumption, increasing daily physical activity and oral and dental health to help them live healthier lives.

In the **WellBeing Journey sections** of the Migros Money app, the Migros Sanal Market app, and the www.migros.com.tr website, we compare the food purchases that our Money Card members make with recommended consumption rates and then encourage positive behavioral changes in their shopping habits by sending message and discounted-product suggestions about the food groups that they need for better nutrition and healthier eating.

We use videos prepared by qualified dieticians to share WellBeing Journey informational messages. We collaborate with Aptamil to promote infant nutrition, Johnson & Johnson to promote infant care, and GSK, the makers of Corega, to promote denture care by sending out messages. In cooperation with Anadolu Medical Center, we also offer appropriate recommendations for vegan and vegetarian diets.

To date, the Migros WellBeing Journey Program has reached 5.4 million people. With this practice, we are encouraging positive behavioral changes in our customers. In 2022, we helped approximately 30% of our Money Card members make positive changes in their diets, which resulted in an average increase of 3.7 points in their **Balanced Nutrition Index (BNI)** scores. In

2022, we sent our customers personalized discounts worth a total of TL 632,538 through Wellbeing Journey Program recommendations messages.

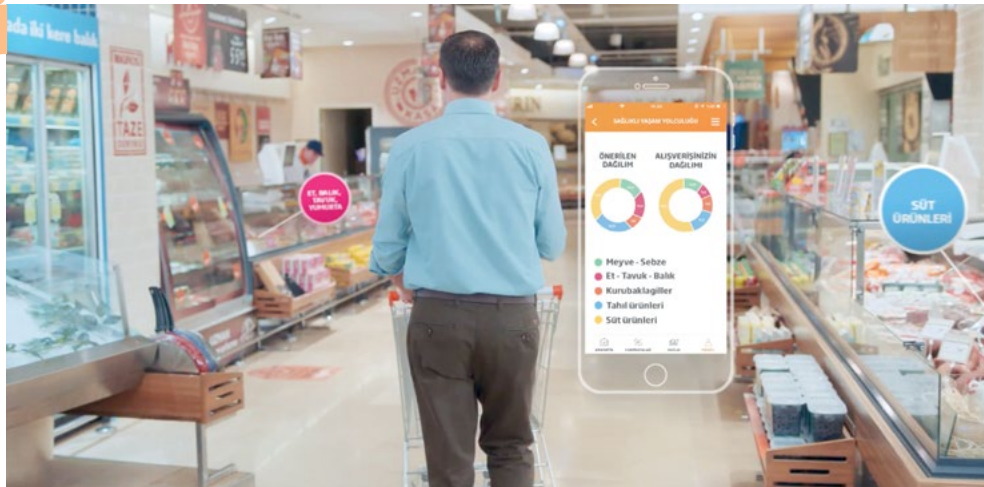
We are currently working with approximately 70 different brands to conduct the WellBeing Journey Program. In 2022, we partnered with Danone Türkiye in the conduct of a “A Better Future Recipes For You and The Planet” project. Migros TV featured professional chefs demonstrating recipes made with Danone Alpro’s plant-based food products, which are healthier, have a lower environmental impact, and are more sustainable. Migros Family Club also held in-store and online workshops to showcase the same recipes. For the conduct of this project, we marked down Danone Alpro product prices by more than %50 in order to make them more affordable and attractive to more people. Our 360-degree communication efforts for this project reached a total of **1.3 million** people.

Our WellBeing Journey Program has been recognized as a leading example by the global retail industry, receiving seven international awards and being showcased at summits in Lisbon, Berlin, London, Tokyo, Warsaw, and Monaco.

A video about the Migros WellBeing Journey is accessible on our **Migros TV** website.

Growing Healthy with Migros Project

Believing that children play a vital role in our efforts to promote social awareness about health, we engage them through activities that capture their attention. All of these activities are part of



REACHING 5.4 MILLION PEOPLE WITH THE MİGROS WELLBEING JOURNEY

IN 2022, WE HELPED APPROXIMATELY 30% OF OUR MONEY CARD MEMBERS MAKE POSITIVE CHANGES.



Responsibility & Awareness Studies



our “Growing Healthy with Migros Project” which has been recognized with numerous awards for its efforts to promote healthy lifestyles and behavior among children. As part of this program, we invite parents to bring their children to any of our 396 participating stores in 70 provinces where volunteer store manager take them on guided tours of the premises. During these tours, kids and their parents learn about a variety of topics that include the benefits of fresh fruits and vegetables, the shipping and control processes that food undergoes before it reaches our shelves, Good Agricultural practices, and tips for reading food labels wisely. As the tour progresses, our guides point out our in-store waste-recycling collection bins and explain to children how they can help to create a better future by recycling waste. At the conclusion of the tour, we present each child with a free copy of **“Migros’ Guidebook for Growing Healthy”**. This publication, which stresses the importance of healthy eating and offers tips on how to do it, was created with the help of the Food Safety Association.

To date, over 176,000 children have benefited from the educational resources and activities that we provide through our “Growing Healthy with Migros Project”. The success of our Migros store tours is bolstered by the convenience and ease of accessing the program’s online and digital content. An animated film about the program, created with the support of the Food and Agriculture Organization, was broadcast on the occasion of April 23 National Sovereignty and Children’s Day in 2021.

The **“Growing Healthy with Migros” cartoon** was first shown on Migros TV and other social media channels. It was relaunched in 2022 with the support of influencers and it has since racked up more than 2 million views. You can find the training video of “Growing Healthy with Migros” on **Migros TV channel**. 🌐

Migros Theater Festival

As we did in the previous two years, in 2022 we organized the Migros Theater Festival to reflect our company’s focus on promoting family-based theatrical performance experiences. 10 plays were staged during festival. Tickets were available for purchase at Migros stores, the Migros Sanal Market, and Biletix. 1,600 people watched the performance in theaters and 1,000 people online on Migros TV.

Migros Children’s Theater Festival

The Migros April 23rd Traditional Children’s Theater Festival which is the longest-running social responsibility project of Migros. It has been running for 28 years. Over a million children have enjoyed free performances at Turkish State Theaters auditoriums in eleven provinces since the festival began.

Responsibility & Awareness Studies

Our Collaborations Providing Social Contribution

'Give your smile a voice' Campaign in Partnership with P&G - Ipana and Migros

We launched "Give your smile a voice" campaigns, in cooperation with Ipana and Community Volunteers Foundation (TOG). This project aims to use a portion of the proceeds from the sale of Ipana toothpaste at Migros stores to support music education in high schools. The first step in the project was to open a music room at a high school in Beykoz, Istanbul. Evrencan Gündüz, a talented singer-songwriter and musician who is popular with teenagers, gave a performance that captivated his listeners. The "Give your smile a voice" campaign reached over 30 million people through its announcements and associated press coverage.

Our Collaboration with Play-Doh with the Theme "A Box Full of Future with Play-Doh"

"A Box Full of Future with Play-Doh" is the name of a project undertaken in partnership with Mother Child Education Foundation (AÇEV) and Play-Doh. The project, whose aim is to foster imaginative creativity children, resulted in the donation of 4,000 Play-Doh four-packs to AÇEV. The donation is based on sales of Play-Doh in Migros stores.

Our Collaboration with the Book for All Foundation

Books for All Foundation is a non-profit organization whose mission of promoting reading habits in children aligns with Migros' own goals of encouraging literacy and learning. In 2022, with the support of our customers at our 2M, 3M and 5M Migros Stores in Istanbul and Kocaeli, we collected their own books or the books they bought from our stores at a discount, in boxes of the Books for Everyone Foundation. We have contributed to the delivery of 4,877 books in 2022, and 63,465 books since 2013, to schools all over Türkiye.

Erikli Seed Project

The Erikli Seed project was launched in 2021 to raise sustainability and deforestation awareness among consumers and also to plant trees in areas that are difficult or impossible to afforest manually by using advanced technologies instead. Under this project, another 100,000 seed balls were aerially dispersed across unforested areas in 2022.

P&G Fairy "Don't Waste" Project

With the P&G- Fairy Don't Waste Project, we supported the donation made to the Food Rescue Association with Fairy products purchased from Migros stores during the campaign. Part of the proceeds from Fairy household detergent products sold in Migros stores during the campaign were donated to the foundation and used to provide 135,000 meals to the needy during Ramadan (Ramazan).



Responsibility & Awareness Studies



Our Clothing Donation Campaign

The Clothing Donation Campaign, which has been running for 10 years, is a joint effort between Migros, Ariel (P&G), and the Community Volunteers Foundation (TOG). Since the project's inception, 420,000 people have received donated garments.

Our Little Athletes Project

In our "Little Athletes" project, we donate a certain part of the income from "Procter & Gamble (P&G)" products sold in our stores, to the Special Olympics Committee of Türkiye. The project ensures that children in need of special training who are at the age of 2 to 7 can both develop their communication skills by socializing with their age mates and increase their coordination skills. With the contribution of our customers as well, we supported **nearly 7,000** youngsters and child with special needs up until today to help them meet sports. In addition, sports equipment was donated to our little athletes.

Our Collaboration with Spinal Cord Paralytics Association of Türkiye

In 2022, Migros continued its collaboration with the Spinal Cord Paralytics Association of Türkiye (TOFD) to collect plastic caps. A total of 380 kilograms of caps were collected in 2022. The company has so far supported the donation of **7 wheelchairs** to the association through this campaign.

Our Collaboration with Paşabahçe and Breast Cancer Foundation

In a collaboration with Paşabahçe and the Turkish Breast Cancer Foundation, Paşabahçe's Pink-Plugged Water Bottle was included in Migroskop and 5M catalogues during Breast Cancer Awareness Month. A portion of the proceeds from the sale of each bottle was donated to the foundation to support its breast health and early-diagnosis awareness efforts.

Support for Pink Ribbon Project with Nesfit

Migros partnered with Nesfit and The Breast Health Society (MEMEDER) in their **Pink Ribbon Project** to promote breast cancer awareness. In the provinces of Muş, Van, and Gaziantep, where such awareness is particularly low, more than 1,000 women who had not been screened for breast cancer in the past two years were reached and reminded of the importance of early diagnosis and routine checkups in controlling breast cancer. People were encouraged to support MEMEDER by purchasing limited-edition tins of Nesfit sporting the Pink Ribbon from Migros stores or Migros Sanal Market. We also supported this campaign by broadcasting educational breast cancer awareness videos on the Migros Family Club and Migros Women's Academy websites.

Responsibility & Awareness Studies

Our Collaboration with Nestlé and SosyalBen Foundation

Migros collaborated with Nestlé Breakfast Cereals and SosyalBen Foundation to support their educational “Ingenious Explorers” project for young schoolchildren. Under this project, educational storybooks and 700 gr tins of Nesquik were handed out. Under the “**Analytical Thinking and the Fundamentals of Science: Discoveries Workshops**” program, educational training kits and essential school supplies were also given to 1,000 children aged 7-11 living in disadvantaged areas.

“A Future to Make You Smile” Project with Colgate

In 2022, we collaborated with Colgate in our “A future to make you smile” project to support UNICEF’s **Early Childhood Development Program** by donating a portion of the proceeds from the sale of Colgate products in Migros stores and Migros Sanal Market. In support of the same project, actress, TV presenter, and children’s music teacher Ezo Sunal’s educational presentation was broadcast on YouTube and the Migros For You platform on the occasion of April 23 National Sovereignty and Children’s Day. Educational events were staged at our Beylikdüzü and 5M Viaport stores to promote good dental hygiene awareness among children. During these events, 1,200 gift kits containing a toothbrush, toothpaste, a child-friendly family information guide, and a brushing techniques chart were handed out.

Elidor & TOG Collaboration Project

Revenues from products sold during an Elidor product-launch campaign on Metaverse were donated to the Community Volunteers Foundation. Migroskop issues published during the campaign contained a scannable QR code that took those who scanned it on a journey to the Metaverse via YouTube.

TEGV School Supplies Campaign Donations

In order to support the education of children, we donated some of the school supplies shopping to the Educational Volunteers Foundation of Türkiye (TEGV) on behalf of our customers during the excitement of returning to school and contributed to the education of 1,000 children.

Bookcases Made From Pistachio Shells

In 2022, collaborating with Nestlé, we donated 10 bookcases made from recycled pistachio shells to village schools in Gaziantep. The bookcases were funded by a portion of the proceeds from the sale of Nestlé Damak products at our stores and Migros Sanal Market. We also organized sustainability-themed game workshops to increase young children’s sustainability awareness.



Responsibility & Awareness Studies

Responsible Advertising and Marketing

In addition to offering good prices to our customers, we also contribute to our customers' healthy eating habits, high quality and friendly service in a shopping environment that makes a difference, and thus leading a good life.

Our company makes a difference with the aim of being the most economical, reliable and healthy brand that touches the hearts, pockets and minds of its consumers. We reached different target audiences through communications made throughout the year. In addition to personalized loyalty programs, we offer a rich range of advantages to users through collaborations.

The number and variety of national and international awards and recognitions that we have received provide evidence of the breadth and depth of our accomplishments. We continued our 2022 communication strategy by proactively using a variety of media channels, including TV, radio, newspapers, magazines, outdoor advertising, and digital media. We also organized or sponsored a variety of events and campaign launches throughout the year. In the fall of 2022, we launched a nationwide campaign to promote our fresh seafood. The campaign coincided with the annual reopening of the fishing season and featured the theme **"Weaving Türkiye's biggest fishing net!"** The message of the campaign was that we are making fresh seafood affordable and accessible throughout the country, not just in coastal regions.

We are committed to complying with all applicable laws, regulations, and rules governing the production and dissemination of advertising messages. We understand very well where the future and the business world want to go in the hybrid world, and we guide today and tomorrow.

Tomorrow's world of hybrid marketing will be characterized by constantly evolving and diversifying marketing tools, market trends, and consumer needs, preferences, and choices. When trying to understand this new world of marketing and to produce appropriate messages, it is important to be mindful of the interests of vulnerable groups, especially when using AI technologies. Following our broadcasting policy, we exclude the product groups that are not appropriate for use by the target audience, from the broadcasts organized specific to an audience group in the age category

of 12 and under. We do not advertise chocolate, candy, or other snack products on TV or digital channels which will affect the nutrition of children. Our processed food ads always include a health ministry-mandated message at the bottom of the screen.

Our advertising and marketing messages are formulated so as to be fit for purpose, audience-appropriate. We attach importance to gender equality in all our advertising and marketing content.

We created **Migros TV** as a state-of-the-art platform for sharing informational videos. It hosts thousands of short videos on a variety of topics including meal planning, food preparation, beauty care, mother-child education, and "Do It-Yourself Ideas".

We believe that social media is an essential tool for effective communication. We manage social media accounts (YouTube (@migrostv), Facebook (@MigrosTurkiye), Twitter (@Migros_Turkiye), Instagram (@migros_tr), LinkedIn (Migros Ticaret), and Tiktok (@migros_turkiye)) with a combined following of nearly **3.7 million followers**. Through these accounts we engage with existing and potential customers in meaningful ways.

3.7 MILLION FOLLOWERS ON SOCIAL MEDIA

OUR ADVERTISING AND MARKETING MESSAGES ARE FORMULATED SO AS TO BE FIT FOR PURPOSE, AUDIENCE-APPROPRIATE. WE ATTACH IMPORTANCE TO GENDER EQUALITY IN ALL OUR ADVERTISING AND MARKETING CONTENT.



Sustainable Growth with Our Suppliers

GRI 204-1, GRI 2-5, GRI 308-1, GRI 308-2, GRI 408-1, GRI 409-1, GRI 414-1



WE MANAGE AND AUDIT OUR SUPPLY PROCESS NOT ONLY ON THE BORDER OF QUALITY AND HYGIENE, BUT ALSO IN TERMS OF **ENVIRONMENTAL, SOCIAL AND GOVERNANCE**, AND TAKE THE NECESSARY ACTIONS

As a pioneering company in the retail industry, where a significant part of the value chain consists of supply, we manage and audit our supply process not only on the border of quality and hygiene, but also in terms of environmental, social and governance, and take the necessary actions with our understanding of ensuring quality and sustainability throughout our value chain.

Responsibilities We Expect from Our Suppliers

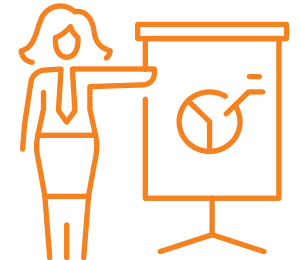
Our Responsible Sourcing, **Anti-Bribery & Anti-Corruption**, and **Human Rights & Equal Opportunity Policies** set clear expectations for our suppliers with regard to compliance with our environmental health, occupational health and safety, quality, and business ethics criteria. Existing and potential suppliers can easily access our **MeCom and MeMobil B2B** business practices on our corporate website. We regularly audit suppliers' business conduct to ensure compliance with our policies. If an audit reveals any areas in need of improvement, we will first notify the supplier so that they can take corrective action. Also, we organize awareness trainings for our suppliers in areas of development.

In this context, the main principles expected from our suppliers are:

- UN Guiding Principles on Business and Human Rights
- ILO Declaration on Fundamental Principles and Rights at Work
- Freedom of Association & Right to Collective Bargaining
- Prevention & Elimination of Forced Labor
- Prevention & Elimination of Child Labor
- Anti-Discrimination
- Working Hours & Wages Liability
- Anti-bribery & Anti-corruption
- Occupational Health & Safety
- Protection of Environment & Natural Resources
- Continuous Improvement
- Migros Code of Ethics

All suppliers must agree to abide by the rules and principles set out above in order to do business with us. These rules and principles are included in all of contracts with our suppliers. They make it explicitly clear that we will not tolerate any supplier behavior that discriminates among their employees on the basis of religion, language, race, or gender; that constitutes physical, sexual, or verbal abuse; that results in involuntary or forced labor or the employment of children.

AWARENESS TRAININGS FOR SUPPLIERS



WE ORGANIZE AWARENESS TRAININGS FOR OUR SUPPLIERS IN **AREAS OF DEVELOPMENT.**

Sustainable Growth with Our Suppliers

Our Supplier Selection and Auditing Processes

We are a company that wants to make a positive impact on the world. For this reason we enter into and maintain productive business partnerships with others who share our values and goals. We track our suppliers' practices and performance, and we provide feedback to help them improve. Before selecting a new supplier, we first thoroughly assess all the financial, legal, ethical, and reputational risks and opportunities that doing business with them entails. We then conduct a comprehensive online and government agency investigation to identify any previous or ongoing instances or accusations of illegal, corrupt, or unethical behavior on their part. Once a potential supplier has passed this initial screening, we perform a preliminary checklist audit to assess their compatibility with our quality control, ethical behavior, governance, and social & environmental sustainability criteria and make our decision accordingly. Thus, we begin to work with companies that have successfully passed both product safety and ethical, social and environmental compliance audits and attained supplier status. Our audits have a 30% weight in our overall business evaluation of our suppliers.

Each year, our critical supplier companies, which account for 80% of the previous year's turnover, are determined and the next year's audit planning is made on this list. Suppliers' compliance with our company's policies and with international food-safety, ethical, social and environmental issues is audited annually. These two-day audits are conducted in the presence of the representatives of independent, external auditing firms using a checklist of 468 criteria. On the first day, suppliers are checked for compliance with Global Food Safety Initiative (GFSI) benchmarking requirements and with "IFS Food Global Market" and "IFS HPC Global Market" standards. On the second day, the suppliers are audited for a **GC-Ethical Compliance** which includes check list covering environmental, human rights, OHS and social compliance issues.

We conduct product safety audits on goods procured from small-scale local/regional suppliers and cooperative. The audits are based on a checklist of 45 criteria, with particular attention being given to traceability requirements, infrastructure resources, hygiene practices, pest control practices, child labor and employing insured workers.

Within the scope of the audits related to the working standards, we assess the compliance with law of annual leaves, forced labor, child labor, arrangements related to working hours, discrimination and disciplinary practices, salaries and remunerations, overtime processes, psychological and physical pressure on employees, right to establish trade unions and right to collective agreement, working conditions of pregnant or breastfeeding mothers and maternity and breastfeeding leaves.

We conduct audits of our suppliers to ensure that they comply with **GC- Ethical Compliance standards**. These audits focus on the following areas: climate impact (including CO₂ emissions), water consumption & management, soil conservation, biodiversity and other environmental issues; pollution control, waste management, and natural resource use. The audits also cover OHS practices such as employee engagement and training practices.




We have invested in communication infrastructure that allows us to conduct remote audits of our suppliers' compliance with our standards. We also provide our auditors with regular training on auditing processes. In 2022, we conducted a mix of online and on-location audits as circumstances warranted.


The results of supplier audits are reported to the Chief Marketing Officer and Chief Supply Chain & Logistics Officer, who is the most senior executive responsible for supply chain standards compliance. Suppliers who have successfully passed our product safety audits may also qualify for inclusion in the International Featured Standards (IFS) portal, a global network of IFS-certified suppliers. This gives them access to customers all over the world. Our suppliers which successfully pass GC- Ethical Compliance audits, which have an important role in sustainability efforts, are entitled to **GC-Ethical Compliance certificate**.

Suppliers who hold BRC, FSSC, or IFS accreditations are exempt from product safety audits. Suppliers who hold BSCI, Smeta Sedex, or WCA accreditations are exempt from GC- Ethical Compliance standards audits. Suppliers who hold SA8000 accreditations are exempt from GC- Ethical Compliance standards audits only if they employ fewer than 10 people.

When a supplier fails an audit, we provide them with a detailed report of the nonconformities that were found. We also identify areas where the supplier can improve, even if they passed the audit. We give the supplier a deadline by which to correct the nonconformities and then we conduct a follow-up audit. If the supplier fails the first follow-up audit, we give them two more chances to pass. If the supplier fails three follow-up audits, we terminate our business relationship with them.

In addition, Supplier Audit success performance is tracked on the basis of KPI on the scorecards of our Quality and Environmental Management department employees.

In 2022, we did not terminate any supplier agreements due to any violations of our "**Anti-Bribery & Anti-Corruption**" , "**Human Rights & Equal Opportunity**" , or "**Responsible Sourcing**" **Policies** , or due to any breach of laws or regulations.

Detailed information about Migros supplier numbers by year is provided in the "**Annexes**"  section of this report.

Sustainable Growth with Our Suppliers

Suppliers Audit Results

Type of Audit	Type of Supplier	Number of Suppliers Audited	Number of Audits	Rate of Successful Suppliers **	Average Pass Score	Number of Suppliers Given Follow-up Audits	Number of Follow-up Audits	Success Rate of Follow-up *
Product safety: IFS Global Market	Total number of suppliers audited*	576	683	89.41%	87.52%	67	73	90,91%
	Candidate suppliers	150	183	80.67% (121 suppliers)	80.96%			
GC Ethical & Social Compliance, Environment, OHS	Total number of suppliers audited*	440	517	84.09%	81.71%	48	54	81,25%
	Candidate suppliers	101	125	77.23% (78 suppliers)	72.71%			
Product safety: Regional & Tazedirekt	Total number of suppliers audited*	58	61	%93.1	81.29%			
	Candidate suppliers	25	26	92% (23 suppliers)	78.76%			

* Indicates the number of existing and candidate suppliers who were audited plus the number of suppliers who were subjected to follow-up audits.

** Minimum successful score for IFS product safety compliance is 75%. Minimum score for GC Ethical Compliance standards compliance is 65%.

Sustainable Growth with Our Suppliers

We regard the group of suppliers who together account for 80% of our total turnover as “critical suppliers”. In our 2022 audits planned on our 250 critical suppliers in 2021, 80% of these suppliers were audited on-site and online by an accredited independent external audit firm.

The number of critical suppliers undergoing environmental, ethical, and social audits during the most recent 3 years is 683.

89.41% of our supplier companies scored 75 and above marks in IFS Global Markets audits and successfully passed the audit, and 84.09% of our supplier companies successfully passed GC Ethical and Social Compliance audits.

In 2022, we set a goal of increasing the average pass rate of our audited suppliers by at least two percentage points. We achieved this goal, with the average pass rate on IFS Global Market audits increasing to 87.52% and the average pass rate on GC-Ethical & social compliance, environment, OHS audits increasing to 81.71%.

In 2022, 59% of our suppliers passed both audits and were accredited as a **GC Migros Approved Supplier**. Suppliers approved by Migros are assessed in three categories – “Gold”, “Silver” and “Bronze” – according to their level of success in the audits, and they get the opportunity to announce their success on the GC Portal.

In 2022, 276 suppliers were awarded GC Migros Approved Supplier accreditation, of which 45 were Gold, 158 Silver, and 73 Bronze.


In 2022, 150 of our candidate suppliers underwent 183 product safety audits; 121 of them passed. We carried out 125 ethical, social and environmental compliance audits to 101 nominee supplier

companies in accordance with GC-Ethics and Social Compliance criteria, and decided to work with 78 suppliers which successfully completed the process.

Of the nonconformities in supplier performance which are identified and for which follow-up audits are performed, 31.9% are related to OHS issues; 30.3% environmental issues; 13.7% working conditions; 5.1% resource management; 3.6% planning; 3.4% measurement analysis and improvement; 3.4% discriminatory practices; 2.7% management review processes; 1.7% social responsibility policies; 1.6% legal and regulatory requirements; 1.6% forced labor and child labor; 0.8% adequate documentation; 0.2% responsibility, authorization and communication.

In 2022, our supplier audits found no violations of employees’ rights to associate or bargain collectively. We also found no suppliers to be at significant risk of infringing these rights. In the reporting period of 2022, no supplier was identified during the supplier audits that breached the rights of organization or collective agreement, or that might be exposed to significant risk. In 2022, 6 domestic suppliers were found to be child labor cases during our supplier audits. These suppliers were notified of the violations and were required to take corrective action. Follow-up audits were conducted to ensure compliance.

In addition, 84 inappropriate cases that can be considered as forced labor were identified because of the audits carried out, related to the use of the right to maternity leave, breastfeeding leave, overtime pay and annual paid leave. The supplier companies were requested to act on this issue. In our supply chain, we didn’t receive any unfavorable feedback from non-governmental organizations or other external organizations during the reporting year.

In 2022, independent external auditors reviewed the declarations of our ethical and social audits on our suppliers for compliance with our Responsible Sourcing Policy under the criteria of discrimination, freedom of association, right to collective agreement, child labor and forced labor criteria; and the declarations verified to comply with the international **ISAE 3000 (Revised)** standard. **Statement of Independent Assurance in Human Rights and Supply Chain** (Selected Criteria) may be found in the “**Annexes**”  section of this report.

GC MIGROS APPROVED SUPPLIER

IN 2022, 276 SUPPLIERS WERE AWARDED GC MIGROS APPROVED SUPPLIER ACCREDITATION, OF WHICH 45 WERE GOLD, 158 SILVER, AND 73 BRONZE.



Sustainable Growth with Our Suppliers



Migros Supplier Academy

We audit our suppliers to ensure the sustainability of our value chain. We also believe that contributing to the development of our suppliers is critical to our business model. To achieve this, we established the Migros Suppliers Academy in 2020. Through the Migros Suppliers Academy, we provide regular training to our private-label, MİGET, Tazedirekt, local, and other small and medium-sized suppliers to help them comprehensively improve their performance.

In 2022, we provided training to 544 suppliers through the Migros Suppliers Academy. The details of these trainings are as follows:

Training Topics	Training time/person (hours)
Product Safety	1,248
IFS TR	159
Ethics	1,062
Anti-Bribery	1,062
Employee Rights	1,062
Environmental Responsibility	1,062



Our training program provides all suppliers with information on legal and regulatory requirements, pest control practices, product contamination and destruction management, labeling, infrastructure requirements, personnel hygiene, and traceability. In 2022, we also provided private-label product suppliers with ethical and social compliance training on topics such as ethical behavior, legally mandated social issues, working conditions, involuntary employment, child labor, occupational health & safety, and environmental management.

We also contribute to the development of our suppliers by providing them with training on food-loss prevention awareness from the United Nations Food & Agriculture Organization and on product safety and contamination risk management awareness from IFS.

Potential **Tazedirekt** suppliers whose products we would like to sell and who are interested in improving themselves are provided with voluntary access to Migros Suppliers Academy's regular online training resources. We conducted post academy-training audits of 24 suppliers in 2022. 60% of them successfully passed their first audit. We supported those who did not in their efforts to improve their performance and carried out follow-up audits to determine whether or not they had done so.

Local Supply

We act with the awareness that local production is a fundamental element of regional and national development. We have developed a business model that prioritizes local procurements and sales. We believe that this model contributes to local economies by promoting the consumption of products near to their place of production. Most of the fresh produce we procure is sold in stores located in the same region. We also allocate significant space in every store for the display and sale of local products and brands. Thus, we contribute to the branding and strengthening of local producers. This also makes it easier for consumers to access the locally-grown fresh fruits and vegetables that they are accustomed to. Local brands are those that produce goods made using raw materials sourced from the same region. We also display and sell these brands' goods in geographically close stores. These practices have the additional benefit of lower prices due to logistical cost savings and lower carbon emissions as a result of more efficient distribution processes. In addition, we place a total of 186 geographically marked products on our shelves, 24 of which are private label and 17 branded products sold at "Only at Migros".

Detailed information about the **Migros Family Clubs**  and **Migros Women's Academy**  training and other resources we make available to local cooperatives and producers is provided in pertinent sections of this report.

Stakeholder Feedback



Alper Çapar

Unilever Laundry Care Category Marketing Director

The OMO Refill Unit that we set up with Migros is another new step towards Unilever's Clean Future Vision. The heart of this vision also beats for something very important; sustainability. We are excited to promote the reuse and refilling of laundry care product packaging. By partnering with Migros, we are giving people the choice to reduce their plastic footprint while also reducing the need to manufacture more plastic. We believe this is a tremendously valuable innovation.



Burcu Turan Enderoğlu

Danone Dairy Product Sales and Plant-Based Product Development Director

In June, Danone Alpro and Migros partnered to launch a campaign called "Recipes that will be good for you and the planet with Alpro." This campaign promoted respect for nature and a more sustainable future. Danone and Migros are committed to supporting healthier nutrition and providing better food to as many people as possible. Through this campaign, we reached a large audience and increased consumer awareness about more sustainable and healthier lifestyles.



Merter Beton

Yayla Agro Commercial Brands Marketing Director

On our value chain journey with Migros as Yayla Agro, we take pleasure in collaborating towards a common goal on many projects but especially Migros' WellBeing Journey. Our Ankara and Mersin factories have a low environmental impact, thanks to our careful emission, waste, and resource management. Our investment in the functional food sector in Niğde will enable us to offer innovative products which focus on healthy nutrition and which cater to changing consumer habits. We will supply these products to consumers through Migros' value-adding infrastructure. We are pleased that Migros is accompanying us on our "Sürdürülebilir dünYAYLA" journey at a time when both the environmental impact of human activities and healthy nutrition are of great importance.



Nizamettin Deniz

Owner of Gurumen Gıda Sanayii ve Ticaret Ltd

Partnering with Migros has helped us improve our ethical and hygiene standards over the years. We have gained valuable experience through this partnership, which has allowed us to set up our new plant in İzmir in compliance with those standards and qualify for FSSC 22000 certification. In the regular inspections conducted by Migros, we continue to perform with a success rate of over 95%.

Customer Feedback



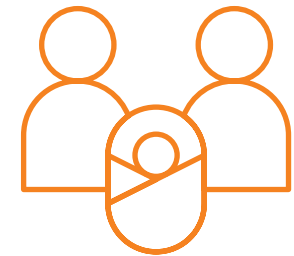
Migros is a brand that we trust to provide us with the best prices, affordable products, and high-quality service. We shop at Migros with peace of mind, knowing that we are getting the best value for our money. We are grateful for Migros' commitment to quality and customer satisfaction. Your unflinching product and service quality continues to make us happy. We are proud to be Migros customers.



As the caretaker of nine adorable cats of my own, I'm always grateful for Migros' World Animal Day discounts. I'm also trying to care for strays in my neighborhood and your discounts have made it possible for me to keep them well-fed this year. Migros is already my favorite place to shop and I just wanted to express my warm thanks to you on behalf of all the stray animals whose bellies I can fill on these cold winter days.



Stranded in your store during a heavy snowstorm and waiting for a taxi, three of your employees went above and beyond to make me feel welcome. You can be very proud of your team indeed. I'll treasure the memory of the coffee they offered me for years to come.



I went shopping with my baby yesterday and while we were at the butcher counter waiting for my order, he fell asleep in my arms. The store manager came over and said that the order would take a bit of time to complete and that standing there would be difficult for me. He kindly invited me to sit down in his office. I'd like to thank him and all your employees for the help and patience they showed me while we were in the store.

Meyve-Sevze



Integrated
Reporting
Capitals

Natural
Capital

A BETTER FUTURE FOR OUR PLANET

Our Environmental Management

Extensive Combat Against Climate Change

Our Sustainable Water Management

Sustainable Agriculture & Biodiversity

Our Food Waste Prevention Practices

Our Effective Waste Management & Supporting the Circular Economy

Our Environmental Management

GRI 3-1, GRI 3-2, GRI 3-3



WITHIN THE SCOPE OF COMBATING CLIMATE CHANGE, WE ARE CARRYING OUT WORK WITH THE AWARENESS OF REDUCING OUR CARBON FOOTPRINT, **OUR WATER FOOTPRINT** AND USING ENERGY RESOURCES EFFICIENTLY.

In addition to the value created by our Migros Better Future Plan and the benefits of our integrated business model, we measure the environmental impact of our operations and take action in line with our development goals. Within the scope of combating climate change, we are carrying out work with the awareness of reducing our carbon footprint, our water footprint and using energy resources efficiently. We manage waste by effectively utilizing our existing resources within the framework of the circular economy. We partner with our stakeholders and create shared value by reducing the amounts of plastic we use. We strive to make our environmental impact positive by measuring it regularly and adhering to the principles of the low-carbon circular economy framework.

Our environmental management approach and practices are shared with all stakeholders through our **Migros Environmental Policy**. We review and revise this policy annually to ensure that it is aligned with our needs and our medium and long-term goals.

We abide by the principles of the **United Nations Global Compact** in the conduct of all of our operations. With our sustainability understanding shaped in this direction, we manage our impact

together with our stakeholders by measuring environmental performance within the scope of climate change risks and opportunities, protection of biodiversity and natural resources, low carbon conversion and circular economy, and we share these impacts with our stakeholders in an open and transparent manner. We also audit our suppliers in order to identify any breaches of our environmental policy on their part. In 2022, we invested TL 9.8 million in R&D to **develop and support more eco-friendly products and services**.

At Migros, **all our employees** responsible from sustainability framework. This responsibility is borne equally and across all levels of the company. In the fulfillment of this responsibility, the role of the Migros Board of Directors is to manage the overall environmental- management decision-making mechanism. The role of the **Migros Sustainability Committee**, which monitors and analyzes issues related to risks and opportunities, is to set targets in line with the Migros Better Future Plan and to oversee the conduct of projects and activities related to those targets.

The activities and **performance results** of the Migros Sustainability Committee's subcommittees and units are reported monthly or quarterly depending on the particular issues involved. These reports are submitted to the committee itself and also to the Chief Supply Chain & Logistics Officer, who is also responsible for quality and environmental departmental operations. Environmental-related strategies, practices, and performance are assessed in light of these reports and the conclusions are submitted to senior management. Sustainability-target fulfillment results have also been made intrinsic elements of Migros' corporate performance evaluation system. The Migros Environmental Policy applies to all aspects of our value chain as well as to our own employees. Because of the crucial importance we give to protecting the environment and ensuring full compliance with our policy we occasionally come across performance issues that are in need of improvement. In 2022, our company wasn't subjected to any violation of any environmental laws and/or regulations.

CIRCULAR
ECONOMY
WITH LOW
CARBON



WE INVESTED
TL 9.8 MILLION IN
R&D TO DEVELOP AND
SUPPORT MORE ECO-
FRIENDLY PRODUCTS AND
SERVICES.

Extensive Combat Against Climate Change

GRI 201-2, GRI 302-4, GRI 302-5, GRI 303-1, GRI 303-2, GRI 303-5

Performance Indicator	Target Year	Target	2022 Performance	Status by Target	Base Year / Status
Scope 1 & Scope 2 Absolute GHG Emissions	2030	42% ↓	8.62% ↓ 460,559 mt CO ₂ e	In progress	2020/ 504,015 mt CO ₂ e
Store Electricity Consumption (kWh/m ² .day)	2030	35% ↓	7.8% ↓ 0.925028 kWh	In progress	2019 /1.003757 kWh
Greenhouse Gas Emissions per Transported Units (kg CO ₂ e)	2026	2.5% ↓	5.43% ↓ 0.035 kg CO ₂ e	Completed	2021/ 0.037 kg CO ₂ e
Greenhouse Gas Emissions per Transported Units (kg CO ₂ e)	2027	35% ↓	0.035 kg CO ₂ e	New	2022/ 0.035 kg CO ₂ e

Our company is taking steps to make itself more resilient to the effects of climate change such as extreme weather events, water stress and drought, geographical changes. We are aware that the impact of climate change on agricultural production is going to be far-reaching and profound and we are therefore taking steps to help especially young farmers adapt. We will continue to allocate increasingly more resources to proactively combating climate change, to protecting farmers and their livelihoods, and to ensuring that land is used productively.

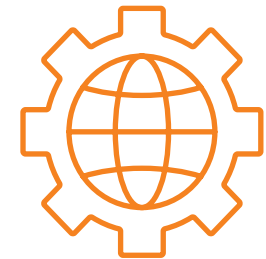
We are committed to a sustainable future. We use natural resources responsibly, improve energy efficiency and reduce our carbon footprint, and make our distribution systems more efficient. We do this within an overall framework consisting of statutory and regulatory requirements, **UN Sustainable Development Goals, Consumer Goods Forum (CGF)** principles, national and

international standards, and our own low-carbon transformation and sustainability approach. We set our environmental goals and formulate plans to achieve them in ways that are compatible with our sustainable ecosystem strategy, aligned with the principles of the Paris Agreement and other global initiatives, and in line with our own country's climate objectives and targets. We take a long-term view in the management of all these issues and conduct our operations accordingly.

We have been reporting our climate change mitigation plans and our annual performance under each plan to the **Carbon Disclosure Project (CDP)** since 2015. Based on those reports, we have qualified as an "A-" **CDP Climate Leader four times** (2016, 2017, 2019, 2022). The climate change mitigation and clean-energy practices incorporated into our Bodrum Maya Migros and Alaçatı Macrocenter stores have qualified both for **LEED Gold** certification.

AMONG CLIMATE LEADERS 4 TIMES

AS A RESULT OF OUR REPORTINGS, WE WERE LISTED AMONG THE CLIMATE LEADERS 4 TIMES IN 2016, 2017, 2019, 2022 AT CDP.



Extensive Combat Against Climate Change



Climate Change Risk Assessment

Risks and opportunities related to climate change are determined annually by the team we have formed with department representatives in our Sustainability Committee. We assess how and in what ways climate change will affect our company, both in terms of the risks it creates and the opportunities it presents. We believe that this approach makes our handling of the financial processes associated with climate change more coherent. We also believe that making climate risks more understandable makes it easier to finance the transition to a more resilient and sustainable economy.

We are committed to understanding and managing the climate change-related risks and opportunities that our company faces. To do this, we conduct annual assessments of these risks and opportunities, paying particular attention to changes in transition risk and physical risk parameters, to changes in consumer and market behavior, and to changes in our company's image. These risks are reported to senior management, which is responsible for assessing their existing and potential financial consequences and for developing appropriate solutions to deal with them. We also use these assessments as input for our company's future risk management and strategic planning processes. The risk assessment we have carried out is also among the topics that global initiatives such as **Task Force on Climate-Related Financial Disclosures (TCFD)** pay attention to. We report climate risk data and assessments across our value-creation chain in a manner that is consistent with all four of **TCFD's** pillars: Governance, Strategy, Risk management, and Metrics and targets.

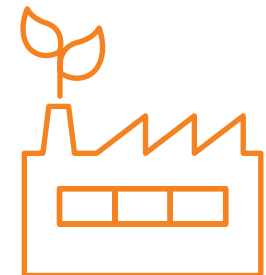
Chief Expansion, Property & Construction Officer and the Maintenance and Energy Management Director are jointly responsible for reducing electricity consumption, preventing greenhouse gas emissions, and adopting next-generation refrigeration technologies. Such efforts can make a significant contribution to combating climate change. Fulfillment of targets associated with these issues directly contributes 10-20% of the points on which these executives' annual performance bonuses are based. Changes in precipitation patterns are among the climate risks that could have the most serious impact on our company. In light of the significant uptick in unusual climate events such as floods, storms, and blizzards, we are currently reviewing all of the change-in-precipitation risks in our 5 and 10 year risk projections.

Based on a study we conducted in 2022, we expect that losses caused by extreme weather events due to changes in precipitation patterns will only increase. In our stores alone, these losses could potentially amount to TL 10.9 million over the next five years and to TL 34.9 million over the next ten.

We take precautions to ensure that our stores are adequately insured against flood and other natural disaster risks. However, going beyond that, in 2022 we also **invested a total of TL 454.67 million** in new and maintenance & repair projects to reduce our stores' climate risk vulnerabilities. These investments included installing solar energy, water cooling system, and automatic climate control systems; replacing outdated systems with newer ones; outsourcing environmental management consultancy services; and improving environmental-management processes by means of more accurate measurement and verification and more efficient waste disposal and water treatment.

INVESTED TL 454.67 MILLION

IN 2022, WE MADE INVESTMENTS OF TL 454.67 MILLION INCLUDING MAINTENANCE AND REPAIR WITHIN THE SCOPE OF COMBATING CLIMATE CHANGE AND ENVIRONMENTAL MANAGEMENT.



Extensive Combat Against Climate Change

Our Carbon Footprint

Among the sustainability issues that we approach within the context of the **Migros Better Future Plan**, we give particular precedence to climate change mitigation and carbon management. We identify our short, medium, and long-term sustainability targets in line with our company's sustainability ecosystem strategy and take action to achieve them. Most of our Scope 1 emissions arise from refrigerant gases, Scope 2 emissions from our electricity consumption, and Scope 3 emissions from product sale operations. We do not have a production facility that causes the formation of particles that cause air pollution such as heavy metals, combustion gases, dust, volatile organic compounds, fluorine, chlorine. In line with our goal to reduce our carbon footprint and monitor the emissions we generate, we applied for and have been awarded ISO 14064-3 Greenhouse Gas Emissions Statement Verification and Validation Certification. Detailed information about changes in our emission calculation methodology is provided in the **"Performance & Targets"** section of this report.

We have conducted life cycle assessment (LCA) to measure the carbon emissions generated by the production of Migros private-label products that make up 35.5% of our private-label sales. In 2022, the carbon emission resulting from the sale of 141 of our products in the food, non-food and Master Butcher categories was calculated as 254,512 mt CO₂e.

Our Carbon Footprint Works Towards Our Suppliers

We give importance the improvement of our suppliers, which affect our Scope 3 emissions and are one of our most important stakeholders, within the scope of carbon footprint studies. In 2022, on the way to net-zero, we launched **Sustainable Business Partners Network (SBPN)** platform which will serve our strategic and environmental goals with our responsible production and consumption approach, in order to measure the effects of our suppliers on our Scope 3 emissions resulting from the products we sell.

At a meeting with our suppliers at the launch of this project, we drew everyone's attention to the necessity and importance of moving forward together so that climate-change targets can be fulfilled. Through SBPN we keep track of the carbon-emission, water-consumption, waste-generation, and similar environmental parameters of Migros private-label and of supplier-provided products whose sales generate 80% of our turnover. We also track suppliers' climate change target performance and support them in their efforts to set targets of their own. All data exchanged through SBPN is independently audited. In conjunction with these efforts, we also conducted a Greenhouse Gas Emissions Calculation Training program to improve our suppliers' ability to monitor and accurately measure their environmental impact. This program was attended by about a hundred Migros suppliers.

SUSTAINABLE BUSINESS PARTNERS NETWORK

WE COLLABORATE WITH OUR SUPPLIERS TO REDUCE ENVIRONMENTAL IMPACT OF PRODUCTS WE SALE.



Extensive Combat Against Climate Change

GRI 302-1, 302-2, 302-3, 305-1, 305-2, 305-3, 305-4, 305-5



Carbon Pricing

Sustainable-future investments are on the rise around the world and are expected to continue to grow in the coming years to reach carbon net-zero targets. In the food industry, a variety of scenarios have been developed to assess how changes in climate factors will impact businesses. It is aimed to provide an income to be used to support climate-related works or public expenditures through the Emissions Trading System and carbon tax, which are implemented in many countries and are complementary to each other.

Türkiye does not yet have an emissions trading system and our sector is not included in carbon pricing system. However, we use the carbon pricing methodologies prescribed by the Ministry of Environment, Urbanization, and Climate Change for its Carbon Market Readiness Partnership program in our own internal carbon pricing assessments. By using these methods, we are able to better understand the cost of Scope 1 and Scope 2 emissions arising from our carbon-intensive operations and therefore make more informed decisions about how to reduce them.

Our Performance & Targets

Through our efforts to reduce our carbon footprint we reduced our daily carbon emissions per m² of store space by 38% between 2015 and 2021. In 2021 we revised our target to “Reduce the absolute value of our base-year 2020 Scope 1 and Scope 2 emissions by 42% by 2030” and we are currently making meaningful progress towards achieving our carbon net-zero goal. The Migros Board of Directors has committed the company to achieving that goal. We are also working to have our goal certified as a Science-Based Targets Initiative (SBTi) method that aligned with the 1.5 °C scenario. In 2022 we achieved an absolute year-on reduction of 4.24% in our Scope 1 and Scope 2 (market-based) emissions. This also translates into an absolute 8.62% reduction as compared with base-year 2020. In addition, we have joined UN’s Race to Zero (RtZ) campaign.

Our Greenhouse Gas Emissions by Scope and Year

Source	2019	2020	2021	2022
Scope 1 (mt CO ₂ e)	265,117	268,001	234,659	243,587
Scope 2* (mt CO ₂ e) Market-based	244,463	236,014	246,291	216,972
Scope 2 (mt CO ₂ e) Location-based	263,463	254,658	274,256	275,976
Scope 3** (mt CO ₂ e)	103,923	98,561	9,567,159	13,541,363

TARGET COMPATIBLE WITH 1.5°C SCENARIO

WITH OUR GOAL TO REDUCE OUR CARBON FOOTPRINT 42% BY 2030 COMPARED TO 2020, WE ARE TAKING STEADY STEPS TO THE CARBON NET ZERO TARGET

* The market-based accounting methodology uses emission factors from the electricity supplier to calculate emissions. Renewable energy use is included in the calculation.


** Scope 3 emissions for 2019 and 2020 included emissions from air travel, waste management, shipping, Migros Sanal Market delivery vehicles, customer service, and out of scope energy consumption. Emissions figures for 2021 and 2022 include emissions from products sold under the same categories, as well as emissions from end-consumers' use of sold products and from the disposal or processing of associated waste.


Extensive Combat Against Climate Change

Our Corporate Greenhouse Gas Emissions by Category

In 2022, we calculated our greenhouse gas (GHG) emissions according to the Scope 1, 2, and 3 classifications defined by the GHG Protocol, expectations of indexes, and GRI standards. We also categorized our emissions according to the category-based classification defined in ISO 14064-1:2018, ranging from Category 1 to Category 6.

Source	2022 Total Emissions (mt CO ₂ e)	Source	2022 Total Emissions (mt CO ₂ e)
Scope 1	243,587	Category 1 Direct Greenhouse Gas Emissions	243,587
Scope 2 (Market-based)	216,972	Category 2 Purchased electricity (Market-based)	216,972
Scope 2 (Location-based)	275,976	Category 2 Purchased electricity	275,976
Scope 3	13,541,363	Category 3 Indirect greenhouse gas emissions from transportation and logistics	329,523
		Category 4 Indirect greenhouse gas emissions from sold products	9,622,350
		Category 5 Emissions generated during the use of the products sold by the end user	3,432,129
		Category 6 Other indirect greenhouse gas emissions	157,361
Total (Market-based)	14,001,923		
Total (Location-based)	14,060,926		

Detailed information about the verification statement is provided in the “**Annexes**”  section of this report.

Detailed information about upstream and downstream indirect greenhouse gas emissions is provided in the “**Annexes**”  section of this report.



Extensive Combat Against Climate Change



Ecofriendly Cooling Systems

Most of our greenhouse gas (GHG) emissions are generated by our refrigeration systems. To reduce these emissions, we prioritize efficient natural refrigerants and next-generation systems. We are also working to reduce the impact value of high points in our life cycle analysis by utilizing natural refrigerants and environmentally friendly systems that are compatible with the climate of our country. We have obtained a patent for our cooling system, which has the **Utility Model Certificate**. This is a water cooling system that reduces gas leaks by 90%. The system circulates chilled water instead of gas in refrigeration units and the refrigerant is used only to chill the water.


In 2022, we transitioned 29 stores to a water cooling system. **54 locations** (51 stores and 3 distribution centers) are currently using this system. We plan to expand the use of this system to all of our locations. All stores opening in 2023 is planned to have water cooling systems.

Our Energy Efficiency Works

We are committed to combating climate change by reducing our energy consumption. We are implementing energy-saving initiatives to improve efficiency and reduce carbon emissions in our operations. In our newly opened or renovated Migros stores, we select variable **current-controlled** and **highly automated efficient systems** to minimize our environmental impact.

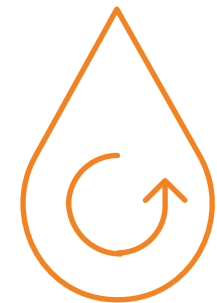
We use an energy monitoring system to track our energy consumption on a daily, weekly, and monthly basis. We use this information to create plans to reduce our energy consumption and greenhouse gas emissions. We monitor the consumption of our cooling, climate control, and lighting systems, which are among our largest energy consumers, through our headquarters-based automation system. To make the most of natural sunlight in our stores, we have implemented daylighting systems that have resulted in energy savings. We also select roofing materials that reflect sunlight to reduce heat-island effects.

In 2022, we consumed 658,741 megawatt-hours (MWh) of energy, of which 95% was electricity. We did not use any secondary energy sources for heating, cooling, or steam, or in the conduct of sales operations.

Detailed information about stores where climate control, cooling, and lighting automation systems have been installed is provided in the **“Annexes”**  section of this report.

WATER COOLING SYSTEM

OUR WATER COOLING SYSTEM IS USED IN A TOTAL OF 54 LOCATIONS, WITH 51 STORES AND 3 DISTRIBUTION CENTERS, REDUCING GAS LEAKS BY 90%.



Extensive Combat Against Climate Change

Our Energy Consumption by Resource (MWh)*

Resource	2020	2021	2022
Electricity (Non-renewable)	506,359	528,407	493,119
Electricity (Renewable)	40,000	60,000	134,413**
Natural gas	14,890	12,681	12,199
Diesel	11,050	11,398	13,070
Gasoline	3,129	4,116	5,940
Total	575,428	616,602	658,741

Renewable Energy

To achieve our environmental sustainability goals, we are investing in renewable energy sources such as solar power plant. In 2022, we installed a 1.2 MW solar power plant on the roof of the **Adana Distribution Center**. The plant began operating in September and has an annual generation capacity of 1,680 MWh. This will satisfy approximately 90% of the center's annual energy needs and prevent the emission of nearly 744 tons of carbon dioxide annually. In September 2022, our Adana Distribution Center solar power plant generated 313 MWh of electricity. We plan to commence operations for our new solar power plant projects in 2023, pending ongoing planning-permission processes. We will continue to make the most efficient use of renewable energy resources through other projects such as these.

We have purchased 134,100 MWh of International Renewable Energy Certificates (I-RECs) to track and verify the source of energy generated from renewables. This corresponds to 21.42% of our electricity consumption in the current year.



1.2 MW SOLAR POWER PLANT

THE SOLAR POWER PLANT WITH 1.2 MW INSTALLED CAPACITY, WHICH WE BUILT ON THE ROOF OF OUR ADANA DISTRIBUTION CENTER IN 2022, STARTED PRODUCTION IN SEPTEMBER.



* Shows the distribution of our indirect energy consumption. Excluding the use of solar energy systems for 2022 at the Adana Distribution Center, our indirect energy consumption amounted to 658,428 megawatt-hours (MWh).

** The Adana Distribution Center figure consists of 313 MWh of electricity generated by the solar power plant and 134,100 MWh of I-REC certified renewable energy.

Extensive Combat Against Climate Change



- Protocol Data Unit (PDU) in data center cabinets have been replaced with smart units. This has enabled us to identify and renew high-energy-consuming devices.
- Computers have been used with energy-efficient Thin Clients in all of our distribution centers and newly opened stores. This has resulted in a 75% reduction in energy consumption.
- We have shut down 172 virtual servers and replaced them with 700 Central Processing Units (CPU) and 2.5 terabytes of memory resources.
- As part of our Green Information Technology approach, we sorted and recycled 81.5 tons of devices that were replaced.
- The changeover to Software Defined Networking (SDN) in network devices at our stores has resulted in a 20% reduction in energy consumption.

Our Green IT Practices

As part of our Green Information Technology approach, we are installing next-generation monitors in our stores and implementing new systems within the company. We believe that integrating energy efficiency into our corporate culture is essential to our sustainability efforts.

- By replacing our traditional virtual server infrastructure with next-generation hyper-converged servers and increasing our utilization of cloud systems to 99%, we have achieved total energy savings of 130 kWh.
- As a part of our digitalization journey, we conducted more than 500,000 meetings through digital channels and online platforms, accounting for 99% of all meetings.
- We have reduced energy consumption in our data center by 60% through the implementation of smart energy consumption systems and the configuration of cold aisle containment. These measures are part of our climate control efforts aimed at energy efficiency.

GREEN INFORMATION TECHNOLOGY

WITHIN THE SCOPE OF OUR GREEN INFORMATION TECHNOLOGIES (IT) APPROACH, WE CONDUCT OUR ENERGY SAVING ACTIVITIES WITH INNOVATIVE SOLUTIONS.



Extensive Combat Against Climate Change

Our Performance & Targets

We calculate the daily electricity consumption per square meter of sales area to measure our energy savings and energy efficiency targets. As a result of our targets and actions, we achieved a reduction of 24.2% in daily electricity consumption per square meter of sales area between 2013 and 2020. Our goal of 35% of reduction in daily electricity consumption per square meter of sales area by 2030 compared to the baseline year 2019, was committed by the signature of our Board of Directors. In 2022, we further reduced daily electricity consumption per square meter of sales area by 7.8% compared to 2019 and by 0.9% compared to 2021.

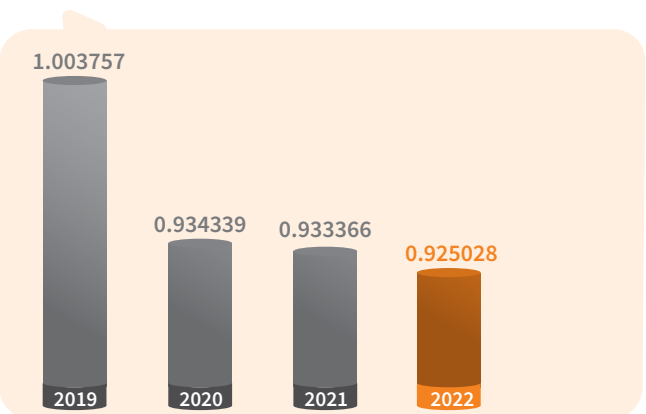
IN 2022, WE FURTHER REDUCED DAILY
ELECTRICITY CONSUMPTION PER SQUARE METER
OF SALES AREA BY 7.8% COMPARED TO 2019.

In 2022, our efforts and actions resulted in energy savings of 13,081 MWh. We prevented 15,309 mt CO₂ emissions through our initiatives focused on electricity and gas conservation and saved TL 73.5 million.

	Energy Savings (MWh)	Refrigerant Gas Savings (kg)	Carbon Emissions Savings (tCO ₂ e)
2022 Practices			
Replacement of old and end-of-life air conditioners in 227 stores	1,528	-	672
1,098 lighting, climate control, and cooling automation projects	1,004	-	441
Next-generation lighting system replacements in 115 stores	10,179	-	4,479
Replacement of glass display-case doors with a more energy-efficient system in 1 store	26	-	11
Group replacements in 14 stores (Refrigerant gas savings)	-	1,646	6,456
Installation of water-based cooling systems in 29 stores	-	790	3,099
Adana warehouse solar panels	314	-	138
Turning off indoor lighting during the midday break (Energy savings)	30	-	13



Daily Electricity Consumption per m² of Sales Area (kWh)



Extensive Combat Against Climate Change



Sustainable Distribution Systems

As of end-2022, we had a total of 53 distribution centers nationwide, consisting of main distribution centers, wholesale, e-commerce, fruit & vegetable warehouses, and meat distribution centers. Since 2022, we have been operating our Edremit Hub, Döğüşbelen Hub, Adana Sarıçam Distribution Center, and expanded Erzurum Distribution Center in order to keep pace with steadily increasing capacity requirements.

In 2022, we opened the İzmir Seafood Distribution Center, which allows us to distribute seafood directly from sea and farms to our stores in the Aegean Region. This central distribution system enables us to manage our supply chain operations with end-to-end 0-4 °C climate control to ensure proper handling and management throughout the distribution process.

We reviewed fresh-produce deliveries to store in 2022 and made changes to improve operational efficiency as highlighted below.

- All new vehicles added to the fleet were equipped with refrigeration units. All vehicles in the fleet are now equipped with temperature-monitoring data loggers. Bidirectional remote monitoring is used to monitor on-board cargo-area temperatures.
- Sufficient pre-cooling of vehicles is now a standard practice at fresh produce warehouses before any cargo is loaded aboard them.

- Our Vehicle Load Optimization project has resulted in a 97% fill rate for shipments from fresh produce warehouses. This has reduced our transportation costs by 5%.

We are also taking steps to reduce greenhouse gas emissions from our distribution and logistical operations by improving their efficiency as highlighted below.

- Every year we calculate the total distance traveled between our distribution centers and stores and optimize routes accordingly. Our new distribution centers are strategically located so as to maximize pickup and delivery efficiency.
- In line with our central distribution strategy, which aims to reduce transportation costs and environmental impact, 85% of the goods delivered to stores arrive aboard fully-loaded vehicles.
- We use more efficient, collapsible, and reusable crates to ship perishables (fresh produce and raw meat) from distribution centers.
 - We outsource distribution center pallet pooling operations to Palex instead of collecting the pallets ourselves. This reduces our overall CO₂ emissions by 71 tons a year.
 - By partnering with pallet-poolers Chep Türkiye and IFCO, we have achieved CO₂e savings of 945 tons and 8,363 tons respectively.
- We operate a sustainable fleet of 15 electric vehicles and 52 electric bicycles to pick and deliver our online orders.

53 DISTRIBUTION CENTERS

AS OF END-2022, WE HAD A TOTAL OF 53 DISTRIBUTION CENTERS NATIONWIDE, CONSISTING OF MAIN DISTRIBUTION CENTERS, WHOLESALE, E-COMMERCE, FRUIT & VEGETABLE WAREHOUSES, AND MEAT DISTRIBUTION CENTERS.

Extensive Combat Against Climate Change

Our Performance & Targets

We set ambitious targets to reduce the environmental impact of our distribution center operations. In 2021, we set a target to reduce our CO₂ emissions per unit transported by 2.5% by 2026. We exceeded this target in 2022, achieving a 5.43% reduction compared to last year. We have now set a new target to reduce our CO₂ emissions by 2.5% by 2027. We have also committed to ensuring that at least three of the new distribution centers that we open by 2025 will qualify for Energy Performance Certificate of at least “B”. We achieved this target in 2022 when the newly-opened Erzurum Distribution Center joined the ranks of our B-rated centers along with our existing European HUB and Tuzla HUB distribution centers.

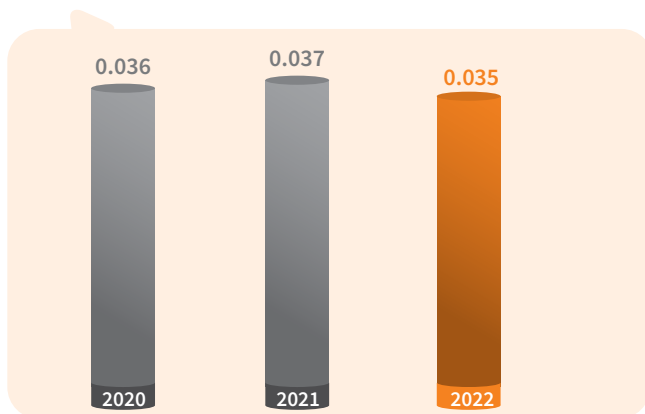
Route optimization and efficiency at supply chain are among the goals of our Chief Supply Chain & Logistics Officer (CSCO) and Supply Chain Solutions Director. These two areas directly account for 10-20% of their annual performance bonuses.

Our Bicycle-Friendly Stores

To combat climate change and improve the health of our customers and the environment, we are expanding our “**Bicycle-Friendly Stores**” program. We have increased the number of stores with bicycle parking areas to **323 in 35 cities** to encourage people to ride their bikes to our stores. We are working towards increasing the number of stores with bicycle parking amenities to 550 by 2023.

In addition to our bicycle-friendly stores, we show our sensitivity to environmentally friendly transportation and urban mobility. We have **45 stores** equipped with electric charging stations, where customers can charge their personally-owned electric bicycles and electric vehicles. This is a way for us to support the reduction of greenhouse gas emissions and strengthen our sustainability strategy.

CO₂ Emission per Unit Transported in Distribution Center Shipments (kgCO₂e)



WE HAVE INCREASED THE NUMBER OF STORES WITH BICYCLE PARKING AREAS TO 323 IN 35 CITIES TO ENCOURAGE PEOPLE TO RIDE THEIR BIKES TO OUR STORES.

Our Sustainable Water Management



Performance Indicator	Target Year	Target	2022 Performance	Status by Target	Base Year / Status
Store water consumption (m ³ /m ² /day)	2030	10% ↓	1.9% ↓ (0.001309 m ³)	In progress	2021/ 0.001334 m ³
	2022	1% ↓	1.9% ↓ (0.001309 m ³)	Completed	2021/ 0.001334 m ³

We attach importance to using water efficiently and preventing any adverse environmental impact caused by discharged wastewater. We monitor water consumption across all our operations and business units (stores, headquarters, branch headquarters, production facilities, distribution centers). Water-consumption performance is reported to senior management and action is taken

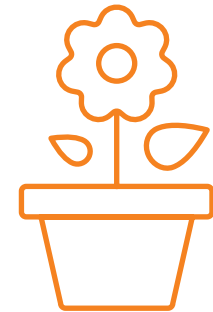
to improve it. We use high-efficiency equipment to reduce our water consumption. We have been reporting to the **Carbon Disclosure Project (CDP)** and its Water Security Program since 2017. In 2020 and 2022, we were recognized as “A-” rated **CDP Water Leaders with 2 times** for our submissions to the Water Security Program.

We are committed to protecting our underground water resources. We monitor water extraction from wells and use a sustainable water management approach to reduce our impact on natural resources. This approach has helped us to avoid significantly impacting any water source that is crucially affected by our operations. We also take steps to ensure that our operations do not have a significant negative impact on water-source biodiversity.

Losses due to evaporation in our stores’ seafood sections account for 2.5% of total water use. In 2022, our total water withdrawal was 1,018,130 m³ and we discharged 992,677 m³. 93.29% of our water came from municipal water supplies and only 6.71% from wells. 99.41% of our wastewater was discharged into municipality-owned and managed sewer systems.

Wastewater from our MİGET, Gebze, Torbalı, and Kemalpaşa distribution centers is processed by their own treatment facilities and discharged with a pollution load well below legal limits. Treated wastewater from the MİGET, Torbalı, and Gebze distribution centers is discharged into local sewer systems; treated wastewater from the Kemalpaşa Distribution Center is discharged into Nif Creek.

AMONG WATER
LEADERS FOR
THE 2ND TIME



IN 2020 AND 2022, WE
WERE RECOGNIZED
AS “A-” RATED CDP
WATER LEADERS
WITH 2 TIMES

Our Sustainable Water Management

Risk Assessment

We assess the water risks of our operations in order to protect critical water resources and to identify water stress. With our commitment to sustainable water management, we evaluate our water risks using the WRI Aqueduct Water Risk Atlas. We identify areas prone to flooding, drought, and water stress and we communicate them to our stakeholders. Taking a comprehensive approach to these matters, we include business units other than stores such as headquarters units and distribution centers in our calculations in order to cover all our operations. We have determined that 93% of our total water consumption is derived from water consumed in 2,519 business units located in water-stressed areas. We have analyzed the economic dimensions of water risk in our 30 stores with the highest annual turnover, our head office, 11 distribution centers, 2 wholesale and 3 fruit/vegetable warehouses, MİGET and Gebze Meat Processing Facilities among our stores located in water-stressed areas. We closely monitor changes in water use and the resulting environmental and economic impact on an annual basis and plan activities to improve our performance. Using the WRI Aqueduct Water Risk Atlas tool we assess the water risks of suppliers who account for 80% of our revenues. We have determined that 79% of our suppliers' operations are located in water-stressed areas. We support suppliers by providing water risk management training resources. We review the nature and effectiveness of their water-risk management efforts during our audits of their operations.

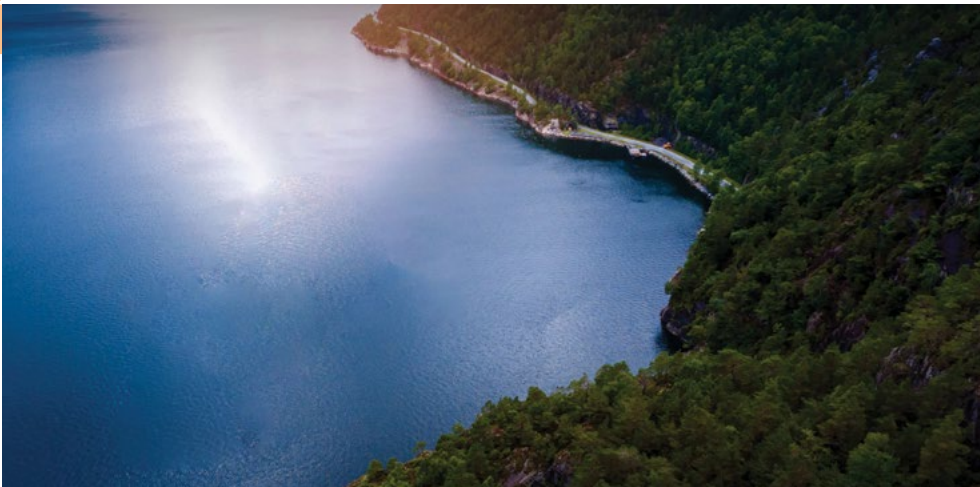
Our Water Efficiency Works

We are committed to sustainable water management. We track our water use and take steps to improve efficiency and minimize water consumption as highlighted below.

- We have made it mandatory for grease traps to be installed in all newly-opened stores if they have seafood sections. We also ordered the installation of grease traps on the water-discharge outlets of all food preparation & service areas in stores located within shopping malls. Grease traps and strainers were installed in 20 newly-opened/renovated stores in 2022. Grease traps are now installed in all stores.
- We install water tanks in stores that frequently suffer water outages. We upgraded existing or installed new plumbing in 80 stores during 2022.

OUR SUSTAINABLE WATER MANAGEMENT

WE EVALUATE OUR WATER RISKS USING THE WRI AQUEDUCT WATER RISK ATLAS. WE IDENTIFY AREAS PRONE TO FLOODING, DROUGHT, AND WATER STRESS AND WE COMMUNICATE THEM TO OUR STAKEHOLDERS.



Our Sustainable Water Management



- To increase water efficiency, the use of time adjustable armature and aerators has been expanded to all of our stores. 500 time adjustable armatures and aerators were installed in 2022.
- A rainwater collection and reusing system has been installed in a distribution center that is scheduled to open in 2023. We plan to install the same system in one of our fruit and vegetable warehouse.
- Water footprint of three Migros private-label products (1 kg kaşar cheese, 1 kg Master Butcher branded skinpacked beef tenderloin, 32-roll pack toilet paper) was calculated to be 59,740 m³ in 2022.

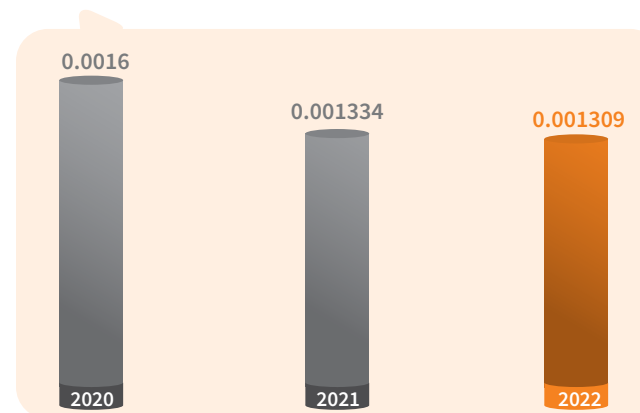
Our Performance & Targets

We track our progress towards our water reduction goals by measuring daily water consumption per square meter of sales space. Our medium to long-term goal is to reduce water consumption by 10% by 2030 (base year: 2021). In 2022, our short-term goal was to reduce water consumption by 1%; we exceeded this goal by achieving a 1.9% reduction.

10% REDUCTION TARGET

OUR MEDIUM TO LONG-TERM GOAL IS TO
REDUCE WATER CONSUMPTION BY 10% BY 2030
(BASE YEAR: 2021).

Daily Water Consumption Amount per m² of
Sales Area (m³)



Sustainable Agriculture & Biodiversity


GRI 3-1, GRI 3-2, GRI 3-3, GRI 304-1, GRI 304-2



AS A FOOD RETAILER THAT DERIVES 77% OF ITS TURNOVER FROM **AGRICULTURAL-BASED PRODUCTS**, WE ARE COMMITTED TO ENSURING UNINTERRUPTED FOOD PRODUCTION

We attach importance to conserving biological diversity in the regions where we operate and to ensuring the sustainability of natural habitats in all our activities. We recognize that preventing harm to ecosystems and biodiversity from the increasing impact of climate change and ensuring the sustainability of natural resources contribute to economic and social wellbeing. We continue our efforts with this awareness.

As a food retailer that derives 77% of its turnover from agricultural-based products, ensuring uninterrupted food production and preserving sustainable biodiversity are among our focal points. In line with global developments, we are conducting efforts to support local expertise in our country, protect natural areas, combat deforestation, and reduce biodiversity risks.

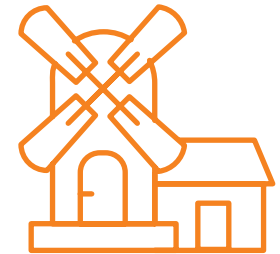
Our Biodiversity Policy  commits us to working with producers to reduce our indirect impact on biodiversity by supporting regenerative, organic, and sustainable agricultural practices. We aim to contribute to the conversion of 760 hectares of land to organic farming by 2026. In 2022, we achieved 64.6% of this target by **procuring an equivalent amount of organic products from a 491-hectare area**.

We are committed to sustainable agricultural practices. We support Good Agricultural Practices (GAP) and are steadily increasing the percentage of GAP-certified products. This includes products which support organic farming and regenerative agriculture and which allow our customers to connect with value-adding nature-friendly products. We minimize unnecessary use of chemical fertilizers and pesticides to reduce farming's burden on biodiversity. We also avoid activities that contribute to deforestation across all Migros operations.

We are committed to complying with the environmental requirements of the **United Nations Environment Program (UNEP) Convention on Biological Diversity**. To this end, we obtain all mandatory licenses and permits for every new Migros store that is to be opened and ensure that we are in compliance with all applicable biodiversity laws and regulations.

In recognition of the importance of bees to agricultural ecosystems and biodiversity, we celebrate World Bee Day on May 20th with special activities. In 2022, we partnered with our Family Clubs, Public Education Centers, and Agricultural and Forestry District Directorates to offer Ministry of National Education-certified beekeeping courses. Graduates of these courses received a beekeeping starter kit as a gift. We also conducted workshops for children and families and held awareness campaigns throughout the week by providing discounts on all honey products.

PRESERVING
SUSTAINABLE
BIODIVERSITY



WE AVOID ACTIVITIES
THAT CONTRIBUTE
TO **DEFORESTATION**
ACROSS ALL MIGROS
OPERATIONS.

Sustainable Agriculture & Biodiversity



We encourage the use of smart farming technologies to increase productivity, reduce agricultural input use, and promote environmentally friendly and less harmful agricultural production. We aim to spread technological developments in a way that facilitates daily life among farmers engaged in agricultural activities, as in every field. In collaboration with Vodafone, we have launched the **Digital Agriculture Stations** project. This project will support the digital transformation of farmers' production processes by establishing 12 weather forecasting stations. These stations will enable producers to calculate soil and air moisture, which will help them to save water and energy. This will have both economic and environmental benefits.

We prioritize the financial empowerment of farmers and support watershed-based agricultural production through proper planning. By mapping our country's agricultural capacity with the support of our farmers, we aim to deliver the right product to our consumers at the right time and at the best price.

Our Good Agricultural Practices (GAP)

We are the first retailer in Türkiye to offer products on its shelves that are produced in accordance with the Ministry of Agriculture and Forestry's Good Agricultural Practices (GAP) standards. We prioritize traceability, sustainability, and food safety for high-quality and efficient agricultural production. GAP requires producers to be audited by a recognized certification agency to determine if they are meeting GAP-related inspection, analysis, and traceability requirements. Only producers who meet these requirements are certified. Within this framework, a controlled and

traceable production program is implemented. This program analyzes the impact of processes on human health and the environment, and records all stages of product processing and distribution.

GAP prioritizes soil health by controlling the use of chemicals. To this end, a fertilization program is developed based on soil analysis to determine the appropriate timing and quantity of fertilizers for specific soil conditions. This approach helps to prevent the overuse of fertilizers, which can impair soil structure and quality.

GAP-Vegetative Production

Since 2010, our company has been working with producers and farmers to encourage them to adopt Good Agricultural Practices. GAP is a set of 327 criteria that are designed to ensure the safety, quality, and sustainability of agricultural products and production processes. We are proud to offer our customers GAP-certified fruits and vegetables.

In 2022, we procured more than 160 thousand tons of GAP-certified fresh fruits and vegetables, bringing the total amount to 1,290,632 tons since we began sourcing them 12 years ago. We continued our efforts to expand GAP production in 2022 by working with 152 suppliers and 626 sub-producers and stocking our shelves with 107 different GAP-certified fruit and vegetable products. In 2023, we aim to increase our tonnage of GAP-certified procurements by 15%. We will do this by enhancing our incentives for farmers and providing purchase guarantees to support production continuity.

In order to ensure online traceability of GAP certificates and to speed up quality control processes in distribution centers and fruit and vegetable production facilities, the **Agricultural Production Traceability Portal**, a digital agriculture software, was developed for the first time in 2022.

FRUITS AND VEGETABLES WITH GAP CERTIFICATION IN 327 CRITERIA

WE PROCURED 1,290,632 TONS OF GAP-CERTIFIED FRESH FRUITS AND VEGETABLES SINCE WE BEGAN SOURCING THEM 12 YEARS AGO.



Sustainable Agriculture & Biodiversity

Through Migros Women's Academy we partnered with the Ministry of Trade to provide GAP and product safety training to women's cooperatives in Çanakkale, Nevşehir, Isparta, and Adana. A total of 355 women received face-to-face training while 85 received online training. In İzmir, 110 people were given GAP training through Migros Family Club. 1,296 Migros employees working in stores' fruit and vegetable areas received GAP training and 838 employees were trained on the differences between organic farming and GAP farming. GAP training was also provided to 580 employees working in Migros distribution centers, fruit and vegetable and wholesale warehouses.

GAP-Animal Production

We have been offering GAP-certified chicken, turkey and eggs to our customers since 2013. These products are produced and analyzed according to 317 criteria mandated by the Ministry of Agriculture and Forestry. The certification processes are conducted by accredited inspection and certification agencies. 100% of the chicken and turkey meat we sell is either GAP-certified or certified organic.

In 2022, we sold a variety of GAP-certified animal-based food products, including chicken, turkey, eggs, and raw milk.

GAP-Aquaculture

To support the sustainability of aquaculture and offer consumers seafood products they can trust, we promote good agricultural practices in aquaculture among our suppliers. In 2022, our company launched the **Migros Good Fish Project**. This project is contributing to the inclusion of fish species farmed in Türkiye in the GAP certification process.

As of the end of 2022, two of our suppliers had successfully passed inspections covering **193 control and compliance criteria** specified by the Ministry of Agriculture and Forestry for their fish harvesting, processing, and production operations. These suppliers were awarded GAP-compliant certifications for three fish species. Our goal is for all the farmed fish we sell to be certified GAP-compliant at the end of 2030.

Our Regenerative Agriculture Project

Regenerative agriculture is a set of farming practices that can help reverse climate change by increasing soil carbon sequestration, reducing greenhouse gas emissions, improving water quality, and increasing biodiversity. We are working to promote the widespread adoption of regenerative agriculture. We have rolled out our **first Rainforest Alliance-certified private label product, M Life raw hazelnuts**, as part of our goal of expanding our line of sustainable product offerings by 2025.



GOOD FISH PROJECT

OUR COMPANY LAUNCHED THE MİGROS GOOD FISH PROJECT. THIS PROJECT IS CONTRIBUTING TO THE INCLUSION OF FISH SPECIES FARMED IN TÜRKİYE IN THE GAP CERTIFICATION PROCESS.

Sustainable Agriculture & Biodiversity



Rainforest Alliance certification is a globally recognized service mark indicating that products are grown using methods that support sustainable agriculture and respect the labor and human rights of people involved in their production. Those who participate in the certification program undergo regular, independently-conducted audits to ensure compliance with social, economic, and environmental criteria. In addition, sustainability of the system has been ensured through agricultural trainings. The certification process supports combating deforestation and promotes land management methods that enhance carbon sequestration.

Our Tastes of Anatolia (Anadolu Lezzetleri) Project

Our company is supported to preserving Türkiye's agricultural heritage. We do this by safeguarding endangered traditional seeds and supporting the use and transmission of traditional seeds in agriculture to future generations. To this end, we offer 55 products produced from indigenous seeds specific to 25 regions in Türkiye. These products are distinguished by their regional or cultural characteristics and are stocked and sold in 198 of our stores.

Under this project, we previously introduced Amik Ovası Black Emmer Wheat, Amik Ovası Black Emmer Fine-Grain Bulgur, Amik Ovası Black Emmer Medium-Grain Bulgur, and Kastamonu Einkorn Bulgur to our customers. All these products belong to the category of non-hybrid, non-genetically modified, and unaltered seeds. In 2022 we added Ağın Roasted Chickpeas and Kastamonu Einkorn Flour to the project.

In 2022 our line of Pine Cone Jam products won a **Private Label Manufacturers Association's (PLMA)**, one of the world's most prestigious award organizations in its field, "**Salute to Excellence**" award.

Combating Deforestation

Deforestation is one of the greatest threats posed by climate change. We are focusing on reducing deforestation and its impact on the environment and people's livelihoods. We do this by reducing paper consumption by embracing digitalization in our operations, carrying out and supporting reforestation projects, and helping to preserve biodiversity. We support the **Aegean Forest Foundation's** afforestation and forest management efforts by returning the proceeds from the sale of the foundation's products in our stores back to the foundation. Over the past 15 years, we have contributed to the planting of 576,395 trees within the scope of combating deforestation. We continue to donate the cost of planting one sapling to the Aegean Forest Foundation for every kilogram of their olives that is sold in our stores. Within the scope of Migros Up project, we spread **8,450 sapling balls** during the year with our Migros Toptan customers, in collaboration with Ecoring.

As part of the combating deforestation, we monitor the certification rates of products containing cocoa, palm and soybean oil in our sale. In 2022, **17% of our cocoa-containing products, 28% of our palm oil-containing products, and 15% of our soybean oil-containing products have sustainability certificates.**

TRADITIONAL SEEDS

WE OFFER 55 PRODUCTS PRODUCED FROM
INDIGENOUS SEEDS SPECIFIC TO 25 REGIONS.
THESE PRODUCTS ARE DISTINGUISHED BY THEIR
REGIONAL OR CULTURAL CHARACTERISTICS AND
SOLD IN 198 OF OUR STORES.



Sustainable Agriculture & Biodiversity

Our Practices to Reduce Paper Use

Another way we help combat deforestation is by reducing our paper waste and increasing the use of certified-recyclable/recycled materials. In our headquarters operations, we prefer to use sustainable and certified products made from renewable materials for photocopy paper. To prevent excessive use of photocopy machines, we have restricted access to the machines and personnel are required to use their employee ID cards to activate and operate them.

- We reduced paper consumption in our stores by 112 tons in 2022. We achieved this by digitizing operational processes that previously had required hardcopy printouts such as reports, analyses, documentation, and inventory records.
- A next-generation digital cash register system electronically stores a copy of shopping receipts. In 2022, this system saved 807 tons of paper, which is equivalent to 183 million meters of paper tape rolls.
- We saved 119 tons of paper in 2022 by digitizing our grocery delivery processes. We achieved this by digitally transmitting online grocery order delivery forms and by eliminating the issuance of receipts for online grocery orders and digitizing all receipts and invoices instead.

- Of the paper that is used in our operations such as labels, business cards, cardboard boxes, and cash register rolls, 793 tons are certified by the Forest Stewardship Council (FSC) as having been sourced from sustainably-managed forests for industrial purposes, while 505 tons are made from recycled paper.
- In 2022, 1,278 tons of paper used for posters and announcements in our stores were sent for recycling.
- Non-employees admitted to restricted-access headquarters areas use digital guest cards instead of paper ones. This practice has reduced paper use by 75% since it was introduced.
- All in-house magazines and company-supplied training materials are now available in digital format only. No paper copies are produced or used any longer.
- We have reduced our use of paper to a minimum level for hardcopy advertising and discount-campaign materials to 250 tons a year. All of this paper is recycled.
- We save 30 tons of paper a year by allowing customers to sign up for our Money Card loyalty program online through our www.money.com.tr website.
- By recycling paper, cardboard, and wood, we have prevented the harvesting of 295,634 trees.

COMBATTING DEFORESTATION

ANOTHER WAY WE HELP COMBAT
DEFORESTATION IS BY REDUCING OUR
PAPER WASTE AND INCREASING THE USE OF
CERTIFIED-RECYCLABLE/RECYCLED MATERIALS.



Our Food Waste Prevention Practices



WE MEASURE, ANALYZE, **CATEGORIZE, AND IMPROVE** OUR EFFORTS TO PREVENT FOOD WASTE AND TO ENSURE THAT STILL EDIBLE FOOD IS DEPLOYED IN LINE WITH A DEFINED RECOVERY HIERARCHY.

Performance indicator	Target Year	Target	2022 Performance	Status by Target	Base Year / Status
Our Food Waste Tonnage/ Food Supply Tonnage	2030	50% ↓	27.7% ↓ (3.68)	In progress	2018/ 5.09

As a pioneering food retailer in Türkiye, we understand the importance of responsibly reducing food loss and waste. We develop partnerships across our value chain to prevent food waste. We measure, analyze, categorize, and improve our efforts to prevent food waste and to ensure that still edible food is deployed in line with a defined recovery hierarchy.

We have improved our logistics processes, including maintaining the cold chain and proper stock management. We deeply-discount the prices of near-overripe fruits and vegetables as well as products approaching their Expiry Date. We also donate unsold food products to charities to ensure they do not go to waste. We send organic waste to be converted into biogas and compost. To prevent post-harvest waste, we also support initiatives that use items that do not meet sales presentation criteria in other ways, such as making sauces, jams, and other products. These efforts have prevented the waste of food equivalent to more than 51 million meals in the last four years.

We raise food waste awareness among consumers and provide practical tips to help people avoid wasting food by sharing informational messages through our social media accounts.

Our Performance & Targets

As a member of the **Food Waste Coalition** within the **Consumer Goods Forum**, the umbrella organization for the world's leading retail and fast-moving consumer goods companies, we are committed to reducing food waste in line with United Nations' Sustainable Development Goals. We have therefore set a target of reducing the ratio of our food waste tonnage to our food sales tonnage by 50% compared to its 2018 level.

In accordance with changes made in the Food Loss and Waste Protocol standard in 2022, we updated that target to reduce the ratio of our food waste tonnage to our food supply tonnage. We also recalculated our past data using the new standard. According to the revised performance indicators, our food waste ratio decreased from 5.09 in the baseline year to 3.68 in 2022, achieving a reduction of 27.7% in four years.

AWARENESS-RAISING PROJECTS



WE ARE A MEMBER OF THE
FOOD WASTE COALITION
WITHIN **THE CONSUMER
GOODS FORUM.**

Our Food Waste Prevention Practices



Our Practices on Consumer Awareness

We are committed to supporting agriculture and preventing food waste. We do this by supporting producers and raising awareness among consumers to help them all make more informed choices, by developing projects and applications of our own, and by participating in efforts to understand the current situation and increase consumer conscientiousness. We believe that everyone has

Our food waste tonnage/food supply tonnage (%)



a role to play in protecting the planet. We therefore encourage all consumers to be part of the solution by promoting biodiversity, local products, and minimizing edible resource losses.

- 2018 In partnership with other leading retailers and fast-moving consumer goods companies, we led a Food Safety Association and Nielsen research to identify **consumer perceptions and behavioral patterns** that contribute to food waste.
- 2020 We joined the “**Save Your Food**” campaign, an initiative of the Food and Agriculture Organization of the United Nations (FAO) and the Ministry of Agriculture and Forestry, to raise public awareness about food waste. Through our stores and social media channels, we provide information on topics such as the difference between “Expiry” and “Best Before” dates, how to put leftover food to good use, and how to store unprepared and prepared foods properly.
- 2021 Under the leadership of the Ministry of Agriculture and Forestry and with the support of FAO, we prepared **Guide to Combating Food Waste at Food Points of Sale**. The guide shares recommendations and best practices for reducing food loss and waste that may occur during operations across retail sector.
- 2022 3,864 employees participated in the ‘**Expiry Date Discounting**’ training program, 4,227 in the ‘**Save Your Food**’ training program, and 3,269 in the ‘**Migros Store Zero-Waste Practices**’ training program.

PROTECTING THE PLANET

WE ENCOURAGE ALL CONSUMERS TO BE PART OF THE SOLUTION BY PROMOTING BIODIVERSITY, LOCAL PRODUCTS, AND MINIMIZING EDIBLE RESOURCE LOSSES.



Our Food Waste Prevention Practices

Operational Improvements and Discounted Sales

We believe that reducing food waste at source is one of the most effective ways to combat the problem. To this end, we are constantly developing new projects and initiatives to reduce food waste. We are also integrating technology into our operations to help us achieve our goals. For example, we use an automatic ordering system to prevent overstocking. This system uses a smart algorithm to calculate optimal order quantities of fruits and vegetables based on previous orders, stock levels, and sales. This helps us to avoid overstocking and ensure that we are ordering the correct amounts.

In addition to our other efforts to reduce food waste, we also offer **discounts of 25% to 50%** on products that are **approaching their expiry date** and on near-overripe fruits and vegetables. This helps us to reduce food waste and provide our customers with more affordable produce. In 2022, this program prevented the disposal of 9,589 tons of fresh produce such as fruit, vegetable, meat, chicken, the value of which is equivalent to the annual revenues of 25 Migros Jet stores.

Our Respecting Food Project

We have been running “**Respecting Food**” project since 2017 to prevent food waste and provide surplus food to those in need. Through the project’s partnership with **Fazla**, still-nutritious and wholesome food items that remain unsold are matched with individuals in need.



With the donations of 6,161 tons we made in 2022, we have provided the delivery of more than 25.8 million food items to those in need since the beginning of our project. A video providing more information about the project can be viewed on our **YouTube channel**.

Fazla mobile app’s ‘**Surprise Box**’ feature notifies users of participating stores near them where they can purchase food items approaching their expiry date at a 50% discount if they pick them up in person. In 2022, 1.1 tons of food were saved from being wasted by 16 Migros and 16 Macrocenter stores that participated in this project.

Our “Fresh Leftovers to Our Four-Legged Friends” Project

Migros has been running its “**Fresh Leftovers to Our Four-Legged Friends**” project since 2014. The project donates food items that are no longer fit for human consumption but are still safe and nutritious for animals to eat to the Turkish Animal Rights Federation (HAYTAP). Since the project began, Migros has donated a **total of 5,954 tons of food to help feed stray animals**, including the 1,530 tons that 897 stores in 76 provinces donated to HAYTAP in 2022. Migros has also had **specially designed food bowls** installed in front of **227 of its stores** to provide a clean and healthy environment for strays to feed in.

Our Black Soldier Fly Project

Migros, Fazla, and Germina are collaborating on a Black Soldier Fly project. The project breeds black soldier flies (*Hermetia illucens*), which have so far converted 46 tons of organic food waste into useful high-protein food resources and prevented 1,211 tons of carbon emissions.

FOOD DONATION

IN 2022, WE DONATED 6,161 TONS OF FOOD TO THE PEOPLE IN NEED.

Our Food Waste Prevention Practices



Our Energy Generation Practices from Organic Waste

When waste cannot be recycled or reused, we convert it to biogas or compost to minimize its environmental impact. Only organic waste that is completely unfit for consumption is used in this way. Food waste generated at our Gebze, Esenyurt, Bayrampaşa, and Torbalı Distribution Centers, and İzmir Fruit & Vegetable Warehouse is sorted at source and used as input in a project to **generate energy through composting and biomethanation**. This project is run in collaboration with İstaç, a waste management company founded in 1998. In 2022, 509 tons of organic waste from 22 of our stores were converted into compost. The biogas obtained from our food waste has generated enough energy to power a 100-watt bulb for 436,035 days.

Organic Waste Recycling Results	2019	2020	2021	2022
Biogas (dm³)	520	425	580	498
Electricity (MWh)	1,012	899	1,223	1,051
Compost (tons)	2,851	2,458	2,610	2,242
Waste sent to biogas plant (tons)	5,200	4,255	5,800	4,983

Reducing Food Waste of Our Suppliers

In addition to our efforts to reduce food waste in the conduct of our own operations, we also raise awareness of food waste among our suppliers and support their efforts to reduce their food waste as well. Accompanied by 26 Migros suppliers who volunteered to take part, we are the first food retailer in Türkiye to join the “10x20x30” global initiative of the **World Resources Institute (WRI)**, which aims to halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains. As per the **Global Food Loss and Waste Prevention Protocol** and under the WRI ATLAS program we are also supporting our suppliers in recording food waste for more effective tracking and management.

Harvesting All Products of Field

We help reduce food waste by insisting that an entire crop be harvested and then finding economically beneficial ways to use items that do not meet our appearance and measurement standards. In 2022:

- Of the 700 tons of apples we procured from Antalya and Isparta, 90% were sold in our stores and 10% were resold to fruit-juice companies. We also procured 7,000 tons of apples from local farmers.
- We procured 1,100 tons of kiwis from the Eastern Black Sea provinces of Rize and Artvin, where kiwi cultivation is second only to tea as a source of income for the region’s inhabitants. These procurements make a significant contribution to local economies. Mandarins that we procured from Rize’s farmers were also sold across our regional stores.

BIOGAS FROM FOOD WASTE

THE BIOGAS OBTAINED FROM OUR FOOD WASTE HAS GENERATED ENOUGH ENERGY TO POWER A 100-WATT BULB FOR 436,035 DAYS



Our Effective Waste Management & Supporting the Circular Economy

GRI 3-1, GRI 3-2, GRI 3-3, GRI 306-1, GRI 306-2, GRI 306-3



LESS
PACKAGING



WE CREATE VALUE BY WORKING WITH OUR STAKEHOLDERS IN ALL WASTE MANAGEMENT PROCESSES AND **BY SUPPORTING THE CIRCULAR ECONOMY.**


Our company aims to use natural resources efficiently. We follow the waste hierarchy that recommends reducing the waste at its source in the first place, and then reusing it whenever possible, and encouraging recycling. We set strategic targets to make our waste management more effective. We create value by working with our stakeholders in all waste management processes and by supporting the circular economy.

In accordance with the **Zero Waste Regulation** published by the Ministry of Environment, Urbanization, and Climate Change, we focus on reducing waste at its source and supporting our suppliers in minimizing throw-away packaging. Distribution centers and stores that adhere to our strict waste management practices are eligible for the Ministry's Zero Waste Certification. We are actively involved in working groups for the Ministry's project to establish a beverage-container deposit system.

Migros is continuously increasing its investment in research and development to address the sustainability issues that are at the heart of the Migros Better Future Plan. In 2022, Migros **invested TL 900,000 in R&D** focused on preventing or reducing environmental pollution, waste, and non-productive resource use.

Quantity and Types of Packaging Waste Recycled (tons)

Packaging Waste Types and Quantity Recycled in 2022 (tons)	
Wood	7,586.6
Glass	47.4
Paper	9,803.7
Metal	1,760.5
Plastic	634.4

* A table of waste quantities for 2019, 2020, 2021, and 2022 classified by disposal method and potential hazardous/non-hazardous risk is presented in the "Annexes"  section of this report.

Our Effective Waste Management & Supporting the Circular Economy

Plastic waste reduction

Performance indicator	Target year	Target	2021 – 2022 performance
Reduce plastic bag weights	2023	Prevent 330 tons of plastic waste	330 tons
Reduce plastic waste in supplier shipments	2023	Promote use of reusable container crates and prevent 30 tons of plastic waste	23.7 tons
Improve private-label product packaging	2021	Determine packaging content and recyclability of all private-label products	Analyzed 585 private-label products; packaging of 83% of them is recyclable
	2023	Gradually improve recyclability of low-recyclable packaging	In progress
	2025	Reduce and improve packaging in 10 private-label products	82.83 tons
		Reduce plastic consumption by 25 tons by using r-PET as 25% of non-food product packaging	26.6 tons (r-PET used in packaging of 6 products)
Reduce styrofoam tray use	2023	Reduce styrofoam (EPS) use by 50% across all operations	In progress
Use cardboard for Macrocenter packaged fruits and vegetables	2023	Prevent 40 tons of plastic waste	Transitioned to 100% recyclable PET trays.
OMO Refilling Unit project			0.2 tons

Migros is a signatory of the **Business Plastic Initiative**, which was established by Global Compact Türkiye, TÜSİAD, and BCSD Türkiye. As part of this initiative, Migros has committed to reducing plastic use by 493 tons by the end of 2023. Through process improvements and collaborations, Migros has successfully prevented 463 tons of plastic waste since 2021.

As of January 1st, 2019, according to the regulation published by the Ministry of Environment, Urbanization, and Climate Change, plastic shopping bags have been required to be sold and not given away for free. In response, Migros conducted awareness and information campaigns to help customers understand the reasons for this regulation and to encourage them to switch to environmentally friendly reusable bags. As a result of these efforts, the use of plastic bags was down by 55% in 2022 compared to 2018. In addition, Migros **sold 2,257,495 environmentally friendly reusable bags** in 2022. Migros also gives customers the option of earning loyalty points through Mobile Money to reduce plastic consumption resulting from using Money cards. In 2022, Mobile Money points were used in 65% of all transactions with Money cards.

#BagFreeShoppingMovement

In 2021, we launched the **Bag-Free Shopping Movement** in all Migros and Macrocenter stores, inviting customers to avoid using plastic bags when shopping. To express our gratitude to customers who supported this campaign, we partnered with the Aegean Forest Foundation to

ENVIRONMENTALLY FRIENDLY REUSABLE BAGS

MİGROS SOLD 2,257,495 ENVIRONMENTALLY FRIENDLY REUSABLE BAGS IN 2022.

Our Effective Waste Management & Supporting the Circular Economy

plant 10,000 trees in Manisa Yunt mountain. In 2022, Migros continued the Bag-Free Shopping Movement with a lottery campaign. This campaign reduced customers' plastic shopping bag use by 21% compared to the same period in 2021. In late 2022, Migros launched a pilot project offering customers in selected areas the option of **bag-free shopping** through Migros Sanal Market. Their orders are delivered in eco-friendly reusable bags that are collected and disinfected before being used again.

In 2022, Migros celebrated World Environment Day on June 5th with the support of the Ministry of Environment, Urbanization, and Climate Change. On this day, Migros gifted 750,000 reusable shopping bags to customers who shopped at its physical stores, Migros Sanal Market, and Migros Hemen. In its awareness-raising for consumer communication campaigns, Migros registered close to 260,000 social media shares.

Refilling Unit project in partnership with OMO

In partnership with laundry detergent maker OMO, we have installed a liquid detergent plastic bottle **Refilling Unit** at our Ataşehir MMM store. This project aims to reduce plastic waste and prevent the need to produce new plastic by allowing customers to bring their empty OMO bottles to the store and refill them with detergent at a lower price. This helps customers reduce their plastic footprint.

To use the Refilling Unit, customers scan the barcode of their empty bottle at the machine. The machine then detects the size of the bottle and refills it with the appropriate amount of detergent. The Refilling Unit offers three different refill options: 910 ml, 1,690 ml, and 1,950 ml. Once the refill is complete, the machine prints a new barcode for the bottle. Customers then pay for the refill using the new barcode. The Refilling Unit was used over 7,000 times in 2022.

Self-service Dried Fruits and Nuts Dispenser

Self-service dried fruits and nuts dispensers (Jet Reyon) are being rolled out in stores as part of an in-house corporate intrapreneurship project. These units allow customers to purchase the exact amounts they want without having to interact with anyone. They also help reduce packaging waste because customers bring their own containers to the store.

These dispensers have been installed in our stores in Metrogarden and Perla Vista Shopping Malls. Due to their economic and ecological benefits, we intend to install them in other locations as well.



A BAG-FREE SHOPPING OPTION

WE PROVIDED A BAG-FREE SHOPPING OPTION TO OUR CUSTOMERS THROUGH THE ONLINE APPLICATION AND STARTED DELIVERY WITH REUSABLE ENVIRONMENTAL BAGS.

Our Effective Waste Management & Supporting the Circular Economy



Eco-Friendly Packaging For our Private-Label Products

In 2021, we conducted a **Private-Label Package Indexing** project to analyze the packaging of all of our private-label products. For products with recyclable packaging, we added information to the product description on Migros Sanal Market indicating the degree of packaging recyclability. For products with non-recyclable or insufficiently recyclable packaging, we are working with their suppliers to improve packaging recyclability. The Private-Label Packaging Indexing project found that 83% of our private-label packages are recyclable. We have added information about this to the product descriptions of 488 products on Migros Sanal Market. Detailed information about packaging materials of our private-label products are provided in the “**Annexes**”  section of this report.

In 2022, we continued our efforts to reduce plastic use by increasing the number of our private-label products using 25% r-PET (recycled PET) packaging to six by adding two detergents to the existing products. We used a total of **18.10 tons of recycled plastic**. This resulted in a **74% of energy saving**. Our goal is to increase the number of products using r-PET to 10 by 2025. We also completed the transition from PP ready trays to lower-weight PET-thermoformed trays for our Master Butcher line of meat products. This reduced our total one-year plastic use by two tons.

Waste-Collection and Recycling Projects

We have installed separate bins at our stores for the collection of packaging waste (paper, plastic, metal), organic waste, batteries, and used cooking oil. Customers can bring these materials to our stores for disposal. We properly sort all of these materials and send them for recycling. In 2022, we collected and recycled 19,833 tons of packaging waste.

Migros Sanal Market customers can also turn over used cooking oil and discarded batteries to delivery personnel bringing them their orders. In 2022, 138 kilograms of batteries and 290 kilograms of used cooking oil were picked up from Migros Sanal Market customers. In total, 36.9 tons of used cooking oil and 3.8 tons of discarded batteries were collected from all Migros operations and delivered to the authorized disposal firms. The collection of used cooking oil prevented the pollution of 40 million m³ of water. The collection of discarded batteries prevented the contamination of 993 thousand m³ of soil. In 2022, we also collected 133 tons of discarded electrical and electronic appliances and turned them over to firms licensed by the Ministry of Environment, Urbanization, and Climate Change.

Second-Chance Toys Counter

As part of our approach supporting ‘Reuse’, toys that can’t meet our sales criteria because of any damages, are collected, repaired, and re-sold. In 2022, 589 toy items collected from 17 stores were put on sale at “**Second-Chance Toys Counters**” in our 5M Gaziemir and 5M Balçova stores.

RECYCLING 19,833 TON PACKAGING WASTE

WE COLLECT PACKAGING WASTE, ORGANIC WASTE, BATTERIES AND USED COOKING OIL IN OUR STORES, SORT THEM AND RECYCLE TOGETHER WITH THE WASTES RECEIVED FROM OUR CUSTOMERS.



Our Effective Waste Management & Supporting the Circular Economy

Migros Eco-Hangers

Our private-label **Eco-Hangers**, which are made entirely from materials collected from our stores and distribution centers and recycled, went on sale at 5M stores in 2022. The Eco-Hanger is a truly circular-economy product because it is 100% recyclable after use.

World Environment Day Coast-Cleaning

To raise public environmental awareness, Migros and Macrocenter personnel gathered and picked up trash from fifteen Marmara, Aegean, Mediterranean, and Black Sea coasts on World Environment Day.

Cleaning up the sea with TURMEPA

We support the **Turkish Marine Environment Protection Association's** (TURMEPA) efforts to prevent sea pollution by collecting used cooking oil from our customers and turning it over to licensed firms for recycling. In 2022, through Migros' support, TURMEPA D-MARIN marine sanitation vessel collected 262,000 liters of wastewater and preserved the cleanliness of 2.1 million liters of seawater.

Migros & Duracell Used Battery-Collection Project

Taking part in the '**Duracell Turns Your Waste Batteries Into Goodness**' project, we collected over 3 tons of discarded batteries in designated battery disposal & recycling bins in our stores. This helped provide more than 600 white canes to visually impaired individuals in need.

Migros Up and OTTAN Studio recycled nutshell project

Migros Up and OTTAN Studio partnered to create shelves from recycled walnut and hazelnut shells from the unprocessed walnuts and hazelnuts sold in Migros stores. These shelves were used to display M Life private-label products, creating economic value from waste and raising awareness of environmental protection.

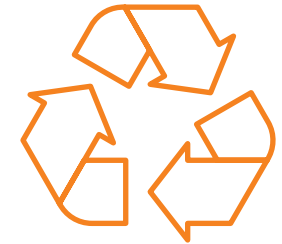
Bookcases Made From Pistachio Shells

Partnering with Nestlé, ten bookcases made from recycled pistachio shells were donated to village schools in Gaziantep. The bookcases were funded by a portion of the proceeds from the sale of Nestlé Damak products at our stores and Migros Sanal Market.



100% RECYCLABLE

THE ECO-HANGER IS A TRULY CIRCULAR-ECONOMY PRODUCT BECAUSE IT IS 100% RECYCLABLE AFTER USE.



Stakeholder Feedback



Olcay Silahlı

Fazla Co-founder & CEO

Because of its focus on sustainability and prioritization of digitalization, Migros has become one of the foremost and biggest supporters of our efforts to prevent food loss and waste. In line with Migros' mission to provide a better future for everyone and the waste management transformation strategy for 2030 that we developed together, we launched our food-donation campaign in three Migros stores in 2017. Today, 400 Migros stores and warehouses across the country are contributing to this project. We have leveraged the positive impact of the project by incorporating reduction-at-source and recycling services into the operational mix. The participatory eagerness, sense of project ownership, and commitment to change that Migros employees at every level have been demonstrating should be an example for everyone in the food industry.



Ahmet Kemal Şenpolat

President, HAYTAP Animal Rights Federation

The most enduring and sustainable project for stray animals in Türkiye has been in progress between HAYTAP and Migros for many years. It is unparalleled worldwide. For us, there is no work that brings greater emotional gratification than advocating for strays, showcasing their significance in our culture, and providing them with food that would otherwise go to waste. Many organizations and associations from around the world observe our efforts with admiration. Based on our example, the Migros-HAYTAP project has inspired similar initiatives throughout Türkiye. This work, which started out as a modest endeavor years ago, has had a profound impact, reaching far beyond our expectations and touching the lives of beings we have never encountered before. Countless associations, individuals, and even the most remote corners of our country benefit from this project, regardless of their affiliation with HAYTAP. This reinforces our purpose in the world. There is no greater spiritual happiness than this. On behalf of HAYTAP and our four-legged friends, I express endless gratitude to Migros.



Şafak Aksöyek Toros

FAO Türkiye Communications Specialist

FAO-Türkiye (the Turkish agency of the United Nations Food and Agriculture Organization) and Migros partner in advocacy and communication activities focused on promoting healthy nutrition, raising awareness about reducing food loss and waste, and enhancing food literacy. This collaboration also extends to Türkiye's participation in internationally designated FAO years, such as the International Year of Fruits and Vegetables (IYFV 2021). Our partnership has consistently been encouraging, supportive, and beneficial.



Sharon Bligh

Director, Healthier Lives, The Consumer Goods Forum

The Consumer Goods Forum (CGF) considers Migros Ticaret a key strategic partner, willing to share insights and data to positively impact people's health & wellbeing. Migros Ticaret is an inspirational retail leader in the CGF member network for innovation, leadership and true company engagement on health & sustainability. They are a key example of following commitment with action and having clear consumer centric outcomes. Migros Ticaret is a trusted member of the CGF, looking to advance the industry in health & sustainability. Through employee engagement, Migros Ticaret's team works in close collaboration with the CGF to achieve our mission of "better lives through better business."



A BETTER FUTURE THROUGH TRANSFORMATIVE INNOVATION

Our Digitalization & Innovative Practices
Transparent and Fast Flow of Product Information
Privacy and Data Security

Our Digitalization & Innovative Practices

GRI 3-1, GRI 3-2, GRI 3-3



WE CREATE **CUTTING-EDGE SOLUTIONS** THAT DELIVER SPEED AND EASE TO OUR CUSTOMERS.

We closely monitor the latest developments in the retail industry and undertake investments that align with our business needs and models and enable us to deliver improved service to our customers. Additionally, we recognize the rapid transformation of the retail landscape and take a leading position in our industry by embracing new technologies and adopting hybrid retailing practices.

Leveraging our experience and innovative mindset, we create cutting-edge solutions that deliver speed and ease to our customers. Our company uses advanced technology to stay ahead of the curve and meet the rapidly changing needs and expectations of our customers. We determine our strategic position by examining real customer experiences, understanding the retail landscape

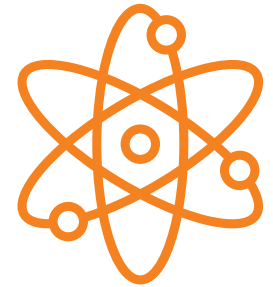
beyond traditional boundaries, and evaluating the insights of focus groups. We also improve our online shopping channels. We use digital tools to track the delivery of our services in real time and implement customer feedback in a personalized way. We believe that it is important for all stakeholders to have access to information about our products, so we make that information as transparent and accessible as possible. We use technology to develop data security and privacy solutions and we educate our employees about the importance of these matters. We support internal and external entrepreneurship through Migros Up.

Migros' R&D center has been working for nine years to develop and implement innovative technologies in the retail industry. It collaborates with other R&D organizations to stay ahead of the curve and provide the best possible experience for its customers. Artificial intelligence (AI)-based solutions that focus on speed and security have become increasingly common in the retail sector as technology has become more integrated into business processes. Our company is constantly investing in and expanding its R&D and innovation capacity. To this end, we currently have **221 full-time employees** in these departments.

We **invested** TL 141.2 million **in R&D and innovation** in 2022. Also, we made an investment of TL 10.7 million within the scope of sustainability-focused R&D and innovation efforts. Our sustainability-oriented R&D and innovation investments represented 7.5% of R&D investment.

In 2022, our company's commitment to innovation and digital transformation was acknowledged by the "**Best Technology in Retail**" award it received in the Chain Stores Association's series of Retail Technologies Awards and by the Soysal Retail Sun "**Digital Transformation Success Award**".

AI-BASED SOLUTIONS



WE INVESTED
TL 141.2 MILLION
IN R&D AND
INNOVATION IN
2022.

Our Digitalization & Innovative Practices



MİGROS ONE

Our E-commerce Channels

Our company pioneered e-commerce in Türkiye, by establishing Migros Sanal Market in 1997, the country's first online grocery shopping website. Our online shopping service through the Migros Mobil app is available to customers in every province of Türkiye. We expand our online shopping services and ecosystem by establishing new companies and undertaking new ventures. Customers can easily and quickly access our products through a variety of channels including **Migros Sanal Market, Migros Hemen, Migros Ekstra, Macroonline, and Tazedirekt**. They can also enjoy ready meals from various restaurants through **Migros Yemek** and access hot home-cooked meal menus available at **Macrocenter** stores.

In 2021, **Migros Sanal Market, Migros Hemen, Migros Ekstra, Macroonline, and Tazedirekt** were all brought together under our new affiliate Dijital Platform Gıda Hizmetleri A.Ş. ('**Migros One**') with the goal of delivering a seamlessly designed experience to every household in Türkiye. To make it easier for our customers to use our online services, we have consolidated them all into

a single channel through the Migros Mobil app. In 2022, we expanded our online services under Migros One to meet the evolving and increasing demands of consumers in various sectors of online retailing. We did this by launching two new brands: **Migros Yemek** and **Migros One Kitchen**. Migros One Kitchen allows customers to order products from our in-house brands through various food delivery platforms, including Migros Yemek.

Migros Hemen was chosen as the "Best Market Service Application of the Year" by Boğaziçi University Computer Club in 2021.

In 2021, Migros consolidated its online services under a single platform and integrated them into the Migros Mobil app. This created a unified integrated application (super app). In 2022, Macroonline, Tazedirekt, and Migros Yemek were added to the application. All of our online sales channels can now be accessed through our main website at www.migros.com.tr in addition to their individual websites.

Both **our website** and the Migros Mobil app have been made compatible with screen **reader programs to ensure accessibility** by our visually impaired customers. We partnered with BlindLook to provide **Türkiye's first visually impaired-friendly grocery shopping experience** using voice simulation technology.

MİGROS ONE: BRANDS UNDER ONE ROOF

ALL OF OUR ONLINE SHOPPING SERVICES
STARTED TO BE OFFERED THROUGH A SINGLE
CHANNEL ON THE MİGROS MOBILE APP.

Our Digitalization & Innovative Practices

Migros Sanal Market

Migros Sanal Market, **Türkiye's first online grocery shopping website**, has been in service since 1997. As of 2022, Migros Sanal Market's service network encompassed 843 stores in 81 cities. Its quick-delivery model, which ensures grocery delivery within 45 minutes, expanded to 202 stores in 41 cities in 2022.

We set up e-commerce mini warehouses in Migros stores in certain locations to use in our e-commerce operations, and we provide efficiency in order collection with the transporter robots named TARO located in these warehouses.

With Migros' **Click and Collect** service, customers can order groceries online through Migros Sanal Market and pick them up at any participating store.

Migros Sanal Market is working to reduce the carbon footprint of its delivery operations by harnessing the transformative power of digitalization and innovation in the conduct of logistics. To further reduce that carbon footprint, it plans to increase the number of electric vehicles in its delivery fleet to 15 and the number of electric bicycles to 52. These investments will help our company protect the environment and improve the efficiency of our business models.

Migros Hemen

Migros Hemen is a grocery delivery service that offers over 2,000 quality products at competitive prices. It can achieve product delivery within minutes to many destinations thanks to a strong logistics network and Migros located across the country. In 2022, Migros Hemen expanded its service to all 81 provinces and increased its service network to 377 stores.

Migros Hemen uses environmentally friendly delivery vehicles such as mechanical and electric bicycles and scooters to meet customer expectations for fast deliveries in online shopping. It uses robotic automation to pick orders quickly and accurately. This ensures that its customers receive their orders promptly and without errors. As part of Migros Hemen's efforts to improve its operations, the company also collaborates with startups in the Migros Up ecosystem to support both internal and external entrepreneurial initiatives.

TÜRKİYE'S FIRST ONLINE GROCERY SHOPPING WEBSITE

MİGROS SANAL MARKET HARNESSES THE TRANSFORMATIVE POWER OF DIGITALIZATION AND INNOVATION IN ITS OPERATIONS IN 81 CITIES.



Our Digitalization & Innovative Practices



Macroonline

Founded in 2018, Macrocenter's Macroonline, e-commerce platform distinguishes itself with high-quality service standards and a unique product range. Macroonline expanded its service reach to 10 provinces and increased its service network to 84 stores in 2022. Macroonline continues to provide services through its mobile application and its website at www.macrocenter.com.tr. Since the end of 2022, Macroonline customers can also access its services through the Migros Mobil app.



Tazedirekt

Tazedirekt delivers fresh fruits and vegetables to its customers from 55 carefully selected farms across Türkiye that are regularly inspected to ensure that they are satisfying all mandatory organic-produce requirements. Tazedirekt is now available on three platforms: its own mobile app, website at www.tazedirekt.com, and the Migros Mobil app. Tazedirekt has been serving customers in five cities since the end of 2022.

Tazedirekt is transparent about the sources of the products that it sells. Its website provides informational videos narrated by the growers of over 3,400 products. These videos help customers make informed decisions about the products they buy from Tazedirekt.

Tazedirekt is committed to empowering women's participation in the formal economy. In 2022, Tazedirekt partnered with six women's cooperatives to source its fresh produce and will be looking to increase that number in 2023. Tazedirekt currently has partnerships with 425 producers, 70 of which also work with its parent company, Migros.

Through Migros Supplier Academy, Tazedirekt offers free online training resources to support candidate suppliers whose products it would like to sell in order to help them develop their product-safety practices. Detailed information about such training is provided in the “**Migros Supplier Academy**” section of this report.

In addition to the above, Tazedirekt also hosts podcasts to which we invite producers and prominent figures from Türkiye's gastronomy scene. In 2022, the company released 25 podcast episodes on topics related to food, including organic farming, local production, ecological production, and gastronomy trends. Tazedirekt will continue this series with two new episodes each month.



TAZEDIREKT DELIVERS FRESH FRUITS AND VEGETABLES TO ITS CUSTOMERS FROM 55 ORGANIC PRODUCTION FARMS.

Our Digitalization & Innovative Practices

Migros Ekstra

Our Migros Ekstra channel offers our customers a convenient way to shop for a wide range of non-food products including electronics, toys, clothing, accessories, and kitchenware. Migros Ekstra offers multi-day delivery to all 81 provinces of Türkiye. The number of areas with guaranteed same-day delivery service reached nine in 2022.

Migros Yemek

In 2022, we launched Migros Yemek, our online food delivery service, to make life easier for our customers who use the Migros Mobil app to shop for groceries. We believe that our company's quality and service approach will set us apart in the industry. Migros Yemek launched its services in İstanbul, Ankara, and İzmir in 2022. It has since expanded to 17 cities by partnering with independent and chain restaurants. The company aims to increase speed, quality, and restaurant variety as it continues to grow. Migros Yemek uses eco-friendly vehicles such as electric scooters and bicycles for its deliveries. Migros Yemek plans to expand its services to all 81 provinces of Türkiye by the second half of 2023.

Migros One Kitchen

Migros One Kitchen, a technology-focused company that specializes in delicious meals and happy customers, was founded in 2021. Migros One Kitchen operates cloud kitchens that offer only delivery and pick-up services. These kitchens host a variety of brands from different categories including burgers, salads, appetizers, pizzas, desserts, and coffee. Migros One Kitchen creates independent brands and menus of food choices targeting different audiences and groups. It prepares and cooks the food to order in centrally-located kitchens in metropolitan areas from which orders are picked up and delivered to customers. Migros One Kitchen takes great care to ensure that all of its food-preparation and delivery operations conform to the highest standards of quality and hygiene. Migros One Kitchen is also committed to providing affordable and accessible food to its customers at a fair price. Migros One Kitchen is on track to becoming Türkiye's largest food and beverage company. As Migros One Kitchen continues to grow rapidly, it is also pioneering new initiatives. Migros One Kitchen's **floating cloud kitchen** and **unmanned delivery vehicle project** in Göcek in the summer of 2022 charted a new course in the global fast-food service industry. Migros One Kitchen has also opened its **first hybrid restaurant** in İstanbul's Levent district.

Migros Deniz Market

Migros Deniz Market (Sea Store) expands Migros' service reach to the coves and shores of Türkiye's Aegean, offering yachting customers a unique shopping experience with the same options, benefits, and prices as they would find in a land-based store. We also made it possible for customers to order goods from Migros Deniz Market through the Migros Sanal Market app, further facilitating their access and expanding the availability of service. Migros Deniz Market made history in 2022 by becoming the first company in the world to use **unmanned delivery vehicles** for delivering groceries and ready-meals to people aboard yachts.

Migros Deniz Market now sells fresh fish, offering the freshest varieties at affordable prices. This allows its customers to enjoy the pleasure of seafood in the most reliable and freshest way possible while summering in the Turkish Aegean.



Our Digitalization & Innovative Practices



Migros Up: New Center of Collaborative Creativity

Migros Up is a new initiative that focuses on the three crucial elements of collaboration, partnership, and design. We partner with entrepreneurs to help them develop their businesses and we prioritize design in the development of our products and services. We stay ahead of the curve by being up-to-date with cutting-edge technologies and trends and integrating innovative applications into our business processes to ensure that we remain current and competitive.

Migros Up is a new innovation platform that brings together Migros specialists and independent entrepreneurs, with the **goal of driving next-generation innovation**. Migros Up aims to add value to Türkiye's entrepreneurial ecosystem by enabling teams of entrepreneurs and Migros specialists to generate innovations rapidly and effectively through strategic collaborations. In 2022, the Migros Up team reviewed and evaluated 200 startups, connecting over 50 of them with company business units. This resulted in the creation of new business opportunities for both Migros and the startups. In 2022, Migros Up also successfully completed **nine co-innovation projects**, of which five were new initiatives.

- In 2022, Migros expanded use of the electrically driven order-picking solution called "**Wamo**" to ten of its distribution centers. Wamo was developed by Migros Up in collaboration with Hergele Mobility in 2021. Wamo reduces walking distances in warehouse product collection processes by

up to 96%, resulting in a general efficiency increase of up to 70%. Three new Wamo trademarks were also registered.

- We have begun working with a startup called **Servis Soft** in the development of a software-as-a-service (SaaS) product that uses an AI-supported algorithm to track stores' energy consumption on an hourly basis. The energy consumption prediction algorithm (**ETTA**) software developed in collaboration with Servis Soft has been tested in pilot stores and has been shown to achieve savings of up to 8%. A decision has been made to expand its implementation.
- We have partnered with **Bugamed** to launch the KolajeM project, which aims to use non-consumable meat and fish leftovers from processing to produce medical-quality collagen for sale.
- We have partnered with **Optiyol** to improve the efficiency of our online delivery operations.
- In partnership with **Varsapp**, a peer-to-peer rental platform, we support the sharing economy by enabling customers to rent items they need only occasionally instead of buying them.
- Together with **Evecrude Picture Animation Studio**, we launched Mia Starway, the first registered virtual influencer in the retail sector. Mia Starway continues to create content specifically for our customers.
- Together with ERG Controls, we developed the "**Clean Up**" system, which uses IoT and computer vision technology to track employees' hygiene practices. Clean Up systems are currently being used at the Migros Cevahir MMM store and in our Home Made production facility.

AI-based Shelf & Aisle Product Recognition

We increase the efficiency of our in-store operations by using planograms, visual representations of a store's products and services on display that enable our customers to easily find what they are looking for. We have also developed an AI-powered image processing system that can easily detect misplaced items on shelves or in aisles, as well as goods that are in stock but not on display. After successful trials in three stores in 2021, we continue to use this system in 2022, as well.

Our Digitalization & Innovative Practices

Fresh-produce image processing

In 2022, we initiated the **Fresh-Produce Image Processing Project**, which uses AI-powered image processing to track and forecast items that are out of stock or nearly out of stock, as well as goods that are spoiled or at risk of spoiling. The system automatically notifies someone when goods need to be replenished or replaced. Currently installed in 34 stores, these systems guarantee that customers can always find the products they want and never encounter spoiled produce. This project was also recognized as a Microsoft MEA success story.

Our Robotic Process Automation

In 2022, we automated 570 hours of work per month in 8 departments across our company by transferring routine, repetitive, high-priority, and high-volume tasks performed by our employees on computers to robots instead. This involved 62 business processes. By automating these tasks, we eliminate risks and errors and free up our employees to focus on more value-adding, productive work.

Our R10 payment system

In 2022, we completed the transformation of three stores as part of our R10 project, which involves modernizing our payment-system infrastructure by deploying a multi-channel software architecture. Under the same project, 22 stores are currently operating hybrid payment systems;

in addition, 80 24/7 grocery vending machines, 4 coffee vending machines, and 1 express checkout aisle have also been transitioned.

The R10 project has so far resulted in a variety of benefits including rapid development response, real-time information management, architecture flexibility, simultaneous application deployment, increased payment system efficiency, and lower investment and maintenance costs.

Our Kaptan mobile app

Migros has developed a superapp called Kaptan. Kaptan serves as a gateway to 38 of the company's mobile apps that field personnel use most frequently in their daily work for such purposes as tracking delivery trucks, approving invoices and leave requests, managing maintenance, repair & service, quality, and blockchain processes, querying product information, and accessing planogram information. Kaptan was used about 3.5 million times in 2022.

24/7 self-service markets

As the pioneer of the self-service market in Türkiye, Migros has also incorporated innovative features into the format. Our all-vending-machine market in İstanbul's Kadıköy district gives customers quick, convenient, uninterrupted 24/7 access to nearly 200 products that include hot beverages and food at the same prices that they would be charged in a conventional store.

Software-based Hardware Technology

We have replaced our core network hardware with next-generation, software-based programmable hardware. This new hardware enables 24/7 communication between our stores, distribution centers, and headquarters. Converting our existing infrastructure into a future-proof smart network architecture has reduced energy use by 30% and resulted in a 10-fold increase in operational efficiency.

UNINTERRUPTED SERVICE WITH OUR 24/7 SELF SERVICE STORES



Our Digitalization & Innovative Practices



Our EV Recharging Stations

Migros has set up a new company called **Migen Enerji ve Elektrikli Araç Şarj Hizmetleri A.Ş.** to provide electric vehicle recharging services across the country. Migen's mission is to provide quick and convenient access to reliable EV recharging services to customers who come to Migros stores in electric vehicles. Migen has applied for and received a license from the Energy Market Regulatory Authority (EMRA) as an "EV recharging network operator".

Our Collaboration with Togg

Migros has partnered with Togg, a technology and ecosystem provider that offers user-centric mobility services based on electronic devices. Migros and Togg are integrating their services in various ways to develop next-generation business models. For example, Migros' mobile app will be included in Togg's smart device and Migros will deliver customers' orders to where the device is located.

Togg drivers can use the **Togg Trumore** platform to place orders from Migros and have their groceries delivered to a desired address at a desired time. They can also use the platform to find the nearest Migros store along their route. We are currently in the process of having **Togg Trugo Charging's ultra-fast charging points** installed in Migros parking lots. These allow EV drivers to save time by having their cars recharged while they are inside the store doing their shopping.

TARO robot-supported product assistant

Migros is integrating innovation and technology into its business processes by implementing TARO, a robotic-assisted product picker. TARO will enhance the speed and efficiency of product picking in online sales operations. TARO is a user-friendly robot that can handle up to three orders simultaneously. This allows us to accurately put together our online customers' orders five times more quickly. The number of stores equipped with TARO systems reached 50 in 2022.

MKolay and MKolay Kantin

MKolay is a mobile app that Migros developed to keep pace with shoppers' changing needs and expectations. The number of stores where MKolay can be used reached 126 in 2022. MKolay makes shopping faster, more secure, and more convenient by allowing customers to scan the barcodes of items they put in their shopping carts and then pay for their purchases at any Jet checkout counter. Mobile payment points have also been installed in three Migros stores. These provide a fast and convenient shopping experience by letting customers effortlessly pay for their purchases using a credit card or the **MoneyPay** mobile app without having to wait in a checkout line. **MKolay Kantin** is another mobile app on the same MKolay platform. It provides a self-service convenience-store experience in workplace and office settings.

MİGROS HAS SET UP A NEW COMPANY CALLED
MİGEN ENERJİ VE ELEKTRİKLİ ARAÇ ŞARJ
HİZMETLERİ A.Ş. TO PROVIDE ELECTRIC VEHICLE
RECHARGING SERVICES.

Our Digitalization & Innovative Practices

TakeMGo is a new unattended store format that uses AI-powered technology to check purchases and automatically charge them to customers' MKolay-registered credit cards. The store was created by transforming a former MKolay Kantin located in the Migros headquarters building. Customers simply enter the store, select the items they want, and exit through a turnstile. The AI-powered technology will then automatically charge their credit cards.

Migros Kumbaram

Migros Kumbaram is a service that allows customers to have their change less than 5 liras transferred to their Money Card account instead of receiving coins. This speeds up the checkout process for customers who are members of the Money loyalty program and prefer to pay in cash.

Mimeda

Migros is continuously investing in order to provide excellent service in all areas. Mimeda, Türkiye's first retail media company, has been serving since 2021 with an integrated media mix of 16 channels, utilizing Money card data. Retail media is a type of advertising that targets customers at the point of purchase. It uses data from retailers to deliver relevant ads to consumers when they are most likely to be interested in buying. Retail media is different from other media types because it uses purchase data from real customers rather than self-reported data from media channels. This makes retail media more accurate and effective at reaching target audiences.

Seeking to be a global player in retail media, Migros has represented Türkiye's retail industry at more than 20 Interactive Advertising Bureau (IAB) events in the United States. In May, we expanded our advertising sales network to include Mars Athletic (Macfit and Mac) sports clubs, which

are located in Migros and Macrocenter stores. Migros and Google have entered into a strategic partnership. As part of this partnership, Migros has been selected as a retail media partner with Multiple Customer Management (MCM) authorization. Migros launched its retail media adtech product, Mlink, in November. In the initial stage, Mlink has integrated Migros/Macrocenter channels and Money Card ad-targeting capabilities. In 2023, Migros will take additional steps to become a significant player in the advertising technology market. Migros was the first company in Türkiye to use L'Oréal and Facebook's new advertising model, Digital Circulars. The campaign was a success, with a 52x return on ad spend (ROAS). The case study was published on Meta's website.

The success of our efforts was recognized by our receipt of CMO and Path to Purchase awards.

Migros hosted a series of concerts in 2022, attracting approximately 2,000 attendees. The concerts featured Burak Kut on Valentine's Day, Can Bonomo in the summer, and Sertab Erener, Selin, and Pandami Music just days before the new year. MigrosTV broadcasted the concerts in 2022. In 2023, we are gearing up for even more exciting and rich surprises for MigrosTV's followers with new and vibrant content featuring celebrities.

Migros E-Spor

The Migros E-Sports Platform continued to grow rapidly in 2022. Keeping our eye on leading trends and making a swift entry into the market, we organized a total of **48 e-sports tournaments** and increased our website membership to 70,467 people. We increased our follower count on Twitch, a popular social media platform associated with e-sports, by 50%. We now have a total of 10,493 followers. In 2022, Migros E-Sports gained significant momentum, reaching 5,180 Discord followers, achieving a total of 1.3 million broadcast views, and conducting 214,561 live broadcasts.



Transparent and Fast Flow of Product Information

GRI 3-1, GRI 3-2, GRI 3-3, GRI 417-1



Fruit and Vegetable Traceability

We use digital technologies to improve our ability to supply our customers with fresh and wholesome products at all times. As part of our **Fruit and Vegetable Transparency Project**, we have developed the **Migros Blockchain (MB)** platform. Customers can use the Migros Money mobile app to scan the QR code on fruit and vegetables that bear the “MB” logo to conveniently view a complete record of the movement of fresh fruits and vegetables from field to store. In 2022, **2,039 Migros Money app users** availed themselves of the MB traceability feature **34,351 times**.

As part of the same project, we also plan to use the same MB infrastructure to provide customers with traceability information about certified Good Agricultural Practices (GAP), Organic, and Geographical Indication (GI) products. We have created a certified-product database that is accessible from our **Agricultural Product Traceability Portal**. This portal is the first of its kind in our country and it is used both by certified-product producers to enter certification details and by customers to display them.

DETAILED
AND CORRECT
INFORMATION



WE DESIGN AND MANAGE **OUR DIGITAL TRANSFORMATION** TO HELP CUSTOMERS MAKE INFORMED SHOPPING CHOICES.

We are making effort to conducting our product content processes with responsibility and transparency in line with our other processes. We provide our customers with detailed and accurate information about product content in a variety of ways such as informative labels and packaging. We continued to do this in 2022, providing our customers with information about the **energy, carbohydrate, sugar, protein, fiber, fat, and salt content** of our **365 private-label food** products on the product packaging labels. We also provided informative instructions on how to use our **108 private-label non-food** products.

We design and manage our digital transformation to help customers make informed shopping choices. All of our online products are labeled with all information required by laws and regulations.

More information about our collaboration with suppliers, including our open sharing of product label information with customers, can be found in the **“Migros Product Quality Control Process”** section of this report.

WE CREATED THE
FIRST AGRICULTURAL
PRODUCTION
TRACEABILITY PORTAL
CERTIFICATE DATABASE
INFRASTRUCTURE IN
TÜRKİYE.

Transparent and Fast Flow of Product Information



Meat Traceability

In 2021, we began working on a meat traceability project that will inform customers about the movement of our own Master Butcher meat products from farm to store. The project will also help us better organize our meat processing plant operations and ensure their sustainability. The system uses globally-accepted GS1 2D barcodes to track product movements. We have defined GS1 barcodes and completed the labelling process. We are now testing the system across the supply chain. Once the system is operational, we will begin giving customers access to tracking information. In the first phase of the roll-out, customers will be able to view weight/quantity, place of production, nutritional value, and other relevant information. In the second phase, we plan to show dynamic changes in products' location and temperature.

WE ARE WORKING TO ESTABLISH A RELIABLE, TRANSPARENT, AND CONSISTENT FLOW OF DATA TO HELP CUSTOMERS MAKE INFORMED SHOPPING DECISIONS.

Data Consistency and Transparency Roadmap

Consumers and retailers need a mechanism or platform of some sort to ensure that customers can access reliable and accurate information quickly through both online and offline channels. We are working to establish a reliable, transparent, and consistent flow of data to help customers make informed shopping decisions.

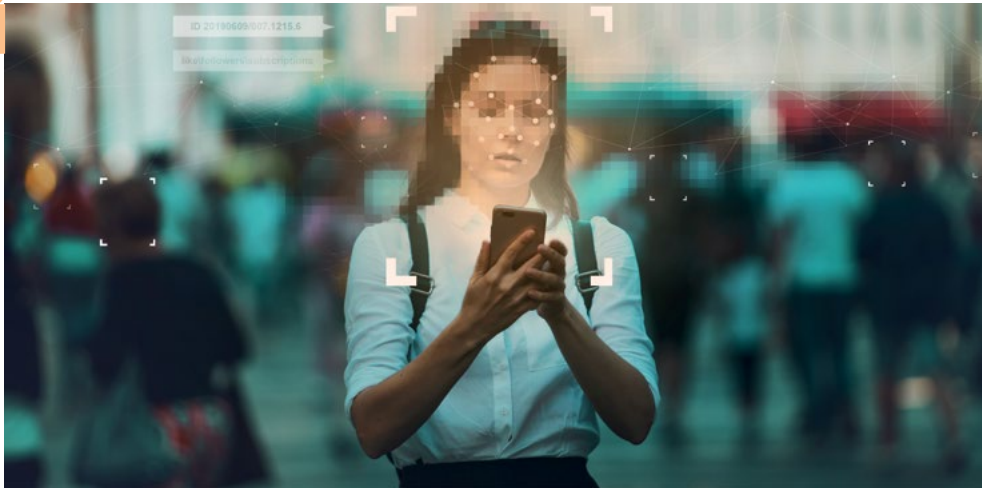
Our CEO has been a member of the boards of directors of both GS1 Global and GS1 Türkiye since 2020. We are leading the implementation of the **Product Data Digitalization and Standardization** project in Türkiye that was initiated by the Consumer Goods Forum (CGF) in collaboration with GS1 Türkiye. As part of this project, GS1 Türkiye is using the barcode system to ensure transparent and consistent information flow for CGF member companies regarding their products.

Product data standardization and digitization processes:

- GS1 verifies the barcode for every product sold by virtual markets and retailers, which contains 7 essential parameters.
- This data is then used to create a dataset that is linked to globally recognized standards.
- Each country can customize datasets on product-specific data based on market needs by adding basic attributes. This will tailor the datasets to their specific country requirements.
- A single platform helps ensure that data is shared accurately and consistently between producers and retailers.
- Consumers will be able to make more informed purchases in the final stage by giving them access to clear and unbiased information about products and services.




To lead and set an example for the Turkish retail industry, we defined all of our private-label products' **7 basic parameters according to the GS1 system**. As of the end of 2022, within the collaboration with our 580 suppliers, a total of 9,483 products had been so defined within the GS1 system; of these, 7,677 had been verified. We aim to complete the work with the support of our suppliers by 2030. We are closely monitoring developments in the 2D barcode system that GS1 plans to release in 2027.

Privacy and Data Security



WE REGULARLY **PROVIDE TRAINING AND ACTIVITIES** TO OUR EMPLOYEES TO HELP THEM DEVELOP THE SKILLS AND KNOWLEDGE THEY NEED TO PROTECT OUR CUSTOMERS' INFORMATION SECURITY, PRIVACY, AND DATA SECURITY.

Data security is a top priority for businesses in today's digital world. The World Economic Forum's Global Risks report identifies data fraud, data theft, cyber-attacks, and IT system failures as among the top 10 global risks in terms of probability and impact.

We are committed to transparency and security in our dealings with others. We have published **Information Security**,  and **Personal Data Protection & Processing**  policies applicable to all aspects of our operations and processes. These policies and **Clarification Texts**  that we have prepared taking into account the processes explained in detail what data we collect, why we collect it, how we may use it, and how and why we may disclose it. We also transparently and publicly disclose all procedures related to the handling of personal information, including how we store it, secure it, and destroy it. The Migros Board of Directors reviews cybersecurity and information security strategies every year. The membership of the Migros KVKK (Personal Data Protection

Law-PDPL) Committee comprises the Chief Information Officer (CIO) and representatives from the Legal Affairs, Customer Relationship Management, Customer Engagement, Sales, Human Resources, Industrial Relations, and Accounting departments. The primary responsibility of this committee is to regularly review and evaluate data security, confidentiality, and KVKK matters, ensuring their proper implementation. The Migros Internal Audit Department conducts audits as mandated by the decisions of this committee. While we consider information security to be a fundamental responsibility of all employees, it accounts for 5%-15% of the annual performance review scores of personnel in the Migros Network System & Security Department.

We regularly provide training and activities to our employees to help them develop the skills and knowledge they need to protect our customers' information security, privacy, and data security. All company personnel are required to attend Personal Data Protection Law compliance training. In 2022, 17,636 people completed this training. We improve the robustness and performance of our cybertechnology in various ways, such as by using a network traffic-based anomaly detection system and a security monitoring center that both have 24/7 threat monitoring and reporting capabilities. We provide our employees with **information security awareness training** to help them identify and respond to cyberthreats. Two-factor authentication (2FA) is used to protect controlled-access systems against unauthorized entry, viewing, and alteration. In 2022, **368 employees attended information security trainings**.

We are giving importance to protecting our customers' personal data. In 2022, we did not receive any official notifications of any personal data breach. This is testimony to the effectiveness of our ongoing efforts to ensure the safety and confidentiality of our customers' data. We comply with data privacy laws and regulations by promptly deleting any personal data that

TRANSPARENCY
AND RELIABILITY
VALUES



IN 2022, 368
EMPLOYEES
ATTENDED
**INFORMATION
SECURITY**
TRAININGS.

Privacy and Data Security

customers direct us to delete. In 2022, we deleted the personal information of 3,742 customers from our system. We also responded as required by law to 1,308 information requests from customers about their personal data. There were no reported instances of customer data breaches, theft, or privacy violations in 2022.

We are aware of the importance of companies coordinating and integrating their crisis management operations, data management capabilities, business management processes, and digital transformation initiatives. We regularly test and audit our information security and cybersecurity processes, infrastructure, and systems. This is done internally and also externally by third-party organizations. The frequency of testing and auditing is determined by system criticality. We conduct annual audits based on about 20 different scenarios. We also perform automated tests on our public-facing systems and manual tests after every critical update. We likewise conduct annual audits to ensure compliance with the Payment Card Industry Data Security Standard (PCI-DSS). We have a comprehensive plan in place to respond to cyberattacks. This plan includes customized solutions and crisis management procedures. As a result of our emphasis on information security, we experienced no data breaches and incurred no penalties due to information security lapses or cyberattacks in 2022.

We continuously monitor the effectiveness, adequacy, and compliance of information security controls and take measures to reduce the potential impact of cybersecurity and information leakage risks. At least once a year we review our data security policies and procedures and revise them accordingly. We also provide cybersecurity refresher training to our employees every year.

The Migros Information Security Committee evaluates all cybersecurity risks that are identified and actions that are taken. The committee is made up of representatives from the Information Technologies Department and the Risk Management Group. The committee reports its findings to senior management.

We publicly disclose on our **corporate website**  any changes to our personal data protection policies, any newly-adopted policies, and any actions taken in accordance with those policies.



INFORMATION SECURITY AND CYBERSECURITY

WE REGULARLY
TEST AND AUDIT
OUR PROCESSES,
INFRASTRUCTURE,
AND SYSTEMS. THIS
IS DONE INTERNALLY
AND ALSO EXTERNALLY
BY THIRD-PARTY
ORGANIZATIONS.



OUR RESPONSIBLE AND TRANSPARENT **GOVERNANCE APPROACH**

Our Value Creation-Oriented Governance Approach

Our Risk Management

Business Ethics and Compliance with Corporate Policies and Laws

Communication with Our Stakeholders

Memberships, Collaborations & Initiatives

Our Value Creation-Oriented Governance Approach

GRI 2-9, GRI 2-12, GRI 2-13, GRI 2-15, GRI 2-16, GRI 2-25



WE FOCUS ON MEETING THE NEEDS OF ALL OF OUR STAKEHOLDERS.
WE AIM TO GROW TOGETHER WITH THEM AND SUSTAIN THE BENEFITS
WE PROVIDE BY EXPANDING **OUR POSITIVE IMPACT CIRCLE.**



Our company has a long history of conducting its operations in a fair, transparent, responsible, and accountable manner. We make governance practices that are most appropriate and sustainable for all of our stakeholders central to how we do business.

We determine our priorities in economic, social, and environmental issues with a focus on the direct and indirect impact of our operations by taking into account the opinions of our stakeholders and analyzing our current situation. We then set improvement and development goals based on our findings. In addition to our main strategies, we also adhere to national and international standards and contribute to the achievement of United Nations Sustainable Development Goals. We involve all our stakeholders in our sustainability journey. We transparently and clearly share with them the path we have laid out within the framework of the **Migros Better Future Plan.**

We focus on meeting the needs of all of our stakeholders. We aim to grow together with them and sustain the benefits we provide by expanding our positive impact circle. We use our resources in the most beneficial and efficient manner while conducting our operations in line with our sustainability approach. We adhere to a **responsible and transparent governance** approach. We align our corporate principles with our strategies through committees established by the Migros Board of Directors and departments. These committees and departments integrate our business model and performance so as to reflect our sustainable business approach.

Our Integrated Governance Model

The Migros Board of Directors is responsible for executing the highest-level strategic decisions and controls in the company. The board is elected by the general assembly of shareholders and operates with their approval. The Migros Board of Directors is responsible for managing the company's strategic objectives and sustainability in accordance with the company's corporate governance principles in a fair, transparent, and accountable manner. The Board ensures a balance between risks and opportunities and prioritizes the company's benefit. We have established **Corporate Governance, Early Detection of Risk, and Audit Committees** as required by the Turkish Commercial Code and Capital Markets Board regulations. All three committees are directly accountable to the Migros Board of Directors. **The Executive Committee as well as the Sustainability, Ethics, and Occupational Health & Safety Committees** are all accountable to the Chief Executive Officer.

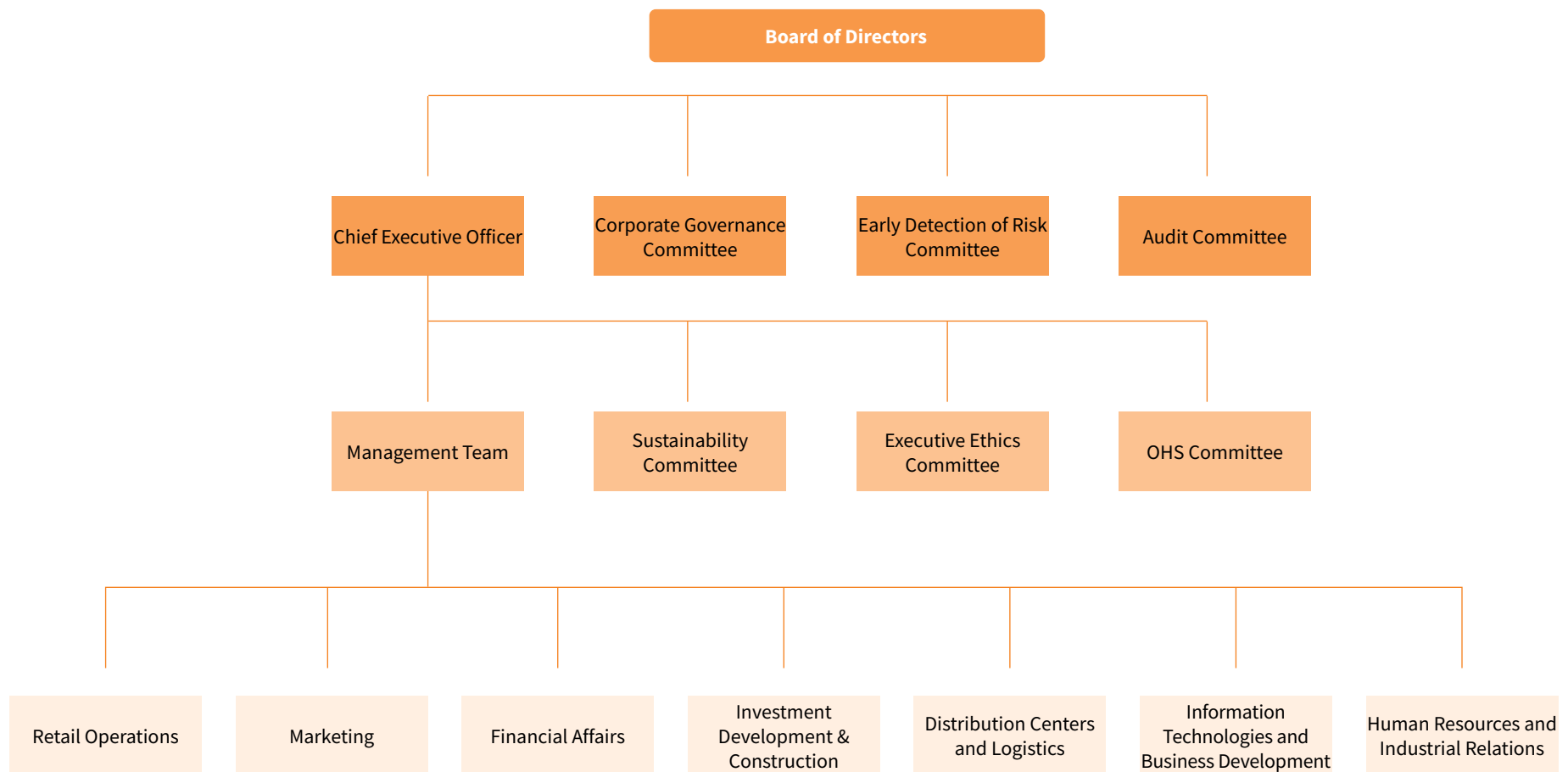
Detailed information about committee members, structures, and operating principles are provided in the **"Corporate Governance Principles Compliance"**  section of this report and are also publicly disclosed on **our corporate website.** 

NATIONAL AND
INTERNATIONAL
STANDARDS

WE MAKE GOVERNANCE
PRACTICES THAT ARE
MOST APPROPRIATE AND
SUSTAINABLE FOR ALL
OF OUR STAKEHOLDERS
CENTRAL TO HOW WE DO
BUSINESS.

Our Value Creation-Oriented Governance Approach

Integrated Governance Model Chart



Our Value Creation-Oriented Governance Approach

GRI 2-9, GRI 2-10, GRI 2-11, GRI 2-17, GRI 2-18, GRI 2-19, GRI 2-20



Our Board of Directors

Our company has a single-tier Board of Directors with twelve members. Four of them (33%) are independent Directors who satisfy Capital Markets Board independence criteria as per the Communique on Corporate Governance. Their declarations of independence are included in our **Corporate Governance Principles Compliance Report**. Seven members of the Migros Board of Directors have retail industry experience. The positions of Chairman of the Board of Directors and Chief Executive Officer are held by different individuals. No member of the Migros Board of Directors other than the Chief Executive Officer has executive responsibilities.

One (8.3%) of the members of the Migros Board of Directors is female. The Migros Corporate Governance Committee has recommended that this ratio be increased to at least 25%. We review the structure of the Migros Board of Directors every year and make efforts to comply with the Committee's recommendation.

The Migros Board of Directors convenes in the presence of a majority of its members. Decisions are made by a majority of those present. In 2022, the board convened five times. All members attended every meeting, with a 100% attendance rate. Board members attend meetings in person and are physically present; however, during the COVID-19 pandemic, videoconferencing and teleconferencing were offered as attendance options. The Board's Corporate Governance, Early Detection of Risk, and Audit Committees' meetings are full attended by all members because online attendance is permitted.

According to Migros' Articles of Association, board members serve three-year term unless a shorter term is specified at the general assembly meeting at which they are elected. A member whose term expires may be reelected. Since the 23 March 2016 general assembly meeting, it has been the practice to elect a new board every year. The current members of the Migros Board of Directors have been in office for an average of 5.25 years. The effectiveness, efficiency, and overall performance of the board as a collective entity are subject to evaluation. Detailed information about the board's nomination, election, and similar processes is available in the **Corporate Governance Principles Compliance Report**.

Shareholders regularly determine the remuneration of independent directors at the annual general assembly meeting. The **Migros Remuneration Policy**, which is available on the company's corporate website, sets out the principles governing the remuneration of other directors.

The Migros Board of Directors is responsible for providing overall strategic guidance related to the company's sustainable growth and to the responsible and efficient use of company resources. The board has formally committed the company to reducing its carbon and water footprints, to preventing food loss, to promoting energy efficiency, and to empowering women in senior management positions. Performance details and roadmaps concerning these matters are presented in relevant sections of the sustainability report.

Migros Board of Directors' age distribution

30-50	58%
Over 50	42%

Our Value Creation-Oriented Governance Approach

BOARD OF DIRECTORS



Tuncay Özilhan
Chairman



Kamilhan Süleyman Yazıcı
Vice Chairman



Tuğban İzzet Aksoy
Board Member



Mehmet Hurşit Zorlu
Board Member



Esel Yıldız Çekin
Board Member



Rasih Engin Akçakoca
Board Member

Our Value Creation-Oriented Governance Approach



Recep Yılmaz Argüden
Board Member



Ömer Özgür Tort
Board Member and CEO



Hüseyin Faik Açıkalın
Independent Board Member



Şevki Acuner
Independent Board Member



Emre Ekmekçi
Independent Board Member



Barış Tan
Independent Board Member

Our Value Creation-Oriented Governance Approach

Tuncay Özilhan

Chairman

Tuncay Özilhan was born in Kayseri. He studied in Saint-Joseph High School, then graduated from the Faculty of Economics of İstanbul 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 TÜSİAD (Turkish Industry and Business 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 year 2000, Yazıcı completed the orientation program at the holding later continuing his career in Anadolu Efes’ 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 Market Development Director, a position held until 2017.

Outside positions held

Since 2017 Yazıcı has been serving as Board Member and Vice-Chairman on Anadolu Group Holding and subsidiary boards. In addition, Yazıcı serves as Board Member for TAİK (Türkiye-U.S. Business Council), Togg (Turkish National Auto Initiative), HBS Alumnus (Harvard Business School’s Alumni Board) and KYYDAS (the Kamil Yazıcı Family Trust).

Tuğban İzzet Aksoy

Board Member

Tuğban İzzet Aksoy graduated from the Management and International Finance Department of the University of Oglethorpe in the USA, following his education at the Austrian High School. He began his professional career as an Assistant Expert in the Financial Affairs Directorate at Anadolu Endüstri Holding, in 1996. In December 1998 he was appointed as a Senior Broker at the Alternatifbank Treasury Department. Following five years in this role, Aksoy took on the role of Corporate Finance and Risk Manager at the Treasury and Risk Management Department of Anadolu Endüstri Holding A.Ş. in June 2003. In April 2008, he became Assistant Coordinator at Business Development Directorate, and between 2009-April 2019, he worked as Anadolu Group Energy Sector Coordinator. He continues to serve as Board Member in various Anadolu Group companies.

Outside positions held

Aksoy, who has participated in professional training and seminars in his field, is member of energy groups of TÜSİAD and TOBB. He is also the executive board member of the Turkish Jockey Club. Aksoy has been serving as an honorary consul of Georgia since 2016 and also holds Georgian Government Medal of Honor.

Our Value Creation-Oriented Governance Approach

Mehmet Hurşit Zorlu

Board Member

Hurşit Zorlu holds a BCs 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

Hurşit Zorlu, a Board Member of various Anadolu Group companies, is also the Chairman of the Sustainability Committee of the Group and leads the works within the scope of sustainability strategy "From Anadolu to the Future". Zorlu is a board member of DEİK Outbound Investment Business Council, Board Member of the Turkish Investor Relations Society (TÜYİD) and served as the 8th term Chairman of the Corporate Governance Association of Türkiye (TKYD) between 2015-2017.

Esel Yıldız Çekin

Board Member

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 Türkiye, 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, Türkiye'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 Türkiye. Akçakoca has been working as a consultant since 2004

Outside positions held

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

Dr. Recep Yılmaz Argüden

Board Member

Dr. Yılmaz Argüden is a leading strategist, advisor, and board member of major public and private institutions, and NGOs. He is the Founder and Chairman of ARGE Consulting, a globally recognized management consulting firm based in Istanbul. ARGE Consulting has served as the B20 Knowledge Partner (Governance & Sustainability), as EFQM Certified Advisory Organization, and International Integrated Reporting Council's Licensed Training Partner. ARGE Consulting is the first Turkish signatory of the UN Global Compact and has been recognized at the European Parliament as one of the best three companies "Shaping the Future" with its commitment to corporate social responsibility. He is also the Chairman of Rothschild & Co. investment bank in Türkiye and served on the boards of more than 70 companies in different jurisdictions. He is an author of numerous books and a columnist focusing on business, strategy, and governance issues. He has served as an adjunct Professor of Business Strategy at the Boğaziçi University, Koç University, and the Military Academy. He is a renowned governance expert who served as the Chairman of the Governance

Our Value Creation-Oriented Governance Approach

Committee of the Business at OECD and as a member of the IFC's Corporate Governance Advisory Board. He is also the Chairman of the Trustees of the Argüden Governance Academy. As a social entrepreneur he has founded and led numerous NGOs and initiated the National Quality Movement. As the elected Global Chairman, he represented the National Networks on the Board of the UN Global Compact, the world's largest sustainability platform. He has a B.S. degree in Industrial Engineering from the Boğaziçi University, where he received both the Top Academic Achievement Award and the President's Prize for Student Leadership. He received his PhD in policy analysis from the RAND Graduate School with General Distinction. He was a playmaker for the high school and university basketball teams that won the National Championships and later served as the Vice-Chairman of Turkish Basketball Federation. He is an Eisenhower, Fulbright, NATO, and TÜBİTAK fellow; and a recipient of numerous leadership, distinguished citizenship, and career awards. He was selected as a Global Leader for Tomorrow, by the World Economic Forum for his commitment to improve the state of the world.

Outside positions held

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

Ömer Özgür Tort, PhD

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 Türkiye 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 received his doctorate degree in Engineering Management from Marmara University.

Outside positions held

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. Between 2019 – 2021, he took over as the 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 Türkiye.

Ömer Özgür Tort is also the Chairman of Migros' subsidiaries MoneyPay Ödeme ve Elektronik Para Hizmetleri A.Ş., Mimed Medya Platform A.Ş., Dijital Platform Gıda Hizmetleri A.Ş., Paket Lojistik ve Teknoloji A.Ş. and Migen Enerji ve Elektrikli Araç Şarj Hizmetleri A.Ş.

Our Value Creation-Oriented Governance Approach

Hüseyin Faik Açıkalın

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 Açıkalın 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, Açıkalın 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, Açıkalın 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 Türkiye.

Outside positions held

In addition to his duties as an independent board member of Migros Ticaret A.Ş., Hüseyin Faik Açıkalın also serves as an independent board member of Doğan Şirketler Grubu Holding A.Ş., Galata Wind Enerji A.Ş., Karsu Tekstil San. Tic. A.Ş. and Global Yatırım Holding A.Ş.

Hüseyin Faik Açıkalın 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 Türkiye, 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 Türkiye operations in 2009, he served as Deputy Country Director for Türkiye 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.

Outside positions held

In addition to his duties as an independent board member of Migros Ticaret A.Ş., Şevki Acuner also serves as an independent board member of Anadolu Efes Biracılık ve Malt San. A.Ş. and Tekfen Holding A.Ş.

Our Value Creation-Oriented Governance Approach

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.

Emre Ekmekçi

Independent Board Member

Emre Ekmekçi received his bachelor's degree in Industrial Engineering & Systems Engineering from University of Southern California in 1999. He began his career at Pitch Interactive Marketing Agency in Los Angeles and served as Business Development Manager until May 2007. He was appointed as Country Manager of Monster.com in Türkiye between May 2007-January 2008 prior to join Internet Holding as Business Development Director between January 2008-December 2009.

Emre Ekmekçi acted as CEO of Groupon.com from December 2009 to October 2011. He served as the Executive Board Member and the President of Business Development of Dogan Online between October 2011 – April 2016. Acted as Board member and Chief Commercial Officer of Hepsiburada from April 2016 to April 2018, Emre Ekmekçi was appointed as Board member and the President of Hepsiburada between April 2018 and June 2019.

Holding an MBA degree from Columbia Business School, Emre Ekmekçi is married and has one daughter. He speaks English and Turkish.

Emre Ekmekçi possesses the qualifications of an independent board member as per the CMB's Corporate Governance Principles.

Outside positions held

Co-founder and Chairman of the Board of Rubibrands Elektronik Ticaret ve Bilişim Hizmetleri A.Ş. and Fundomundo Inc, Emre Ekmekçi is also the President of ETID - Turkish E-Commerce Association and the Vice Chairman of TOBB - E-Commerce Council.

Emre Ekmekçi 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.

Bariş Tan

Independent Board Member

Prof. Barış Tan is a Professor of Operations Management and Industrial Engineering at Koç University, İstanbul, Türkiye.

He is the author of many publications in the areas of design and control of production systems, supply chain management, analytical modelling, and business model innovation, and the recipient of Turkish Academy of Sciences Distinguished Young Scholar Award, TÜBİTAK fellowship, NATO Science Fellowship, the Rockefeller Foundation Residency Award at Bellagio Center, and best paper awards for his publications.

Prof. Tan received a BS degree in Electrical and Electronics Engineering from Boğaziçi University, and ME in Industrial and Systems Engineering, MSE in Manufacturing Systems, and PhD in Operations Research from the University of Florida. He has been working at Koç University since 1994 and previously served as the Vice President for Academic Affairs, Dean of College of Administrative Sciences and Economics and the Director of the Graduate School of Business.

He held visiting positions at Harvard University Division of Engineering and Applied Sciences, MIT Operations Research Center, MIT Laboratory for Manufacturing and Productivity, Cambridge Judge Business School, University College London School of Management and Politecnico di Milano.

Prof. Tan is a member of the advisory boards of Kyoto University Graduate School of Management and Nottingham Business School. He served on the boards of the European Foundation for Management Development (EFMD), EFMD EQUIS Awarding Body, CEMS Global Alliance in Management Education, Turkish Quality Association, and Turkish Operations Research Society.

Outside positions held

In addition to his duties as an independent board member of Migros Ticaret A.Ş., Prof. Tan also serves as an independent board member of Anadolu Efes Biracılık ve Malt San. A.Ş.

Prof. Tan 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.


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GRI 2-9, GRI 2-15





Our Corporate Governance Committee

The Migros Corporate Governance Committee conforms to the requirements of Capital Markets Board rules and regulations in its composition, functions, duties, and operations, subject to the supervision of the Migros Board of Directors. This committee is responsible for monitoring the implementation of corporate governance principles throughout the company, for identifying any non-compliance and the reasons behind it, and for detecting any conflicts of interest arising from non-compliance. The committee makes recommendations to the Board of Directors for improving corporate governance practices. The committee also supervises the Investor Relations Department. The committee convenes in the presence of more than half its membership and decisions are taken by a majority of those present and voting. The committee had five members in 2022. The Migros Corporate Governance Committee convenes four times a year, with at least one meeting taking place every three months.



The chair of the Migros Corporate Governance Committee is an independent director. The board may appoint non-directors with expertise in particular disciplines to the committee if the board believes their expertise will be useful to the company. The **Migros Corporate Governance Committee Operating Principles**  outlines the committee's composition, functions, duties,

and operations. The Board of Directors provides the Corporate Governance Committee with the resources and support it needs to fulfill its responsibilities. The Board of Directors reviews the minutes of each committee meeting and any decisions taken, and may take action as it sees fit. As is allowed by Capital Markets Board's Communique on Corporate Governance, the Migros Corporate Governance Committee also serves as a **nominating committee** and a **remuneration committee**.

Detailed information about the Migros Corporate Governance Committee's purpose, scope, and operating principles is provided in the "**Corporate Governance Principles Compliance**"  section of this report and are also publicly disclosed on our **corporate website**. 

Our Early Detection of Risk Committee

The Migros Early Detection of Risk Committee is second only to the Chief Executive Officer as the highest responsibility for detecting, monitoring, and managing risks to which the company may be exposed lies with this company organ. The committee identifies and analyzes the operations of company units and any changes in them. The committee has three members and convenes six times a year. During these meetings the committee reviews and assesses risk-related practices and operations.

Detailed information about the Migros Early Detection of Risk Committee's purpose, scope, and operating principles is provided in the "**Corporate Governance Principles Compliance**"  section of this report and are also publicly disclosed on our **corporate website**. 

The Risk Management Group Directorate works with the Migros CFO and with the Migros Early Detection of Risk Committee. This directorate is responsible for identifying, in advance, any short, medium, and long-term risks that might jeopardize the company's existence, growth, or continuity and taking necessary measures in a timely manner. The directorate tracks a variety of risk indicators to anticipate risks that could prevent the company from achieving its strategic objectives, to monitor factors that lead to risks, and to identify and quantify the possibility and

Our Value Creation-Oriented Governance Approach

GRI 2-9, GRI 205-2




potential impact of risks. Having a direct impact on annual performance bonuses of senior management, all these risk-related practices constitute (1) 40% of the targets of the head of the Risk Management Group Directorate and (2) 5% of the targets of his superiors—the Investor Relations & Risk Management Director and the Migros Executive Committee Member responsible for financial affairs.


Our Audit Committee

The Migros Audit Committee is composed of two independent directors responsible for monitoring the company's accounting system, public disclosure of financial information, and as well as the company's internal control and auditing systems and processes. The committee meets four times a year and reports directly to the Migros Board of Directors.

The Migros Audit Committee complies with Capital Markets Board's Corporate Governance Communique II-17.1, which requires that audit committee members be independent directors with at least five years of professional experience in accounting and/or finance.

Detailed information about the Migros Audit Committee's purpose, scope, and operating principles are provided in the "**Corporate Governance Principles Compliance**"  section of this report and are also publicly disclosed on our corporate website.

The **Migros Internal Audit Department** is responsible for conducting inquiries based on the results of daily and monthly examinations of the company's operations and assessing the

company's exposure to corruption risks. This includes identifying potential malfeasance, collusion, and other high-risk activities by employees. The Migros Internal Audit Department conducts internal audits throughout the year to assess and evaluate the company's activities and operations. When the department finds a situation that may involve any irregularity, it conducts a thorough audit of the circumstances so that appropriate action may be taken. If the audit results indicate that legal action is necessary, the department is responsible for publicly disclosing this information and for making recommendations for corrective action. The Migros Internal Audit Department regularly and effectively communicates all findings, results, and analyses deemed material from the standpoints of anti-corruption, ethics, and human rights compliance to the Migros Audit Committee. The Migros Internal Audit Department regularly and effectively communicates all findings, results, and analyses of compliance issues to the Migros Audit Committee. The Migros Internal Audit Department also ensures compliance with International Auditing Standards (IAS) by providing employees with essential training and other resources. Detailed information is provided in the **Migros Internal Audit Quality Policy**. 


The Migros Internal Audit Department conducted quarterly audits in 2022, as approved by the Migros Audit Committee. The department reported all findings and proposed measures to the committee. In addition to regular audits, the department also audited issues that had been reported to senior management and for which a decision had been made that action needed to be taken.


As in previous years, in 2022, the Migros Internal Audit Department continued to carry out its activities in accordance with International Institute of Internal Auditors (IIA) standards and code of ethics. Consequent to the Turkish Standards Institute inspections, in 2022, as in previous years, Migros ensured continuation of the TS EN ISO 9001 Quality Management System Certification with the aim of standardized and continuously improving **internal auditing, consultancy, and assurance** practices.

The Migros Audit Committee approves an annually revised Audit Universe document, which forms the basis for three-year auditing plans.

Our Value Creation-Oriented Governance Approach



General Assembly of Shareholders

In addition to our annual **general assembly meetings**,  we also hold quarterly investor teleconferences to provide updates and information to investors. We comply with the Capital Markets Board rule that requires **announcements of annual general assembly meetings to be made at least three weeks prior to the meeting date**.

Each shareholder has the right to vote at a general assembly meeting in proportion to the number of shares they hold. There are no shares with privileged voting rights and all votes are equal. Detailed information about voting rights is provided in **general assembly meeting information**  **document**. General assembly meetings may be attended in person or virtually. Voting is conducted simultaneously in both the meeting hall and online.

Corporate mergers and acquisitions, fair-value determinations, and other material transactions are conducted in accordance with the Capital Markets Board legislations, Turkish Commercial Code, and other relevant legislation and are subject to the approval of legal authorities.

As is required by law, shareholders' suggestions must be submitted at least three weeks before the general assembly meeting date in order to be included in the agenda. Shareholders who own at least 5% of the shares in a publicly-traded company have the right to call for a general assembly meeting. This right to call for a general assembly meeting is not restricted in Migros' Articles of Association.

Detailed information about general assembly meetings and voting rights is provided in **Migros' Articles of Association**  and in the **"Corporate Governance Principles Compliance"**  section of this report.

Our Management Team

The Migros Management Team is responsible for the day-to-day operations of the company and is accountable to the Chief Executive Officer (CEO). As of the end of 2022, the committee had eight members, one of whom was female. The Corporate Communication, Legal Affairs, and Internal Audit group heads also report directly to the CEO. Two of these group heads are female. The average age of the Migros Executive Committee is 52.

The Chief Construction Officer Tarık Karlıdağ retired on 31 December 2022. As of 1 January 2023, all units previously under Mr Karlıdağ's responsibility were transferred to Chief Expansion and Property Officer Hakan Şevki Tuncer, whose department was also renamed "Expansion, Property & Construction".

Our Value Creation-Oriented Governance Approach

SENIOR MANAGEMENT



Kerim Tatlıcı
CIO (Chief Information
Officer)

Murat Mustafa Bartın
COO (Chief Operations
Officer)

Ekmel Nuri Baydur
CMO (Chief Marketing
Officer)

Ö. Özgür Tort
Board Member and
CEO

Olcay Yılmaz Nomak
CHRO (Chief Human
Resources Officer)

Hakan Şevki Tuncer
CPO (Chief
Expansion, Property
& Construction
Officer)

Bülent Kuntay
CSCO (Chief Supply
Chain & Logistics Officer)

Ferit Cem Doğan
CFO (Chief Financial
Officer)

Our Value Creation-Oriented Governance Approach

Ömer Özgür Tort, PhD

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 Türkiye 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 received his doctorate degree in Engineering Management from Marmara University.

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. Between 2019-2021, he took over as the 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 Türkiye.

Ömer Özgür Tort is also the Chairman of Migros' subsidiaries MoneyPay Ödeme ve Elektronik Para Hizmetleri A.Ş., Mimedya Medya Platform A.Ş., Dijital Platform Gıda Hizmetleri A.Ş., Paket Lojistik ve Teknoloji A.Ş. and Migen Enerji ve Elektrikli Araç Şarj Hizmetleri A.Ş.

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 Türkiye 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.

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.

Ferit Cem Doğan

CFO (Chief Financial 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 Financial Officer. He continues to serve as a member of the Executive Board.

Our Value Creation-Oriented Governance Approach

Hakan Şevki Tuncer

CPO (Chief Expansion, Property & Construction 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. Between 2015-2022, Tuncer worked as Chief Expansion and Property Officer. Since February 2023 he has been working as Chief Expansion, Property & Construction Officer.

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 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.

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.

Olca Yılmaz Nomak

CHRO (Chief Human Resources 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.

Our Value Creation-Oriented Governance Approach

Our Sustainability Committee

The CEO of Migros is ultimately responsible for sustainability issues. As a member of the Board of Directors and the highest executive authority, the CEO has delegated authority to the Migros Sustainability Committee to manage, implement, monitor, and quantify all matters pertaining to the company's sustainability. The Corporate Communication Group Director has been serving as the chair of this committee since 2021 and reports directly to the CEO.

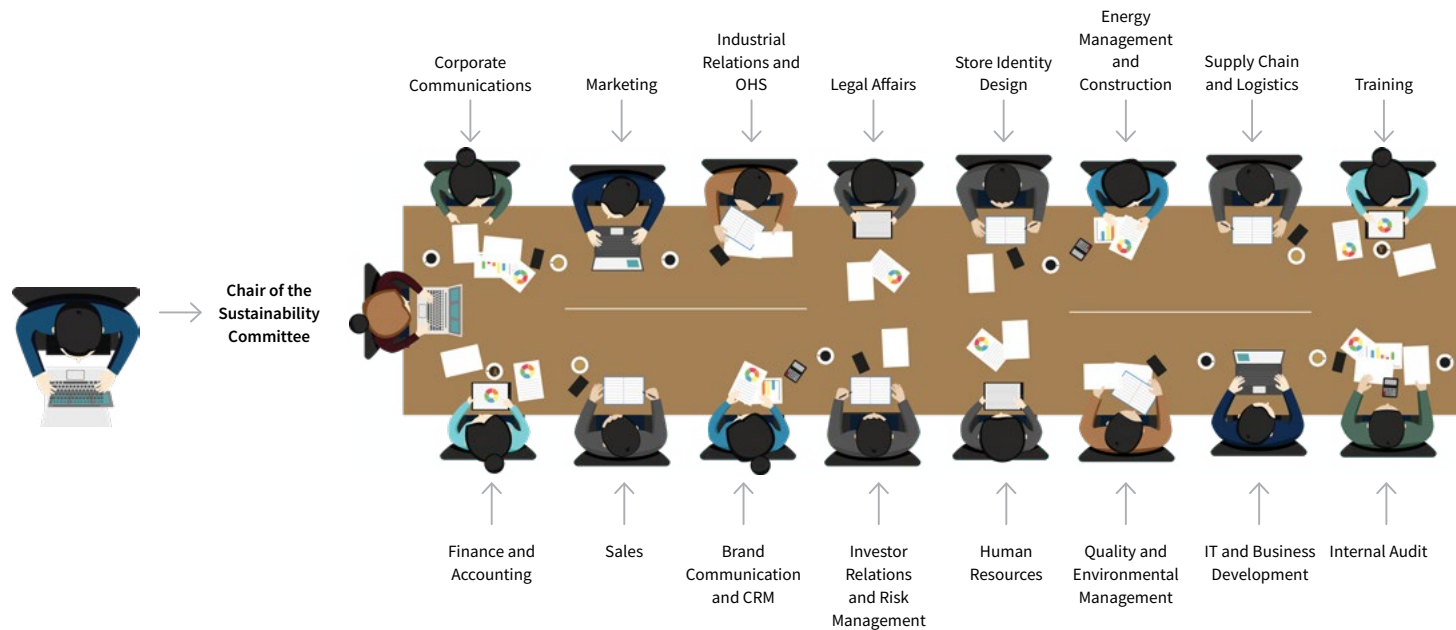
Migros Sustainability Committee working principles

Sustainability is a shared responsibility that is distributed throughout the company, from top to bottom and from bottom to top. The Sustainability Committee is composed of the chair, who is appointed by the CEO, and all department and group heads, who serve as ex officio members. Upon the recommendation of a senior executive, individuals who are actively engaged in sustainability duties can serve as committee members. This ensures that the committee has representatives from all key functions and also allows for a more democratic and inclusive approach to its work. The inclusive diversity of the Migros Sustainability Committee helps it fulfill its chief responsibility of developing strategies for dealing with environmental, social, and governance issues that can be integrated into the company's main strategy. Senior management

is presented with the goals and approaches to these strategies, including short, medium, and long-term plans for achieving them. Senior management evaluates the goals in light of solicited opinions and feedback; the Board of Directors is the organ that ultimately commits to them. Every department is expected to set at least one annual goal which is related to sustainability and which supports the realization of one or more of the company's main sustainability goals.

We evaluate all sustainability-related company decisions and activities with a comprehensive perspective that encompasses our entire value chain. We use national and international key performance indicators (KPIs) to measure our performance. We transparently communicate our performance each year to our stakeholders and to global sustainability indices.

Twice a year, the Migros Sustainability Committee meets to evaluate and discuss measures to improve sustainability performance. To make objectives more tangible, subcommittees are formed based on the topics identified in these meetings. The subcommittees report their work and results to the Sustainability Committee. Subcommittees may increase the frequency of their meetings and elaborate on their work as needed. Subcommittees report their activities and results to the Migros Sustainability Committee in the manner and frequency directed by the committee. The Migros Sustainability Committee reports the company's sustainability initiatives, process evaluations, and outcome analyses to the CEO and senior management on a quarterly basis. The Board of Directors



Our Value Creation-Oriented Governance Approach



also reviews target progress performance. This process allows for sustainability performance to be measured on the basis of social consequences and environmental impact as well as of financial results.

The Migros Sustainability Committee is responsible for:

- Tracking and analyzing current national and international sustainability-related issues and developments;
- Identifying priority development goals, developing and undertaking projects aligned with those goals, and reporting project performance;
- Conducting an annual audit of the adequacy and effectiveness of company corporate policies and updating them as necessary.

Our OHS Committee

The Occupational Health & Safety (OHS) Group aims to improve workplace health and safety through its activities. The head of this department also serves as the OHS representative of Migros. The Migros Headquarters Occupational Health & Safety Board is composed of senior managers from all departments involved in human resources management. The board reports directly to the CEO, but may report to others as necessary. The members of the board include full-time, lawfully appointed OHS specialists and workplace physicians. All employees are represented on the Migros

Headquarters Occupational Health & Safety Board. Another duty of the board is to regularly assess the OHS process effectiveness and performance of every workplace in Türkiye that belongs to Migros.

Our Executive Ethics Committee

The Migros Ethics Committee is responsible for monitoring general compliance with the company's **Anti-corruption, Human Rights, and Equality of Opportunity policies** within the company and reports its findings and operations to the Migros Executive Ethics Committee.

The Migros Executive Ethics Committee is a specially functioning committee that evaluates internal ethics disputes communicated to it by the Migros Ethics Committee. It makes decisions on matters that are of concern to the whole company and its decisions are binding on the whole company. The high committee is chaired by the CEO and consists of the following members: Chief Human Resources Officer, & Industrial Relations, Migros Executive Committee members responsible for retailing operations and for financial affairs, and the Migros director responsible for industrial relations.

The high committee meets as needed but must convene at least twice a year.

The Migros Ethics Committee is responsible for reviewing and assessing (1) the findings of internal audits concerning the compliance with the company's Anti-corruption Policy, (2) risks that are deemed to be material, and (3) issues involving the Migros Code of Ethics. The committee is chaired by the Migros director responsible for industrial relations and consists of the Migros directors responsible for corporate communication, internal audit, legal affairs, and sales. The high committee meets as needed but must convene at least four times a year and every three months. The Migros Ethics Committee reports to the Migros High Ethics Committee.

EVERY DEPARTMENT AT MİGROS IS EXPECTED TO SET AT LEAST ONE ANNUAL GOAL WHICH IS RELATED TO SUSTAINABILITY AND WHICH SUPPORTS THE REALIZATION OF ONE OR MORE OF THE COMPANY'S MAIN SUSTAINABILITY GOALS.

Our Risk Management



WE CONDUCT AUDITS AMONG OUR SUPPLIERS TO MONITOR PRODUCT SAFETY, ETHICAL, ENVIRONMENTAL, AND SOCIAL RISKS THAT MAY ARISE AND IMPACT OUR OPERATIONS.

As part of our overall risk management approach, we contract insurance coverage for external risks such as natural disasters (earthquakes, fires, floods etc.) and cyberattacks and we proactively manage our internal risks. We also procure some risk management services from multiple service providers in order to spread our service-procurement risks.

As part of our risk management process, we conduct sensitivity analysis and risk testing. This involves performing scenario analyses related to key risk areas, testing risk levels, and taking necessary precautions accordingly. We monitor financial risks on the basis of such performance

indicators as net debt, total debt, EBITDA, net debt/equity, operating profit margin, gross profit margin, and net profit margin. We monitor operational risks on the basis of such performance indicators and metrics as stock levels, stock loss rates, and stock disposal rates.

We mitigate risks in all our business processes by working with multiple suppliers and service providers. We also transfer risks through processes such as insurance and service-procurement diversification.

We conduct audits among our suppliers to monitor product safety, ethical, environmental, and social risks that may arise and impact our operations. Based on the results of these audits, we create action plans to address any identified risks. Detailed information about these issues is provided in the “Our Supplier Selection and Auditing Processes” section of this report.

We track compliance obligations related to quality, occupational health, food safety, customer satisfaction, and environmental management systems through our Integrated Quality Management System. We identify risks and opportunities in our company’s processes to increase positive impacts, prevent unwanted effects, and improve processes. We do this by taking into account stakeholder-specified expectations and needs. Whenever risks are identified, we formulate plans to manage them.

RISKS AND OPPORTUNITIES


WE ENCOURAGE
OUR EMPLOYEES TO
IDENTIFY AND REPORT
POTENTIAL RISKS
ASSOCIATED WITH OUR
OPERATIONS.

Our Risk Management



We encourage our employees to identify and report potential risks associated with our operations as well as with the performance of their jobs. We collect risk-criteria information from every department each year to update our risk map. This helps senior management to identify and assess risks and to formulate plans to mitigate them. When significant risks related to specific operations are identified, we ensure that the risks are recorded by the units that may be affected by them. We use OHS Incident and Near-Miss report forms submitted by employees to monitor physical risks. We also collect employee feedback to update and improve our risk management processes. Every year we work with each department to review and update material risk criteria based on this employee feedback.

To manage risks material to operational, functional, and financial performance, the **Migros Internal Control System** first defines the risks in detail. Each risk is then independently examined and verified and the results are then shared with all company managers.

We use training to raise employees' awareness of our risk management principles. The training resources offered to our employees consist of classroom and online courses dealing with first aid, emergency response, earthquake preparedness, and other risks. Detailed information about this training is provided in the **"OHS Training & Inspections"**  section of this report. All employees have to complete a three-part online "Corporate Governance and Risk Management Training Package" course that covers corporate governance, risk management, and general knowledge issues.

Senior management also have to attend crisis management training, including earthquake preparedness simulations, provided by external consultants specialized in their field.

AWARENESS TRAININGS

WE USE TRAINING TO RAISE EMPLOYEES' AWARENESS OF OUR RISK MANAGEMENT PRINCIPLES.

Our Risk Management

Risks & Opportunities

Risk area	Risk definitions*	Methods taken to manage risks	Factors that create opportunities
Employees	<ul style="list-style-type: none"> Find employees with competencies suitable for new business lines and developments Shortening employees' working hours, failing to create suitable work environments Provide employees with safe and secure workplace environments 	<ul style="list-style-type: none"> Conduct employee loyalty surveys, take action based on their results Make use of an effective performance management system Provide workplace that encourages self-development, introduce next-generation leadership practices Provide continuous information flow and support through Migros Career and Migros social media accounts Conduct events that are attended by Migros executives or play active roles in others' career days Effective career management system 	<ul style="list-style-type: none"> Construct roadmaps in line with views that employees express in annual employee loyalty and satisfaction surveys; strengthen employee loyalty by supporting constant development Provide career and personal development training resources through Migros Retail Academy Introduce and adhere to policies and practices that strengthen employees' problem-solving, decision-making, and job-ownership competencies Foster new in-house ideas through the Corporate Entrepreneurship Development Program Provide a fair and transparent environment for employees in which employees make their ideas and projects a reality through the Migros "Good Idea Good Project" platform
Environmental	<ul style="list-style-type: none"> Potential infrastructure risks and production-related supply chain problems associated with climate change Possible changes in supply maps owing to extreme weather events and climate shifts Operational interruptions due to forest fires, floods, and other natural disasters Impact of drought and water shortages on production Epidemics and outbreaks of disease Low-emissions economy 	<ul style="list-style-type: none"> Prioritize combating climate change; take measures to improve productivity and conservation Increase refrigeration, climate-control, and lighting system automation to reduce electricity consumption Install next-generation refrigeration systems to prevent GHG leakages Prioritize operational water efficiency in water-stressed areas Develop procurement resources compatible with changes in supply maps; shift to these when necessary Set up fresh produce warehouses in different localities Ensure that all risks are adequately covered in insurance contracts Develop store hygiene practices to be adhered to when outbreaks of disease occur; provide no-contact service options and increase online commerce capacity; make click & pick-up, no-contact, and similar services more accessible 	<ul style="list-style-type: none"> Measure Migros' carbon footprint and set targets for reducing it Absolute 42% reduction in Scope 1 and Scope 2 carbon emissions by 2030 (base-year: 2020) Identify operations taking place in localities where water resources are threatened and set water-reduction targets for them Reduce sales space m²/daily water consumption by 10% by 2030 (base-year: 2021) Increase use of Migros-patented water-based refrigeration systems that reduce GHG leakages by up to 90%; only install these systems in newly opened stores Combat food waste by reducing food-loss percentages by 50% by 2030 (base-year: 2018) Facilitate access to greater varieties of products through an extensive network of producers and suppliers while also strengthening supply chains Ensure agricultural production continuity by supporting GAP-compatible/organic procurements and regenerative/sustainable farming practices <p>Renewable energy investments</p> <ul style="list-style-type: none"> Installation of a solar panel system at the Adana distribution center has been completed. 90% of the facility's annual energy consumption is now being sourced inhouse. Solar panel systems are currently being installed at the Torbalı and Muğla distribution centers and at MİGET.

Our Risk Management

Risk area	Risk definitions*	Methods taken to manage risks	Factors that create opportunities
Financial	<p>Funding-cost and associated balance-sheet risks</p> <ul style="list-style-type: none"> Higher costs resulting from economic volatilities Impact of changes in payment terms owing to changes in the regulatory framework on cash flow Potential financial losses arising from market interest rate movements Banking-industry risks impacting company cash flows 	<ul style="list-style-type: none"> Optimize borrowing through effective liquidity management Establish contractual credit limits with banks; constantly monitor these limits and their interest rates Regularly review the company's expense structure, taking into account economic changes; revise budgets annually or every 6 months or 3 months if economic conditions require; develop and implement measures to effectively manage operational expenditures. Conduct exchange rate sensitivity and interest rate analyses to identify and mitigate financial risks Set limits for long or short positions and conduct monthly checks to ensure compliance <p>Strong logistics and supply network, which includes 53 distribution centers nationwide and serves facilities such as fruit and vegetable warehouses and meat processing plants that allows us to operate with multiple distribution centers in all regions, safeguards backup operations, and enables shipments to be made from different distribution centers when necessary.</p>	<ul style="list-style-type: none"> Maintain the net cash position by monitoring cash flow and taking appropriate action to ensure that the company has sufficient cash on hand to meet its obligations Secure cost-effective financing from organizations that support sustainability initiatives that align with the company's sustainability goals Provide additional financial support to suppliers to ensure supply chain sustainability
Operational	<p>Interruption of distribution center operations</p> <ul style="list-style-type: none"> Disruption and interruption of distribution center shipments owing to natural disasters, technical issues, supplier-related issues, food-safety issues, and human factors 	<ul style="list-style-type: none"> Business plans developed for use if regional operations must be relocated Backing up all distribution center procurement services by sourcing the services from different suppliers Using backup systems in distribution centers; maintaining generators on hand to prevent operational disruptions in the event of power outages Taking adequate measures to prevent losses arising from natural disasters; ensuring that potential financial losses are adequately insured 	<ul style="list-style-type: none"> Ability to cope with delays in supply chain processes by having backup stock at all times Ability to achieve better product control and efficiency thanks to bulk of distribution operations being conducted through self-owned distribution centers Ability to include local producers in a national distribution network

Our Risk Management

Risk area	Risk definitions*	Methods taken to manage risks	Factors that create opportunities
Sectoral	<p>Adapting to changing customer expectations in the increasingly competitive environment of offline and online retailing</p> <ul style="list-style-type: none"> • Emergence of new types of service as new players enter the market • Obligation to satisfy changing consumer expectations 	<ul style="list-style-type: none"> • Closely track and quickly respond to customers' demands, complaints, and suggestions • Closely track changes in consumer preferences through consumer research • Conduct best-price offer campaigns for Migros-quality products • Gain consumer's trust in terms of product quality & safety by regularly auditing and analyzing quality processes • Deliver service in different store formats and with a variety of product offerings (Product/service mix) • Deliver prompt service in all 81 provinces through online sales channels • Provide product and service operations that are able to address different needs • Maintain a product portfolio that responds to the wishes of all socioeconomic groups <p>Widest range of product groups in the industry</p> <ul style="list-style-type: none"> • Range of sustainable/special-attribute M Life private-label organic product offerings • "Tastes of Anatolia" regional specialties and heritage recipes • All red meat products pass through 220 checkpoints at MIGET before going on sale • Provide personalized balanced-nutrition suggestions through WellBeing Journey program 	<ul style="list-style-type: none"> • Facilitate formation of strategic partnerships by creating a single team of Migros specialists and external entrepreneurs through the Migros Up shared innovation platform • Deliver self-service & needs-compatible solutions by using AI-based applications to anticipate customers' questions through the Migros Interaction Platform • Ability to respond within 48 hours to queries received through call centers, social media channels, and mobile apps • Best-quality & best-price guarantee on more than 1,500 Migros "yellow-tag" products • Multifformat management capable of satisfying regional needs, regulatory requirements, and a wide range of store sizes and product offerings • Online channels capable of delivering a wide range of branded and private-label products to an address anywhere in the country • "Only At Migros" range of product offerings resulting from Migros' collaborating with other brands

Our Risk Management

Risk area	Risk definitions*	Methods taken to manage risks	Factors that create opportunities
Technological	<ul style="list-style-type: none"> • Interruption in the continuity of IT systems used in headquarters, store, and e-commerce operations • Increasingly greater risks and threats posed by technological advances • Existing hardware obsolescence • Disruption of operations due to unexpected issues occurring in applications and systems. • Critical information and personal data security endangerment • Cyber-attacks • Transfer of company-owned intellectual properties • Failure to backup critical personnel, staff shortages 	<ul style="list-style-type: none"> • Management process optimization to ensure security standards • Make company network access policy more stringent • Ringfence harmful system access with network segmentation etc. • Provide training to measure and increase awareness of employees working on information security, privacy, and KVKK issues and keep their knowledge and skills up-to-date • Regular checks and tests for effective monitoring of information security risk assessments and prevention of system security vulnerabilities • Robustify store network data line, payment system, and critical system continuity • Regular monitoring of version and security updates for critical hardware and regular tracking of certificates that provide secure access; lifecycle-based renewal of infrastructure systems • Impact analysis and resource (including external) tracking for all employee positions 	<p>Backup server systems and data in the data recovery center (DRC)</p> <ul style="list-style-type: none"> • Maintain a control system that regularly measures network and system infrastructure capacity • Include and enforce privacy and penalty clauses in all IT service provider contracts • Be audited for compliance with Payment Card Industry Data Security Standard rules; comply with PCI rules in all payment processes and operations • Definition and implementation of Data Loss Prevention (DLP) processes • Possess an R&D center; integrate R&D center knowledge & experience into development of IT systems and practices

Risk area	Risk definitions*	Methods taken to manage risks	Factors that create opportunities
Compliance, Policies & Regulatory Framework	<ul style="list-style-type: none"> • Financial and commercial impact of legal and regulatory framework changes • Prohibition/restriction of specific brand, category, or product sales • Rules governing/restrictions on shelf/aisle arrangements; brands, categories, displays; marketing communications • Rules governing/restrictions on store locations and opening hours • Rules governing/restrictions on new store openings • Sanctions, penalties, company reputation & customer confidence impairment due to Personal Data Protection Act and Protection of Competition Act contraventions 	<ul style="list-style-type: none"> • Closely follow changes in legal and regulatory frameworks and comply with them immediately • As a member of industry umbrella organizations and professional associations, collaborate with and express views to government authorities concerning changes in the legal and regulatory frameworks • Have product-safety, ESG, Personal Data Protection Act, and Protection of Competition Act processes and operations audited for legal and regulatory compliance at regular intervals • Deliver service in different store formats and with a variety of product offerings • Deliver service in all 81 provinces through online sales channels • Regularly audit suppliers during the course of business relationships for compliance with Migros Responsible Supplier Policy and with laws, regulations, and administrative provisions • Ensure validity of all existing TS EN ISO certifications 	<ul style="list-style-type: none"> • As a member of the Consumer Goods Forum, closely follow regulatory changes in the international arena and develop internal processes so as be ready to accommodate them if and when they are introduced in Türkiye • Promote “Migros Approved Supplier” certification as a way for suppliers to demonstrate to others that they comply with Migros’ food-safety and ESG policies • Multifformat management capable of satisfying regional needs, regulatory requirements, and a wide range of store sizes and product offerings • Online channels that are capable of delivering a wide range of branded and private-label products to an address anywhere in the country

* Shows risks whose impact and probability are significant or more than significant.

Business Ethics and Compliance with Corporate Policies and Laws

GRI 2-27, GRI 3-1, GRI 3-2, GRI 3-3, GRI 205-1, GRI 406-1

Business Ethics, Anti-Bribery and Anti-Corrupt

We view combating bribery and corruption as a critical part of our risk management approach, and we take a risk-based approach to the matter. We conduct comprehensive audits and assessments of risks and their potential impact with an understanding and approaches that encompass the entire company and all of its operations.

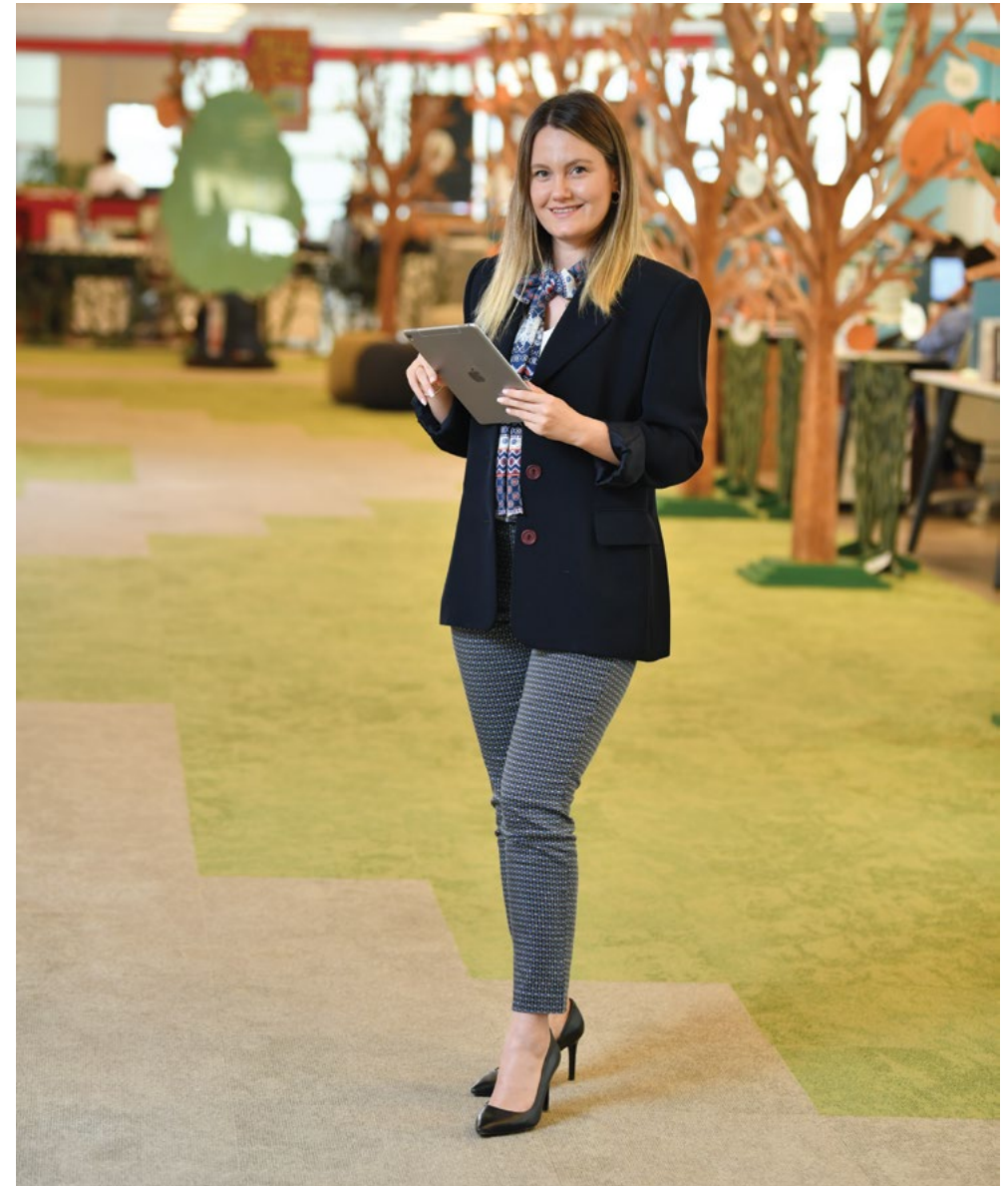
The Migros Board of Directors is fully committed to strictly implementing the **Migros Code of Ethics** and **Anti-bribery & Anti-corruption Policy**, which are aligned with our company's ethical approach and principles and outline all essential actions, responsibilities, and sanctions related to any charges or suspicions of bribery and corruption. The Migros Code of Ethics and Anti-corruption Policy are both consistent with the membership requirements and ethical guidelines of the Ethics & Reputation Society (TEİD), an NGO of which Migros is a member. As a member of TEİD, Migros benefits from the association's knowledge, consultancy, and training resources on matters pertaining to business ethics, anti-corruption, misconduct, and third-party risks. Our company was not the target of any legal action related to bribery or corruption in 2022.

In 2022, we were honored for the **eighth time** as one of “**Türkiye's Most Ethical Companies**” at the ETİKA Türkiye Ethics Awards. The Ethics Values Center (EDMER), an association that focuses on creating ethical awareness and fostering ethics vision in Türkiye, presents these awards annually. The association conducts surveys that rate organizations on a checklist of 80 key ethical behavior, business conduct, reputation management, corporate governance, CSR, compliance management, leadership, and creativity issues.

Compliance with Corporate Policies and Codes of Conduct

We review our **Human Resources**, **Human Rights & Equality of Opportunity**, **Migros Code of Ethics**, **Anti-bribery & Anti-corruption**, and **Responsible Sourcing policies** annually and update them as needed. We share our policies, which were most recently updated in 2022, with our employees via email, with our suppliers and contractors through our MeCom B2B platform, and with the public on our corporate website. We provide transparency and detailed explanations of all of our corporate policies and Migros Code of Ethics through our comprehensive guidebook called the “**Migros Orange Book**”, which is specifically intended for our employees and which is accessible to all employees through the Migros corporate intranet.

To ensure that everyone understands and embraces these policies, we provide online training resources that explain the specifics of these policies and their implications. All existing employees are required to complete this training; newly-hired personnel receive it during their first month of employment. All employees who complete this training must take a test to assess their knowledge of the material. Those who do not pass the test must repeat the course. As of 2022, **33,861**



Business Ethics and Compliance with Corporate Policies and Laws

employees had completed Migros Corporate Policy training. We also provide the same training to 1,521 Migros suppliers who actively use our **MeCom B2B platform**.

The Industrial Relations Department reviews and assesses potential violations of Migros' ethical guidelines and anti-corruption policy by employees. The department then reports its conclusions and recommendations to senior management. If a union member is accused of violating Migros' rules, the Migros Disciplinary Committee convenes, invites union representatives to the hearing, and takes disciplinary action as specified in the union's collective bargaining agreement.

Employees can report suspected violations of ethical guidelines, particularly bribery and corruption, to a dedicated email address (etikkurul@migros.com.tr) or through the **Migros Shareline**, which is an internal reporting system accessible to all employees. In addition, all senior management' and function managers' contact information is available on our corporate website, in line with Migros' open-door policy. This policy allows all stakeholders to report potential violations of the company's ethical guidelines to Migros executives anonymously. Our customers, suppliers, and other stakeholders can communicate their complaints on all ethical issues through the Customer Communication Center, line 0850 200 40 00 or the e-mail, address etik@migros.com.tr. We have an **"Ethics Reporting and Tracking"** system in place to collect and evaluate reports of non-compliance with our corporate policies and ethical guidelines. Reports can be submitted through various channels such as the Migros call center, email addresses, or mobile app. This system allows us to centralize the information and systematically track all action that is taken.

Ethical infractions are typically addressed within six business days of being reported. The Internal Audit Department investigates all formal complaints and any matters deemed necessary, in accordance with the Migros Code of Ethics.

Employees cannot be held responsible for any losses suffered by the company due to their compliance with Migros' ethical guidelines or by their refusal to violate them. Employees cannot be subjected to any material, financial, or other penalties on account of such behavior. Migros also pledges not to retaliate against any employee who reports instances of misconduct, malfeasance, or embezzlement committed by another employee.

In 2022, we received 571 reports on ethical issues through all official communication channels. Of these, 146 were from employees and 44 were submitted by anonymous whistleblowers. The Migros Disciplinary Committee reviewed all reports. Based on the committee's findings, the work contracts of 382 employees were terminated. The Migros Ethics Committee investigated one reported allegation of a violation of the company's anti-bribery and anti-corruption policy. The investigation found that the allegation was untrue. No employee has been terminated for not following Covid-19 pandemic guidelines.

GRI 202-1, GRI 2-5, GRI 3-1, GRI 3-2, GRI 3-3, GRI 406-1, GRI 408-1, GRI 409-1, GRI 410-1



Business Ethics and Compliance with Corporate Policies and Laws

GRI 2-5, GRI 207, GRI 3-1, GRI 3-2, GRI 3-3, GRI 406-1, GRI 408-1, GRI 409-1, GRI 410-1

Compliance with Human Rights Policies

As part of our company's risk assessment process, we conduct audits and evaluations of all activities to identify and mitigate human rights risks that could impact the company. We conduct all our operations in accordance with **United Nations Business and Human Rights Principles** and the **ILO Declaration on Fundamental Principles and Rights at Work**, as well as with **Migros' own Human Rights and Equality of Opportunity Policies**. Migros is committed to upholding these principles and standards, even if doing so poses risks or could have negative consequences for the company. We are committed to achieving 100% compliance with Migros' human rights and equality of opportunity policies in all aspects of our operations and across our entire value chain. We evaluate all suggestions and feedback we receive from our employees through our annual **Employee Loyalty and Satisfaction Survey** and take action to improve policy effectiveness and compliance.

The Chief Human Resources Officer of Migros is responsible for the overall management of the company's human resources and industrial relations functions in accordance with **Migros' Human Resources Policy**. Human resources, human rights, and equality of opportunity policy compliance within the company is monitored by the Migros Internal Audit Department, which reports its findings to senior management. All reported instances of non-compliance are investigated on a case-by-case basis. The Anadolu Group Department of Auditing and/or external auditors may also investigate policy violations as circumstances warrant.

No violations of human rights or the use of underage or involuntary workers were identified or reported in any of our operations in 2022.

We manage all of our human resources processes, from recruitment and placement to compensation, in accordance with job profiles that we have defined in detail in our anti-discrimination policy. We recruit and hire people solely on the basis of their competencies, without regard for culture, age, gender, ethnicity, or any disability that does not hinder job performance. Every employee is entitled to the same benefits and opportunities, regardless of their gender. All newly-hired entry-level personnel receive the same pay and benefits. We apply our human resources evaluation system within the framework of the principle of equal opportunity for everyone. We track and measure every employee's competencies, abilities, and performance according to exactly the same criteria. No instances of workplace discrimination were identified or reported in any of our operations in 2022. Detailed information about Migros' social gender equality policies and practices is provided in the **"Gender & Opportunity Equality"** section of this report.

Since 2019, we have been providing online training to our employees on the basic human rights defined in the **Universal Declaration of Human Rights (UDHR)**. A total of **29,823 employees have attended 7,850 hours** of UDHR training since the program's inception. In 2022, 3,392 employees completed UDHR training.

A **28%** increase in UDHR knowledge was determined based on a survey of pre-test and post-test training effectiveness results. The four-part training course uses interactive, gamified resources to teach UDHR principles and Migros human rights practices. To date, **70.2%** of the security personnel of our company's security services provider have completed online training on Migros' human rights policies and practices. In 2022, a total of **522** service-provider employees completed the training.

UDHR and Migros Human Rights Policy training covers a wide range of topics, including discrimination, underaged labor, forced and compulsory labor, workplace and workforce diversity, product & service information and labeling requirements, equal pay for equal work principle, and parental leave. An independent audit firm verified these statements in our report regarding the training received by employees and security personnel trained on human rights and about workplace injuries and OHS systems, services, and practices were in compliance with the **ISAE 3000 (Revised)** standard.

Statement of Independent Assurance in Human Rights and Supply Chain (Selected Criteria) may be found in the **"Annexes"** section of this report.

Tax Approach & Management

Migros aims to fulfill all tax and other legal obligations fully and on time and to set an example for others in this regard. Migros and its subsidiaries adhere to the principles of full compliance with tax laws and regulations and of complete transparency in all dealings with tax authorities. Our stakeholders' interests are taken into account when determining our tax management approach and when fulfilling external disclosure obligations. Tax-related incentives and other benefits are claimed only if doing so is legal and only for tax planning and management purposes.

The Migros CFO is also responsible for the company's tax governance. The company's heads of tax and general accounting, who both report directly to that executive, are responsible for compliance with tax laws and regulations. All of the company's tax declarations and filings are controlled by Anadolu Holding's tax coordinator and are verified by an independent chartered accountant.

Detailed information about Migros' tax approach and management processes is provided in the **"Tax Assets & Liabilities"** section of the Independent Auditor's Report.

Communication with Our Stakeholders

GRI 2-29

We tailor our engagement with stakeholders to their specific needs using a variety of channels, methods, and timeframes. The Migros Sustainability Committee conducts a prioritization workshop to identify the company's priority stakeholders. Based on the experiences and observations of representatives within the company, the following stakeholders were identified: community and customers, employees, shareholders and investors, supply chain, government agencies & organizations, and industry organizations. We take feedback from our stakeholders seriously and we use it to inform our business processes and decisions.

STAKEHOLDERS	COMMUNICATION CHANNEL	COMMUNICATION METHOD & FREQUENCY
Society & Customers	Migros Call Center & WhatsApp channel	Communication with 4.5 million people annually / Average 12,000 calls/day answered
	Social media	Real-time monitoring and response / 12,132,245 social media messages/year analyzed
	Consumer surveys	Monthly-conducted consumer & trend research and surveys / 76,865 people /year
Employees	Internal communication	Realtime intranet messaging
		Quarterly-published Turuncu in-house magazine : Latest company news & developments, vision & goals
		Annual Panoramik in-house magazine : Migros human resources strategies & practices
		National and regional senior management & employee internal communication meetings
		Work-related and personal experience sharing through the Migros Social platform
Shareholders	Migros Employee Loyalty & Satisfaction Survey	Once a year
	Migros Shareline	42,744 employee queries were responded to through the Migros Shareline and company intranet; all responses were delivered within 48 hours.
	Annual general meetings	Once the company's financial results for the year have been made public, a general assembly of shareholders is held. The meetings minutes, agenda, and other relevant documents are published on the company's website.
	Public Disclosure Platform announcements	Financial statements are published quarterly; material event disclosures are published as needed.
	Corporate governance principles compliance report	Once a year
	www.migroskurumsal.com website	The corporate website provides detailed information that is updated daily.
Supply chain	Annual report	Quarterly and annual announcements of the company's operational & financial results on its corporate website and at KAP
	Migros Business Partners Summit	Every year
	MeCom/MeMobil B2B applications	Updated daily
	Supplier meetings (GAP practices etc)	As needed

Communication with Our Stakeholders

STAKEHOLDERS	COMMUNICATION CHANNEL	COMMUNICATION METHOD & FREQUENCY
Government agencies & organizations	Meeting attendances, requests for opinions	In line with municipal, parliamentary & ministerial requests; official position statements made to industry & professional bodies (GPD, TAMPF, TÜSIAD, TOBB Retailing Assembly, TOBB E-Commerce Assembly etc)
	Audits	Monthly/Annually
	Communications with municipalities and ministries	Monitoring and reporting changes in the regulatory & legal framework; holding discussions with government agencies (Ministry of Trade, Ministry of Agriculture & Forestry, Ministry of Environment, Urbanization & Climate Change, Ministry of Family & Social Services, Ministry of Industry & Technology, Ministry of Treasury & Finance, and Department of Revenue Administration) & taking action as needed
Sectoral Organizations	Permission & license applications	As required by new business lines, stores, distribution centers etc
	Meetings & opinion requests	CGF, LEAD Network EU, GPD, TAMPF, TÜSIAD, TOBB retailing & e-commerce assemblies
		Quarterly meetings with Migros Board of Directors
		Monthly meetings with management committees & working groups
		Periodic target-fulfillment progress reports
		Operational changes and projects in line with jointly-taken decisions
		Lead sectoral-wide transformations

Memberships, Collaborations & Initiatives

GRI 2-28

Stakeholders	Project name	Project role
Consumer Goods Forum (CGF)	Board Member	Member / Active participant
	Food Waste Coalition	Member / Active participant
	<ul style="list-style-type: none"> Food Waste Reduction WRI 10x20x30 Initiative Post-Harvest Food Loss Prevention Working Group 	
	Product Data Coalition	Member / Active participant
	<ul style="list-style-type: none"> Global Dataset Creation Sector-Wide Transformation of Data Digitalization & Standardization 	
	Collaboration For Healthier Lives Coalition	Member / Active participant
	<ul style="list-style-type: none"> Healthier & More Sustainable Diets Working Group Migros Wellbeing Journey Project Employee Health & Wellbeing Working Group 	
Food Retailers Association (GPD)	Vice President	Member / Active participant
Turkish Federation of Shopping Centers & Retailers (TAMP)	Board Member	Member / Active participant
World Resources Initiative (WRI)	10x20x30 Initiative	Project implementer
Fazla	Respecting Food Project	Project leader
	Surprise Box Project	
	Black Soldier Fly Project	
HAYTAP Animal Rights Federation	Fresh Leftovers For Our Four-Legged Friends Project	Project leader
Chamber of Agricultural Engineers	Stakeholder Relations	Member
Sustainability Academy	SDG Map Content Provider	Member
Sustainable Food Platform	Sustainable Agriculture & Supply/Procurement Information Provider	Member / Active participant
The Association of Turkish Milk, Meat, Food Industrialists and Manufacturers (SETBİR)	Stakeholder Relations	Member
The Association of Non-Household Consumption Suppliers (ETÜDER)	Stakeholder Relations	Member
	Migros Toptan (Wholesale): Trusted Supplier Certificate	

Memberships, Collaborations & Initiatives

Stakeholders	Project name	Project role
Turkish Food Safety Association (GGD)	“Growing Healthy with Migros” Guide Food Loss & Label-Reading Survey Regulatory Framework Consultant Preparation of “Covid-19 Pandemic Control & Hygiene” Guides Migros Toptan (Wholesale): Trusted Supplier Certificate	Member / Active participant
GS1 Global	Board member	Member / Active participant Project implementer
GS1 Türkiye Foundation Economic Enterprise	Board Member Global Dataset Creation Sector-Wide Transformation of Data Digitalization & Standardization	Member / Active participant Project implementer
Turkish Marine Environment Protection Association (TURMEPA)	Cleaning Up The Sea Project	Member / Active participant Project implementer
Deha Biyodizel A.Ş.	Used Cooking Oil Collection Project	Project implementer
Turkish Industry & Business Association (TÜSİAD)	Business World Plastic Initiative Working Groups Participant	Member / Active participant
Ethics & Reputation Society (TEİD)	Working Groups Participant Training Support Migros Code of Ethics and Migros Anti-Bribery & Anti-Corruption Policy Consultancy	Member
Corporate Governance Association of Türkiye (TKYD)	Stakeholder Relations	Member / Active participant
Institute of Internal Auditing - Türkiye (TİDE)	Ethical, Corporate Policy, and Legal Compliance	Member
Turkish Informatics Foundation Economic Enterprise (TBV)	Digital Innovation & Access	Member
The Blockchain Türkiye Platform (BCTR)	Digital Innovation & Access	Member
LEAD Network EU	Participant in Gender Equality Projects CEO-level Signatory Advisory Board Member	Member / Active participant
LEAD Network Türkiye	Founding Member, Association President	Member / Active participant
Women on Board Association Türkiye (YKKD)	Contributing Mentor	Member / Active participant
Women in Technology Association (WTECH)	Stakeholder Relations	Member
Women Entrepreneurs Association of Türkiye (KAGİDER)	Development & Acceleration of Women Entrepreneurs in Agriculture Program	Member / Active participant
People Management Association of Türkiye (PERYÖN)	HR Process Information Sharing & Congress Participant	Member / Active participant
Employee Training & Development Platform Association (TEGEP)	Employee Training & Development Process Information Sharing	Member

Memberships, Collaborations & Initiatives

Stakeholders	Project name	Project role
Corporate Communicators Association (KİD)	Stakeholder Relations	Member
Turkish Quality Association (KalDer)	Quality Management Process Information Sharing Inclusivity & Gender Equality Task Force Committee	Member / Active participant
The Union of Chambers and Commodity Exchanges of Türkiye (TOBB)	Stakeholder Relations TOBB Retailing Assembly member	Member
Turkish Investor Relations Society (TÜYİD)	Investor Relations Process Information Sharing	Member
Central Registry Agency (MKK)	Stakeholder Relations	Member
İstanbul Chamber of Commerce	Stakeholder Relations	Member
UN Food & Agriculture Organization (FAO)	“Save Your Food” Project “Growing Healthy with Migros” Cartoon	Project implementer
Community Volunteers Foundation (TOG)	Ariel “Clothing Donation” Campaign	Project implementer
Mother Child Education Foundation (AÇEV)	“With a Box Full of Future with Play-Doh” Campaign	Project implementer
Spinal Cord Paralytics Association of Türkiye (TOFD)	Plastic Caps Collection Project	Project implementer
District Public Education Centers	Migros Family Club	Project implementer
Aegean Forest Foundation	Reforestation Projects Financed with 10% Foundation Product Sales Proceeds Aegean Region Sapling Donations	Project implementer
Books for All Foundation	Book Donation Project	Project implementer
Global Compact	Signatory	Member



CORPORATE **GOVERNANCE**

Board of Directors Report

Corporate Governance Principles Compliance Report

Corporate Governance Compliance Report

Corporate Governance Information Form

Sustainability Principles Compliance Report

Convenience Translation into English of

Independent Auditor's Report on the Management's Annual Report

Consolidated Financial Statements Originally Issued in Turkish

To the General Assembly of Migros Ticaret A.Ş.

1. Opinion

We have audited the annual report of Migros Ticaret A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") for the 1 January - 31 December 2022 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Group's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set consolidated financial statements and with the information obtained in the course of independent audit.

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 28 February 2023 on the full set consolidated financial statements for the 1 January - 31 December 2022 period.

4. Board of Director's Responsibility for the Annual Report

Group management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- b) to prepare the annual report to reflect the Group's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Group may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- c) to include the matters below in the annual report:
 - events of particular importance that occurred in the Company after the operating year,
 - the Group's research and development activities,
 - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

Independent Auditor's Report on the Management's Annual Report

5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements of the Group and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements and with the information obtained in the course of audit.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.



Burak Özpoyraz, SMMM
Partner

Istanbul, 13 March 2023

Board of Directors Report

Members of the Board of Directors

Members of the Board of Directors	
Tuncay Özilhan	Chairman
Kamilhan Süleyman Yazıcı	Vice-Chairman
Tuğban İzzet Aksoy	Member
Mehmet Hurşit Zorlu	Member
Esel Yıldız Çekin	Member
Rasih Engin Akçakoca	Member
Recep Yılmaz Argüden	Member
Ömer Özgür Tort	Member and CEO
Hüseyin Faik Açıkalın	Independent Member
Şevki Acuner	Independent Member
Emre Ekmekçi	Independent Member
Barış Tan	Independent Member

Board of Directors

At the Company's annual general assembly meeting on 21 April 2022, Tuncay Özilhan, Kamilhan Süleyman Yazıcı, Tuğban İzzet 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 Hüseyin Faik Açıkalın, Şevki Acuner, Emre Ekmekçi and Barış Tan were elected to serve as independent board members for one year until the general assembly meeting during which the Company's 2022 accounts will be discussed.

According to the Board of Directors decision passed on 22 April 2022, 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) Ekmel Nuri Baydur (CMO) and Ferit Cem Doğan (CFO), and Assistant General Managers Hakan Şevki Tuncer (Chief Expansion, Property and Construction Officer), Bülent Kuntay (Chief Supply Chain & Logistics Officer), Kerim Tatlıcı (Chief Information Officer) and Olcay Yılmaz Nomak (CHRO).

* Assistant General Manager for Construction Tarık Karlıdağ retired on 31 December 2022. As of 1 January 2023, all units previously under Mr Karlıdağ's responsibility were transferred to Assistant General Manager for Investments & Development Hakan Şevki Tuncer as an addition to all of his existing responsibilities.

Independent Auditing

At a meeting of the Board of Directors on 28 March 2022, 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 PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. to be the Company's independent auditor for 2022 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 21 April 2022.

Board of Directors Report

Articles of Association Amendment

In a material event disclosure published on 2 February 2022, the company announced that as the five-year (2018-2022) validity of its existing TL 500,000,000 authorized capital was set to expire on 31 December 2022, a decision had been taken (1) to retain the TL 500,000,000 ceiling and extend its five-year validity to cover the years 2022-2026 and (2) that the text of article 7 ("Capital") of the company's articles of association should be amended accordingly.

In a material event disclosure published on 8 March 2022, the company announced that a decision had been taken to amend the text of article 3 ("Object and scope") of the company's articles of association.

Having been duly approved both by the Capital Markets Board and by the Ministry of Trade, these amendments were presented to shareholders at the 21 April 2022 ordinary general meeting and approved by them. The changes were registered on 29 April 2022 and announced in the 10570 issue of Türkiye Ticaret Sicili Gazetesi on 29 April 2022.

A complete text of the company's current articles of association is available under the Investor Relations tab on the www.migroskurumsal.com corporate website and also on the Public Disclosure Platform.

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.

Shareholder Structure

As of 31 December 2022, the capital structure of the Company 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
Other	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 2022

Migros Ticaret A.Ş. operates in the food retailing 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 Türkiye and in other countries through its foreign subsidiary in Kazakhstan.

For Migros 2022 has been a year in which both investments in online operations and investments in physical stores continued. In 2022, new openings by Migros consisted of 220 Migros (195 M, 22 MM, and 3 MMM), 127 Migros Jet, 11 Macrocenter, 8 Macro kiosks and one Wholesale store in Türkiye. Thus, a total of 367 new store investments went into service in 2022.

As of end-2022, the Company reached 2,908 stores consisting of 1,046 M, 458 MM, 155 MMM, 1,037 Migros Jet, 87 Macrocenter, 43 Macro kiosks, 56 hypermarkets and 26 Wholesale stores located in all 81 cities of Türkiye.

Investments in e-Commerce

While 867 stores served online in 81 cities at year-end 2021, this number rose to 956 at year-end 2022.

The service network of Migros Sanal Market surpassed 843 stores in 81 cities during the reporting period, while the service coverage of Migros Hemen reached 377 stores in 81 cities. Macroonline offers online shopping service out of 84 stores in 10 cities, whereas Tazedirekt offers service in five cities.

Furthermore, the reach of the privileged service understanding of Migros was expanded on the back of collaborations established with online marketplaces providing the customers with easy order and fast delivery opportunity in numerous products.

In 2022, sales of online operations and gross merchandise volume (GMV) increased by 114% and 103% year-on-year, respectively.

New Stores & Acquisitions

In addition to pursuing organic growth through new store openings, Migros acquired the leases, tenancy rights, and fixed assets of 25 stores in Trabzon and Giresun, and 6 stores in İstanbul, with the approval of the Competition Authority.

Board of Directors Report

Developments in Subsidiaries & Affiliates

The company owns the following subsidiaries.

Company	Country	Geographical region	Principal business activity	Shareholding 2022 (%)	Shareholding 2021 (%)
Ramstore Kazakhstan LLC	Kazakhstan	Kazakhstan	Shopping mall operator	100.0	100.0
Dijital Platform Gıda Hizmetleri A.Ş.	Türkiye	Türkiye	Online food retailing	93.0	100.0
MoneyPay Ödeme ve Elektronik Para Hizmetleri A.Ş.	Türkiye	Türkiye	Payment and electronic money services	80.0	80.0
Paket Lojistik ve Teknoloji A.Ş.	Türkiye	Türkiye	Logistical services	75.0	25.0
Mimeda Medya Platform A.Ş.	Türkiye	Türkiye	Retail media	100.0	100.0
Migen Enerji ve Elektrikli Araç Şarj Hizmetleri A.Ş.	Türkiye	Türkiye	Electric vehicle charging services	100.0	--

Establishment of Migen Enerji ve Elektrikli Araç Şarj Hizmetleri A.Ş.

In a material event disclosure published on 4 October 2022, the company announced (1) that a decision had been taken to set up a new joint-stock company to install recharging units and stations at the company's operational locations, to operate recharging networks and stations, and to provide recharging services; (2) that the company intended to apply to the Energy Market Regulatory Authority to obtain an EV recharging network operator license; (3) that the new company would be a wholly-owned Migros Ticaret A.Ş. subsidiary with a startup cash capitalization of TL 4,500,000.

The company was established as Migen Enerji ve Elektrikli Araç Şarj Hizmetleri A.Ş. (Migen Energy) and was registered with the İstanbul trade registry on 21 October 2022.

Migen Energy's application for an EV recharging network operator license was approved by EMRA and the license has been received.

Dijital Platform Gıda Hizmetleri A.Ş.

In a material event disclosure published on 9 December 2022, the company announced (1) that it had sold a 7% stake in its wholly-owned subsidiary Dijital Platform Gıda Hizmetleri A.Ş. (Migros One) consisting of shares with a nominal value of TL 700,000 against a payment of TL 2,100,000 to Migros One; (2) that ownership of these shares is to be transferred, at the same value, to managers participating in Migros One's executive incentivization program.

Launch of Migros Yemek online food ordering service

In June 2022, Migros One set up and added the Migros Yemek online food ordering service to its existing portfolio of Migros Sanal Market, Migros Hemen, Migros Ekstra, Macroonline, and Tazedirekt online delivery and software management services.

Migros Yemek has begun offering a diverse array of affordable and healthy meal options through an extensive network of participating restaurants. The online food delivery platform plans to expand its service network in the future. As of end-2022, Migros Yemek was providing services in 17 cities and it anticipates further expanding its geographical coverage in 2023.

Increased stake in Paket Lojistik ve Teknoloji A.Ş.

Against payment of TL 104,499,845, our company acquired 279,718 shares with a nominal value of TL 279,718 from other shareholders in the firm of Paket Lojistik ve Teknoloji A.Ş. (Paket Lojistik). The acquisition, which took effect on 1 April 2022, increased Migros' stake in Paket Lojistik from 25% to 75%.

Mion cosmetics stores

Migros is expanding its ecosystem by launching new business channels and subsidiaries to support its core business, create long-term growth, and enhance customer value. In January 2023, the company launched its cosmetics retail format, Mion, with four stores in İstanbul. Mion also plans to expand its service network by opening new stores in 2023 and integrating its website into the Migros One app in order to begin offering online shopping and delivery services as well.

Board of Directors Report

Strong Cash Flow Generation

In 2021 Migros completed the multi-year process of extinguishing the EUR-denominated debt that had existed on its balance sheet for so long. The strong cash flow generated in 2022 covered all prior-year losses, resulting in a much more robust balance sheet and steadily growing net equity.

Issuance of Corporate Bonds

The Company has floating-rate debt instruments (corporate bonds) that it has issued through sales to qualified investors in Türkiye.

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	19.07.2018	16.07.2020	728	8	8/8
TRSMGTI72110	75,000,000	19.07.2018	14.07.2021	1,091	12	12/12
TRSMGTIE2015	46,000,000	24.10.2018	21.10.2020	728	8	8/8
TRSMGTI22115	200,000,000	27.02.2019	24.02.2021	728	8	8/8
TRSMGTIA2118	200,000,000	23.12.2019	20.12.2021	728	8	8/8
TRSMGTI62228	150,000,000	10.06.2020	08.06.2022	728	8	8/8
TRSMGTI62210	100,000,000	10.06.2020	08.06.2022	728	8	8/8
TRSMGTI62319	300,000,000	25.06.2021	23.06.2023	728	8	6/8

* As of 28 February 2023

Total amount of corporate bonds issued by the Company to date added up to TL 1,146 million. The bonds issued in 2018, 2019 and 2020 were redeemed together with the principal payments.

Credit Ratings

On 30 June 2022, JCR Eurasia Rating (JCR-ER) announced that it had upgraded Migros' long-term national credit rating from "AA+ (tr)" to "AAA (tr)", the highest national rating that the agency assigns to any company. JCR-ER also assigned Migros "J1+ (tr)" short-term national, "BB" long-term international, and "J3" short-term international credit ratings. All four ratings have a "Stable" outlook.

International credit rating agency Fitch Ratings assigned Migros a long-term national credit rating of "AAA (tur)" with a "Stable" outlook. This is the highest national rating that the agency assigns.

Competition Authority Investigation - 2021

In our Company's public disclosure on 20 October 2021, it was stated that, with regard to the Turkish Competition Authority's investigation on pricing behaviors of supermarket chains and their manufacturer and wholesaler suppliers operating in the sectors of food retail and cleaning materials during the COVID-19 pandemic, our Company would attend the oral hearing on 27 October 2021 in order to defend itself against all claims brought by the Competition Authority.

The announcement published on the Competition Authority's official website and the final decision notification declared to our Company, in summary, stated that the Competition Board's decision dated 28 October 2021 numbered 21-53/747-360 resolved that;

- our Company and some other entities violated Article 4 of the Law no. 4054 on the Protection of Competition ("the Law"),
- thus, it was decided to impose on our Company a monetary fine of TL 517,672,762.75, corresponding to 1.8% of our Company's annual gross revenue accrued in 2020 fiscal year and established by the Competition Board, as per the third paragraph of Article 16 of the Law and Articles 5(1)(a), 5(2), 5(3)(a) and 7(1) of the Regulation on Fines to Apply in cases of Agreements, Concerted Practices and Decisions Limiting Competition, and Abuse of Dominant Position.

The decision could be challenged before the Ankara Administrative Courts within 60 days upon service of the reasoned decision.

Board of Directors Report

In our Company's public disclosure dated 17 January 2022, it was stated that the Competition Authority's reasoned decision was served on our Company and that our Company would pay the aforementioned monetary fine within 30 days benefiting from the 25% early payment discount and would therefore pay TL 388,254,572.06, without prejudice to our rights of objection and litigation. The said amount was paid by our Company, and a provision has been set aside in the Company's 2021 financial statements for the administrative fine in question.

As it previously announced in a material event disclosure, our company strongly rejects the ruling's allegations and filed a motion for a stay of execution and annulment on 25 February 2022. The Seventh Administrative Court of Ankara examined the plea and denied our motion. The court also dismissed our objection to the ruling.

The court's ruling applies only to the stay of execution. Proceedings to have the administrative fine cancelled are still ongoing.

Competition Authority Investigation -2022

The following is a summary of Competition Authority ruling 22-55/863-357 dated 15 December 2022 that was published on the authority's official website and served on our company.

The Competition Authority ruled that a number of suppliers and five retailers, including Migros, violated article 4 of the Competition Protection Act (Statute 4054). The ruling found that the retailers had engaged in anti-competitive behavior and should be fined. However the ruling also held that the retailers had already been fined for the same behavior in a previous decision, so no new fine was imposed. The ruling leaves open the right to appeal the decision in court.

The Competition Board did not impose a fine on our company but we nonetheless intend to file an appeal within the legal deadline to have the ruling upholding the assertion that we violated article 4 of Statute 4045 annulled.

Migros Ticaret A.Ş. has been committed to honesty, reliability, and compliance with laws and regulations for 68 years. We are dedicated to providing our customers with the highest quality products and services at the most competitive prices and we will continue to do so without interruption.

Financial Performance

Migros delivered a strong operational performance in 2022, meeting all of the consolidated sales growth, new store opening, and investment expenditure targets that it had set for the year.

Migros' consolidated sales increased by 105% in 2022, topping TL 74.5 billion. Online sales accounted for 15.6% of the company's consolidated turnover, excluding tobacco products and alcoholic beverages.

Migros once again generated strong cash flow in 2022, while also keeping operational costs under control. The company's consolidated EBITDA (excluding severance and leave provisions) increased by 106% to TL 5,986 million; its EBITDA margin was around 8.0%.

Migros invested TL 2,262 million in 2022 to expand its online and offline retail operations. The company also began focusing on solar energy projects to reduce its steadily mounting energy costs.

Migros' net profit in 2022 was TL 2,580 million, of which TL 993 million was attributable to a one-off deferred tax credit. Excluding the deferred tax credit, the company's net profit was TL 1,587 million, corresponding to a profit margin of 2.1%. Migros also significantly improved its shareholders' equity increased from TL 536 million to TL 4,090 million.

Migros' net cash position and shareholders' equity improved significantly in 2022. The company's net cash/EBITDA ratio increased from 0.3 in 2021 to 1.1 in 2022 while its shareholders equity increased nearly tenfold, from TL 536 million to TL 4,090 million.

The composition of Migros' total assets has shifted in favor of current assets, which now account for 55% of the total, up from 48% in 2022. Non-current assets on the other hand have decreased making up 45% of the total, down from 52% in 2022.

Migros Ticaret A.Ş.

Corporate Governance Principles Compliance Report

GRI 2-10, GRI 2-16, GRI 411-1

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	+90 216 579 30 00
Customer Care Line	0850 200 4000

For renewal of its corporate governance rating, our Company signed a new agreement covering its second rating period on 15 October 2021 with SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. ("SAHA"), which is authorized to carry out rating in Türkiye in accordance with the CMB's Corporate Governance Principles.

Our Company's Corporate Governance Rating, which was determined as 9.67 (96.69) on 28 December 2021, was affirmed as 9.67 (96.70) by SAHA on 28 December 2022.

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%	98.45
Stakeholders	15%	99.51
Board of Directors	35%	94.88
Average	100%	96.70

Migros' publicly-traded shares were included in the BIST Sustainability Index when that index was launched nine years ago and have remained in it ever since. Migros is also the only food retailer whose shares are included in the BIST Sustainability 25 Index that was launched in 2022.

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 6 May 2022, Hüseyin Faik Açıklalın, 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 Açıklalın 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 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).

Corporate Governance Principles Compliance Report

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.

Our Company is a member of the Investor Relations Association (TÜYİD) and the Corporate Governance Association of Türkiye (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, communiques, 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 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 +90 850 200 4000 Customer Service Line and +90 579 3405. All other channels of communication are also available to shareholders.

Corporate Governance Principles Compliance Report

Member of the Executive Committee (CFO): 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 Hüsametdin Özkök

Email: ahmeto@migros.com.tr

Capital Market Activities Level 3 License No: 209815

Corporate Governance Rating Specialist License No: 702068

The activities of the Company in 2022 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: 75
- Board of Directors resolutions passed: 77
- Domestic and international conferences and roadshows taken part in: 7
- Analysts and fund managers met with during the year: 250+

2.2 Shareholders' Rights to Information Disclosure Informing

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.

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 28 March 2022, it was decided according to the proposal by our Audit Committee that PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. be elected as the independent audit company for the 2022 fiscal year. This decision was 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 2022, 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 "Communiqué 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 6 May 2022, a resolution was passed to reconstitute the Audit Committee as a two-person body whose members are both independent board members and Şevki Acuner and Barış Tan were elected to fill these seats. As also required by Capital Markets Board regulations, Şevki Acuner was designated as the committee's chairman.

Corporate Governance Principles Compliance Report

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 express general assembly agenda items clearly and to include each item under a separate and specific 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. A general meeting information document containing detailed information about agenda items, the CVs of company directors, the Board of Directors' proposal on dividends and their payment schedule (including reasons for not paying a dividend), and other relevant information is published on the Migros corporate website (www.migroskurumsal.com), as well as on the KAP, e-GKS, and e-Şirket portals.

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' 2021 activities and accounts were examined took place on 21 April 2022 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 Şafak Yerli, who had been charged with this duty by İstanbul Trade Directorate letter E-74017874 dated 20 April 2022.

2021 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 11,096,868,177.2 shares out of a possible 18,105,423,300 corresponding to TL 110,968,681.772 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. General meeting decisions involving matters that are subject to mandatory registration were registered with the İstanbul trade registry and announced in issue 10570 of Türkiye Ticaret Sicili Gazetesi on 29 April 2022. Prior to the meeting, no shareholders submitted any proposals for items to be included in the meeting's agenda.

The total amount of charitable donations and aids made during the reporting period have been presented for the information of shareholders at the Company's Annual Ordinary General Assembly Meeting. In 2021, the Company's charitable donations to organizations and campaigns including Turkish Education Foundation, Anadolu Education and Social Assistance Foundation, Koç University, Aegean Forest Foundation, Educational Volunteers Foundation of Türkiye, etc. amounted to TL 725,378.62.

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 2021, which were of the nature mentioned in the said principle.

The decisions passed at the 2021 Ordinary General Assembly Meeting have been carried out.

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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.

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

The company's 2021 consolidated financial statements, which were compliant with Capital Markets Board regulations, showed a net current profit of TL 358,880,830.86. However, there was no distributable profit due to the company's accumulated prior-year losses. Because of this, the Board of Directors submitted a proposal not to pay a 2021 dividend and this proposal was approved by shareholders at the general meeting on 21 April 2022.

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 2022 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
Others	89,046,059	49.18
Migros Ticaret A.Ş.	2,962,116	1.64
Total	181,054,233	100.00

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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
- Investor Relations
- Sustainability
- Media
- Career
- Contact Us

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 "Corporate", "Financial Information", "General Assembly", "Contact Us" and "Frequently Asked Questions". 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 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,

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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 (www.migroskurumsal.com) 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.

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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 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

Migros Human Resources aims to act as a strong business partner that recruits and develops the qualified, customer-oriented and differentiating human capital which will further improve the Company's leading position in the sector, and that helps achieve the goals for the entire organization.

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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 Türkiye and abroad through an employee workforce comprising of individuals coming from many different linguistic, religious and ethnic backgrounds. All human resources-related decisions from recruitment and placement to compensation are governed by job position profiles defined in detail. Through the human resources 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 Resources 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 Chief Human Resources Officer ; 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.

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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.
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.

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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.

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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 2022 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. Esel Yıldız Çekin, a member of the Board of Directors, has been serving on the Migros Board of Directors since 29 April 2020. Consequently, one woman member has been serving on the Company's Board of Directors composed of 12 members.

Board of Directors			
Name	Title	Appointed on	Term
Tuncay Özilhan	Chairman (Non-executive)	21 April 2022	1 Year
Kamilhan Süleyman Yazıcı	Vice Chairman (Non-executive)	21 April 2022	1 Year
Tuğban İzzet Aksoy	Member (Non-executive)	21 April 2022	1 Year
Mehmet Hurşit Zorlu	Member (Non-executive)	21 April 2022	1 Year
Esel Yıldız Çekin	Member (Non-executive)	21 April 2022	1 Year
Rasih Engin Akçakoca	Member (Non-executive)	21 April 2022	1 Year
Recep Yılmaz Argüden	Member (Non-executive)	21 April 2022	1 Year
Ömer Özgür Tort	Member and CEO (Executive)	21 April 2022	1 Year
Hüseyin Faik Açıkalın	Independent Member (Non-executive)	21 April 2022	1 Year
Şevki Acuner	Independent Member (Non-executive)	21 April 2022	1 Year
Emre Ekmekçi	Independent Member (Non-executive)	21 April 2022	1 Year
Bariş Tan	Independent Member (Non-executive)	21 April 2022	1 Year

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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 2020, 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 Türkiye as defined in the Income Tax Law; *

f) That I am possessed of ethical standards and of professional reputations 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.

Hüseyin Faik

Açıkalın

Independent
Member of Board
of Directors

Şevki Acuner

Independent Member
of Board of Directors

Emre Ekmekçi

Independent Member
of Board of Directors

Barış Tan

Independent Member
of Board of Directors

** Valid for members residing in Türkiye.*

Corporate Governance Principles Compliance Report

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 2022 the Migros Board of Directors passed 28 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 2022. 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 2022. 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 2021 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.

Corporate Governance Principles Compliance Report

a. Audit Committee

At a meeting of the Board of Directors held on 6 May 2022, it was decided that the Audit Committee should consist of two independent board members and that Şevki Acuner and Barış Tan were elected to fill these seats. In compliance with CMB regulations, Şevki Acuner was chosen to serve as committee chairman.

Audit Committee			
Şevki Acuner	Committee Chairman	Independent Member	Non-executive
Barış Tan	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.

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)

Corporate Governance Principles Compliance Report

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 6 May 2022, the board decided to elect Hüseyin 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 Hüseyin Faik Açıkalın to head the committee. The Committee meets at least four times a year and is formed of 5 members.

Corporate Governance Committee			
Hüseyin 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)

Corporate Governance Principles Compliance Report

c. Early Detection of Risk Committee

At a meeting of the Board of Directors held on 6 May 2022, it was decided to elect Şevki Acuner, Hüseyin Faik Açıkalın and Tuğban İzzet Aksoy 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, Şevki Acuner was designated as the committee's head.

Early Detection of Risk Committee			
Şevki Acuner	Committee Chairman	Independent Member	Non-executive
Hüseyin Faik Açıkalın	Member	Independent Member	Non-executive
Tuğban İzzet Aksoy	Member	Not an Independent Member	Non-executive

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 2022, TL equivalent of the Company's loan payables is TL 2,640,773 thousand (including TFRS: TL 7,455,290 thousand). The repayment schedule for the nominal principal amount of the Company's financial payables as at 31 December 2022 is presented in detail in the note titled "Borrowings" in the Company's Consolidated Financial Statements and Independent Auditor's Report for the period 1 January – 31 December 2022.

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 2022.

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.

These risk indicators are analyzed and followed up by the related Company units, changes are monitored by the Early Detection of Risk Committee. In periodic meetings, the Early Detection of Risk Committee evaluates whether appropriate actions have been taken.

The Company was being exposed to financial risks in the past as a result of the fluctuations in exchange rates due to its FX borrowings in previous years, which had caused the Company's

Corporate Governance Principles Compliance Report

shareholders' equity to decline. With the purpose of mitigating its balance sheet risk, Migros significantly reduced its Euro indebtedness in 2020; with the prepayment made in April 2021, the Company does not have any outstanding bank debt in foreign currency terms. Hence, the exchange rate risk that arose in previous years in connection with financial debts has been eliminated. The company's equity is getting stronger.

Related information is presented in detail in Note 29 "Exchange Rate Risk and Foreign Currency Position" in the Consolidated Financial Statements and Independent Auditor's Report for the period 1 January – 31 December 2021. On another note, the Company also targets to reduce its interest expenses by reducing its TL indebtedness in the coming periods.

Risk management is implemented by each subsidiary of the Company within the framework of policies approved by their Board of Directors.

The Committee met six times in 2022. 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. Similar risk analysis and audit studies continued in 2022. In addition, the risk analyzes and audit program were reviewed and updated in accordance with the requirements of the COVID-19 pandemic conditions.

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 retailing in the countries in which it is active.

Migros aims for long-term sustainable growth by positioning itself as a multi-format retailer across online and offline channels. It also focuses on new business channels that support its core operations.

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.

Corporate Governance Principles Compliance Report

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 21 April 2022, shareholders voted to pay each independent board member a total annual remuneration of TL 252,000 (net) in monthly installments so as to cover their terms of office, 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 2022	01 January - 31 December 2021
Short-term benefits provided to senior executives	131,555	71,186
Total	131,555	71,186

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 2022, there were no regulatory changes that would significantly affect the Company's operations.

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 2022.

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.

No lawsuits have been filed against the Company or board members on account of any practices contradicting with the legislation.

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.

Corporate Governance Principles Compliance Report

Other

The Company is not a party to any mutual cross-shareholding.

The period of Collective Labor Agreement signed between our company and Tez-Koop. İş Union on 30 March 2020, covering the period of 01 January 2020 - 31 December 2022, has ended. Collective Labor Agreement negotiations for the new period have been started.

Information on Tax Assets and Liabilities is presented in footnote 22 of the independent audit report for the year 2022.

Other matters related to Corporate Governance Principles are as follows:

During 2022, 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,
- 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.

Corporate Governance Principles Compliance Report

b. Material Event Disclosures

During 2022 the Company submitted 75 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 2022, 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.

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 Amount (TL)	Share (%)
Tülay Aksoy	11,917,547.4	6.58
Tuncay Özilhan	11,596,405.3	6.41
AG Anadolu Grubu Holding A.Ş. Other	65,532,105.3	36.19
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 2022 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, CEO, members of the Executive Committee and Assistant General Managers having access to inside information at the Company are named hereinbelow:

Board of Directors	
Tuncay Özilhan	Chairman
Kamilhan Süleyman Yazıcı	Vice-Chairman
Tuğban İzzet Aksoy	Member
Mehmet Hurşit Zorlu	Member
Esel Yıldız Çekin	Member
Rasih Engin Akçakoca	Member
Recep Yılmaz Argüden	Member
Ömer Özgür Tort	Member and CEO
Hüseyin Faik Açıkalın	Independent Member
Şevki Acuner	Independent Member
Emre Ekmekçi	Independent Member
Barış Tan	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	Member of the Executive Committee (Finance) - CFO
Hakan Şevki Tuncer	Assistant General Manager (Investment Development, 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)

* Assistant General Manager for Construction Tarık Karlıdağ retired on 31 December 2022. As of 1 January 2023, all units previously under Mr Karlıdağ's responsibility were transferred to Assistant General Manager for Investments & Development Hakan Şevki Tuncer as an addition to all of his existing responsibilities.

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 PwC 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 for the relevant period, 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 for the relevant period 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.

Corporate Governance Principles Compliance Report

f. BIST Sustainability and BIST Sustainability 25 Indexes of Borsa İstanbul

Migros' publicly-traded shares were included in the BIST Sustainability Index when that index was launched nine years ago and have remained in it ever since. Migros is also the only food retailer whose shares are included in the BIST Sustainability 25 Index that was launched in 2022. The Company's sustainability activities can be reached under the Sustainability tab on the corporate website.

g) 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.

h) 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.

i) Research & Development Activities

R&D costs incurred by the Company during 2022 amounted to TL 141,221 thousand (2020: TL 57,876 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 2022.

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.

j) 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 2022.

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 2022 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					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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					
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 1.410.405,62 in 2022 for the purpose of donation to people in need. The Company made donations to Türkiye Eğitim Gönüllüleri Vakfı, Ege Orman Vakfı, Koç University, Anadolu Eğitim ve Sosyal Yardım Vakfı, Türkiye Kızılay Derneği, etc.
1.3.11 - The General Shareholders’ Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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					
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					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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					
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					

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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					
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					
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					

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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					
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					

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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				<p>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.</p> <p>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.</p> <p>The Board structure is evaluated on yearly basis and the Board of Directors makes planning on this matter. Ms. Esel Yıldız Çekin has been serving as Board member in the Migros Board of Directors since 29.04.2020. Thus, one female member takes part in Migros Board of Directors.</p>
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					

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. The external duties of the board members were presented in the General Assembly Meeting via the General Assembly Information Document.
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.		X				Two independent Board member have duties on two Committees.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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					
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 9 conferences & roadshows, 200+ 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/1014207>

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 / Corporate / Policies / 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/1022812>

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

If yes, specify the relevant provision of the articles of association -

Corporate Governance Information Form

1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy	Investor Relations / Corporate / Policies / 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 21 April 2022, 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 2021 fiscal year considering the fact that there are not any net distributable profit due to the losses from prior years, albeit the Company recorded TL 358,880,830.86 net profit in 2021 consolidated financial statements prepared in accordance with 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/1022812

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 for each 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	The number of declarations received by insiders by the board of directors	The link to the related PDP general shareholder meeting notification
21/04/2022	0	61.3%	0.8%	60.4%	Investor Relations / General Assembly	Investor Relations / General Assembly	Item 14	0	https://www.kap.org.tr/en/Bildirim/1022812

2. DISCLOSURE AND TRANSPARENCY

Corporate Governance Information Form

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, Profit Distribution Policy, Company Disclosure Policy, Frequently Asked Questions” under the Corporate tab, “Financial Results, Annual Reports” under Financial Information tab, General Assembly information under “General Assembly” tab in Investor Relations section and “Migros Code of Ethics” under the Policies tab in About Us section

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

<https://www.migroskurumsal.com/en/investor-relations/corporate#ortaklik-yapisi-ve-istirakler>

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” and Senior Management sections 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”

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 / “5.3 Number, Structure, and Independence of Committees Established within 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

Corporate Governance Principles Compliance Report / Part V - Board of Directors / “5.2 Operating Principles of the Board of Directors”

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

There was not any amendments in the legislation in 2022 which may significantly affect the activities of the corporation.

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” and Independent Auditors’ Report “Provisions, Contingent Assets and Liabilities” note

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

Corporate Governance Principles Compliance Report / Other Issues

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%

No cross ownership

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

Sustainability

Corporate Governance Information Form

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 / Our Policies / Severance Policy
The number of definitive convictions the company was subject to in relation to breach of employee rights	166 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 (0850 200 40 00) 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 / Our Policies / 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 direct 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.
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 / Our Policies / Human Resources Policy ("Search and Selection" part)
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme.

Corporate Governance Information Form

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 / Our Policies / Human Rights and Equal Opportunity Policy

The number of definitive convictions the company is subject to in relation to health and safety measures

2

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 Our Policies 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 Our Policies in About Us tab
(<https://www.migroskurumsal.com/en/about-us/our-policies#rusvet-ve-yolsuzlukla-mucadele-politikasi>)

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

6 reports to the Audit Committee, 60 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

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

The name of the section on the corporate website that demonstrates current diversity policy targeting women directors

The number and ratio of female directors within the Board of Directors

The functions of the CEO and Chairman are not combined

<https://www.kap.org.tr/en/Bildirim/988733>

Information on diversity policy is given at the "Human Resources Policy" under Our Policies in About Us tab on our corporate website.

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 has been serving as member of Migros Board of Directors since 29.04.2020. Thus, one female member takes part in Migros Board of Directors.

Corporate Governance Information Form

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
Tuğban İzzet Aksoy	Non-Executive	Dependent Member	26/05/2021	-	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
Hüseyin Faik Açıkalın	Non-Executive	Independent Member	15/05/2018	https://www.kap.org.tr/en/Bildirim/1014207	Considered	No	Yes
Şevki Acuner	Non-Executive	Independent Member	15/05/2018	https://www.kap.org.tr/en/Bildirim/1014207	Considered	No	Yes
Emre Ekmekçi	Non-Executive	Independent Member	26/05/2021	https://www.kap.org.tr/en/Bildirim/1014207	Considered	No	No
Barış Tan	Non-Executive	Independent Member	21/04/2022	https://www.kap.org.tr/en/Bildirim/1014207	Considered	No	Yes

Corporate Governance Information Form

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical or electronic board meetings in the reporting period	5
Director average attendance rate at board meetings	100%
Whether the board uses an electronic portal to support its work or not	Yes
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 / Corporate / “Migros Ticaret A.S. Articles of Association” and “Corporate Governance Principles Compliance Report”
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/1009780

Composition of Board Committees-I

Names Of The Board Committees	Names Of The Board Committees	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee	-	Şevki Acuner	Yes	Board member
Audit Committee	-	Bariş Tan	No	Board member
Corporate Governance Committee	-	Hüseyin Faik Açıklan	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	-	Şevki Acuner	Yes	Board member
Committee of Early Detection of Risk	-	Hüseyin Faik Açıklan	No	Board member
Committee of Early Detection of Risk	-	Tuğban İzzet Aksoy	No	Board member

Corporate Governance Information Form

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 / Corporate / Policies/ 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 Principles Compliance Framework, which went into effect with its publication by the Capital Markets Board of Türkiye (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 already conforms to the principles and practices set out in the CMB Sustainability Principles Compliance Framework. Hence, the principles, which the framework treats as non-mandatory but for which non-compliance must be explained, are compiled by the Company. Company practices related to the Sustainability Principles Compliance Framework are presented in the “Sustainability” section of the Migros Integrated Annual Report. Furthermore, detailed information is also presented in the reports pertaining to previous years, which are posted under the “Sustainability” tab on the Company’s corporate website (www.migroskurumsal.com).

Sustainability Principles Compliance Report prepared in accordance with the formats defined by the CMB Resolution dated 23 June 2022, numbered 34/977, and approved by the Company's Board of Directors is presented in the Integrated Annual Report and related documents can also be accessed on our Company's page on the Public Disclosure <https://www.kap.org.tr/en/sirket-bilgileri/ozet/1494-migros-ticaret-a-s>



Sustainability Principles Compliance Report

		COMPLIANCE				EXPLANATION	REPORT DETAILS ON PUBLICLY DISCLOSED INFORMATION /LINK
		YES	NO	PARTIAL	N/A		
A. General Principles							
A1. Strategies, Policies and Goals							
A1.1	The Board Of Directors of the corporation has identified which issues, risks and opportunities of environmental, social and corporate (ESG) governance are to be prioritized.	X				As a member of the Board of Directors and the chief executive officer, the Migros CEO holds the highest level of responsibility with respect to sustainability. Appointed by the CEO on behalf of the Board of Directors, the Sustainability Committee manages, implements, monitors and measures the Company’s efforts in sustainability. The Company monitors, takes action and reports on its sustainable growth targets, the improvements in line with the sustainable ecosystem strategy into which such targets were integrated, the key performance indicators for such targets and the roadmap under the framework of the Migros Better Future Plan. Various risk indicators, which have been created in order to foresee the risks that could prevent the realization of the Company’s strategic business goals, monitor the factors acting as the components of such risks, identify and measure the probability and impact of the actualization of such risks, are being monitored.	Migros 2022 Integrated Annual Report, sections on: Our Migros Better Future Plan, Our Sustainability Committee Our Risk and Opportunities.
	The board of directors of the corporation has prepared and disclosed its ESG policies (for instance Environmental Policy, Energy Policy, Human Rights and Employee Policy, etc.) to the public.	X				The policies Migros has implemented within the scope of its sustainability strategy are accessible through the Company’s corporate website.	https://www.migroskurumsal.com/en/about-us/our-policies
A1.2	The short and long term goals identified within the scope of the ESG policies have been disclosed to the public.	X				Our short and medium / long term goals, which have been established in line with ESG policies and categorized under focus areas titled “Better for Our Employees”, “Better for Our Customers and Stakeholders”, “Better for Our World” and “Better for Innovative Transformation” within the umbrella of the Migros Better Future Plan, have been shared in the “Our Goals” section of the Integrated Annual Report.	Migros 2022 Integrated Annual Report, sections on: Our Migros Better Future Plan, Our Goals.

Sustainability Principles Compliance Report

		COMPLIANCE				EXPLANATION	REPORT DETAILS ON PUBLICLY DISCLOSED INFORMATION /LINK
		YES	NO	PARTIAL	N/A		
A2. Implementation/Monitoring							
A2.1	The committees and/or departments responsible for implementing the ESG policies as well as the persons responsible for ESG matters at the highest level in the relevant corporation were disclosed to the public together with a description of their duties.	X				Appointed by the CEO on behalf of the Board of Directors, the Sustainability Committee manages, implements, monitors and measures the Company’s efforts in sustainability. The directors and group managers in all departments of the Company are a part of the Sustainability Committee as natural members. In addition, persons directed by the senior management of departments and who actively work in the field of sustainability also participate in the Sustainability Committee.	Migros 2022 Integrated Annual Report: Our Sustainability Committee section.
	The responsible committee and/or department has submitted at least one report during the year to the board of directors with respect to the activities completed under the scope of the policies.	X				<p>The Sustainability Committee develops strategies on environmental, social and governance issues that can be integrated into the Company’s main strategy. Furthermore, goals encompassing the short and medium / long term approach to the strategies that have been determined are submitted to the Senior Management. The main goals that have been submitted are evaluated in light of the opinions that have been obtained and pledges are made with a Board of Directors’ resolution. Departments are expected to set at least one annual goal with respect to sustainability as well as supporting the referred main goals.</p> <p>The Sustainability Committee and any subcommittees serving under it report on any work, process evaluations and result analyses the Company has conducted with respect to sustainability 4 times a year on a quarterly basis to the CEO and Senior Management. In addition, the Board of Directors reviews any progress made with respect to the goals.</p>	Migros 2022 Integrated Annual Report: Our Sustainability Committee section.
A2.2	Implementation and action plans have been prepared in line with the ESG goals and disclosed to the public.	X				The annual activity and performance within the framework of the priorities and points of focus indicated in the Migros Better Future Plan, which is the Company’s sustainability strategy and roadmap, the risk and opportunities as evaluated in terms of all processes, corporate governance approach, business environment strengthened by adapting to the necessities of the age and new technologies have been shared in the Migros Integrated Annual Report.	Migros 2022 Integrated Annual Report, sections on: Our Migros Better Future Plan, Better for Our Employees, Better for Our Customers and Stakeholders, Better for Innovative Transformation, Better for Our World, Our Responsible and Transparent Governance Approach.
A2.3	The ESG Key Performance Indicators (KPI) have been disclosed to the public together with the levels of achieving such indicators on a yearly basis.	X				The Company is sharing the goals set within the framework of the Migros Better Future Plan and the details of its annual performance in the whole of the Integrated Annual Report. The section titled “Our Goals” also includes goals on issues such as carbon emissions, water consumption, plastic consumption, food loss ratios, work accident ratios, ratio of women in management, sustainable agriculture, monitorability/traceability on a base year, target year and rate of progress basis.	Migros 2022 Integrated Annual Report, sections on: Our Migros Better Future Plan, Our Goals.

Sustainability Principles Compliance Report

		COMPLIANCE				EXPLANATION	REPORT DETAILS ON PUBLICLY DISCLOSED INFORMATION /LINK
		YES	NO	PARTIAL	N/A		
A2.4	Efforts to improve sustainability performance with respect to business processes or goods and services have been disclosed to the public.	X				<p>The Company monitors and discloses its efforts to improve business processes, products and services in line with the “Migros Better Future Plan” under the “Better for Our Customers and Stakeholders” and “Better for Innovative Transformation” headings. Its main efforts and road map are available on its corporate website with more detailed information being shared in the Integrated Annual Report.</p> <p>In addition to its main goals for environmental sustainability, the Company has also directed its efforts to supporting sustainable production, increasing its range of healthy products and transparency in sharing product data. There is also work being done within the scope of Own Brand Quality Policy and Responsible Sourcing Policy.</p>	<p>Migros 2022 Integrated Annual Report, sections on: Our Migros Better Future Plan, Better for Our Customers and Stakeholders, Better for Innovative Transformation.</p> <p>https://www.migroskurumsal.com/en/about-us/our-policies#ozgun-markalar-kalite-politikasi https://www.migroskurumsal.com/en/about-us/our-policies#sorumlu-tedarik-politikasi</p>
A3. Reporting							
A3.1	The annual reports contain comprehensible, accurate and sufficient information on the corporation's sustainability performance, targets, and activities..	X				<p>The Company's Integrated Annual Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards and the International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC). The Company's financial and non-financial performance was evaluated with an integrated viewpoint in terms of the 6 capitals; the value created and goals for the future have been shared with all our stakeholders in a clear, transparent, reliable, consistent manner than can be compared to the previous reporting period. The annual activity and performance within the framework of the priorities and points of focus indicated in the Migros Better Future Plan, which is the Company's sustainability strategy and roadmap, the risk and opportunities as evaluated in terms of all processes, corporate governance approach, business environment strengthened by adapting to the necessities of the age and new technologies have been shared in the Migros Integrated Annual Report.</p>	<p>Migros 2022 Integrated Annual Report, sections on: Our Migros Better Future Plan, Our Goals, Sustainability Performance Indicator, Performance and Our Goals sections under Better for Our World and Better for Our Employees.</p>

Sustainability Principles Compliance Report

		COMPLIANCE				EXPLANATION	REPORT DETAILS ON PUBLICLY DISCLOSED INFORMATION /LINK
		YES	NO	PARTIAL	N/A		
A3.2	The corporation disclosed information on which of the United Nations (UN) 2030 Sustainable Development Goals it is concerned with to the public.	X				<p>The Our Contributions to Sustainable Development Goals section of the Company's Integrated Annual Report discusses which issues have been prioritized by the Company as well as which Sustainable Development Goals (SDGs) are being served through the activities and sustainability work elucidated in the report.</p> <p>The strategically material areas of focus for the company have been matched with the SDGs that benefit under the framework of the Migros Better Future Plan and published on the corporate website.</p> <p>Furthermore, the "From Anadolu to the Future: Anadolu Group Sustainable Development Goals Compliance Report" issued by the Anadolu Group, of which the Company is a member, also contains a detailed SDG compliance study.</p> <p>SDG Map Türkiye provides examples of the work the Company has does with respect to SDGs on its website.</p>	<p>Migros 2022 Integrated Annual Report, sections on: Our Migros Better Future Plan, Our Contribution to Sustainable Development Goals.</p> <p>https://www.migroskurumsal.com/en/sustainability/migros-iyi-gelecek-plan</p> <p>https://www.anadolugrubu.com.tr/Upload/Docs/SKA_Uyumluluk_Raporu_Insert_2015-2021.pdf</p> <p>https://sdgmapturkey.com/marka/migros/</p>
A3.3	Any actions filed and/or concluded against the corporation with respect to ESG matters and which could be material to ESG policies and/or materially affect business were disclosed to the public.	X				<p>Lawsuits filed and/or concluded against the Company are disclosed on the Public Disclosure Platform ("KAP") and published in the Integrated Annual Report as deemed necessary/material.</p>	<p>Migros 2022 Integrated Annual Report, sections on: Environmental Management, Privacy and Data Security, Compliance with Corporate Policies and Code of Ethics, Compliance with Human Rights Principles, Report on Compliance with Corporate Governance Rules.</p>
A4. Verification							
A4.1	The corporation's ESG Key Performance measurements were verified by an independent third party and disclosed to the public.	X				<p>The Company's carbon emissions, compliance with human rights, and statements with respect to supplier audits are being verified by independent institutions. The relevant data is shared in the Integrated Annual Report under "Verification and Assurance Statements".</p>	<p>Migros 2022 Integrated Annual Report, sections on: Statement of Independent Assurance in Human Rights and Supply Chain, Greenhouse Gas Emissions Verification Statement.</p>

Sustainability Principles Compliance Report

		COMPLIANCE				EXPLANATION	REPORT DETAILS ON PUBLICLY DISCLOSED INFORMATION /LINK
		YES	NO	PARTIAL	N/A		
B. Environmental Principles							
B1	The corporation has disclosed its policies and practices, action plan, environmental management systems (known as the ISO 14001 standard) and programs on environmental management to the public.	X				<p>Migros Environmental Policy envisions working together with the Company’s stakeholders, raising environmental awareness, protecting the environment and projects, which put the needs of future generations to the forefront with the aim to leave behind a clean environment for them.</p> <p>The Company holds an ISO 14001 certificate covering all of its service areas. The Migros Better Future Plan describes issues with higher priority and action plans. The Company identifies and controls the environmental dimensions and risks of its activities from a cycle of life viewpoint, thereby focusing its efforts on reducing the factors that have a negative impact on the environment. The Integrated Annual Report describes the projects aimed at reducing environmental pollution.</p>	<p>Migros 2022 Integrated Annual Report, sections on: Our Migros Better Future Plan, Better for Our World.</p> <p>https://www.migroskurumsal.com/en/about-us/our-policies#cevre-politikasi</p> <p>https://migroskurumsalstr.blob.core.windows.net/migroskurumsalstr/iso-14001-cevre-yonetim-sistemi-638049692197408430.pdf</p>
B2	Any constraints on the scope, reporting period, reporting date, reporting conditions for the environmental reports prepared with respect to the provision of information on environmental management have been disclosed to the public.	X				The Company’s Integrated Annual Report covers the 12-month period between 1 January 2022 and 31 December 2022. The financial data in the Report covers (99.9% of) all our activities, sustainability data and domestic activities.	Migros 2022 Integrated Annual Report: About the Report section.
B3	Provided in A2.1.	X					

Sustainability Principles Compliance Report

		COMPLIANCE				EXPLANATION	REPORT DETAILS ON PUBLICLY DISCLOSED INFORMATION /LINK
		YES	NO	PARTIAL	N/A		
B4	Environmental targets included as part of reward criteria of performance incentive systems on a stakeholder basis (such as members of the board of directors, managers, employees) have been disclosed to the public.	X				<p>The Board of Directors directs our Company's strategic approach regarding sustainable growth and responsible and efficient use of resources. We are committed to the goals of reducing the Company's footprint, water footprint and rate of food loss, energy conservation and increasing female representation at higher management levels with the signatures of the Board of Directors.</p> <p>The Sustainability Committee develops strategies on environmental, social and governance issues that can be integrated into the Company's main strategy. Furthermore, goals encompassing the short and medium / long term approach to the strategies that have been determined are submitted to the Senior Management. The main goals that have been submitted are evaluated in light of the opinions that have been obtained and pledges are made with a Board of Directors' resolution. Departments are expected to set at least one annual goal with respect to sustainability as well as supporting the referred main goals.</p>	Migros 2022 Integrated Annual Report, sections on: Our Board of Directors, Our Sustainability Committee, Assessment of Risks Connected to Climate Change, Our Sustainable Distribution Systems.
B5	How environmental problems marked as a priority will be integrated into business objectives and strategies has been disclosed to the public.	X				The Company follows its environmental, social and governance priorities and roadmap on sustainability within the framework of its "Migros Better Future Plan". The Company continues its work with the goal of monitoring, controlling and minimizing the environmental impacts that could arise from its operations. The Company has mainly prioritized "Supporting the Circular Economy", "Extensive Combat Against the Climate Crisis" and "Sustainable Agriculture and Saving Food". The goals for and progress made in each prioritized issue has been explained in the Integrated Annual Report.	Migros 2022 Integrated Annual Report, sections on: Our Migros Better Future Plan, Our Goals, Better for Our World.
B6	Provided in A2.4	X					

Sustainability Principles Compliance Report

		COMPLIANCE				EXPLANATION	REPORT DETAILS ON PUBLICLY DISCLOSED INFORMATION /LINK
		YES	NO	PARTIAL	N/A		
B7	How environmental matters, encompassing suppliers and customers throughout the corporation value chain, including operations, are managed and integrated into business objectives and strategies has been disclosed to the public.	X				As shown from its values of “Better for Our World” and “Better for our Customers and Stakeholders”, the Company includes its stakeholders in its business strategy in order to minimize its environmental impact. Through its Sustainable Business Partners Network it implements projects together with its suppliers to measure and reduce the carbon footprint of the goods it sells, reduce the use of plastic packaging, support sustainable agriculture and small manufacturers, and prevent food waste together with its suppliers under the scope of WRI 10x20x30. Furthermore, annual audits of suppliers also include environmental matters in their scope. We also have projects such as The Bag-Free Shopping Movement and Save Your Food project to integrate customers as well.	Migros 2022 Integrated Annual Report, sections on: Better for Our World, Better for Our Customers and Stakeholders.
B8	Whether relevant institutions and non-governmental organizations were involved in creating environmental policy as well as any collaborations with such institutions and organizations has been disclosed to the public.	X				In the international arena, Migros is an active member of the Consumer Goods Forum (CGF). At a national level, Migros shares its opinion through the GPD, TAMPF, TÜSiAD and TOBB Retail Council, of which it is a member, as may be requested by municipalities or ministries. The Company also supports the Save Your Food campaign implemented by the Ministry of Agriculture and Forestry and the Business Plastics Initiative started under the leadership of Global Compact, SKD and TÜSiAD.	Migros 2022 Integrated Annual Report: Communication with Our Stakeholders section.
B9	Environmental impact information in light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Indirect Energy), Scope-3 (Other Indirect), air quality, energy management, water and wastewater management, waste management, biodiversity impact) has been disclosed to the public in a periodically comparable manner.	X				Information under the stated headings are shared in the Integrated Annual Report in the form of trends for a minimum of 3 years to ensure that any progress made can be monitored. The Company has nothing to share with respect to air quality since it is not a manufacturing firm.	Migros 2022 Integrated Annual Report, sections on: Better for Our World, Sustainability Performance Indicators.
B10	The standards, protocols, methodology used in gathering data and base year information have been disclosed to the public.	X				The GHG Protocol and ISO 14064-3 standard are used in calculating and verifying carbon emissions. The Food Recovery Hierarchy and Global Food Loss and Waste Protocol are used as the basis for food loss ratios. The WRI Aqueduct Water Risk Atlas device is used to measure the water risk and water stress on the facilities used in operations. The performance indicator, base year, target year, annual performance from the base year to the reporting year are reported with respect to all environmental goals.	Migros 2022 Integrated Annual Report, sections on: Better for Our World, Sustainability Performance Indicators.
B11	Increases or decreases in environmental indicators for the reporting year have been disclosed to the public with comparisons to previous years.	X				The Company reports its performance progress on environmental sustainability as a minimum 3-year trend in the Integrated Annual Report. There are also explanations as to status with respect to annual medium / long term goals.	Migros 2022 Integrated Annual Report, sections on: Better for Our World, Sustainability Performance Indicators.

Sustainability Principles Compliance Report

		COMPLIANCE				EXPLANATION	REPORT DETAILS ON PUBLICLY DISCLOSED INFORMATION /LINK
		YES	NO	PARTIAL	N/A		
B12	Short and long term goals to reduce environmental impact have been identified, and these goals have been disclosed to the public together with the level of progress made in achieving the goals from previous years.	X				The Company has set its goals for reducing Scope 1 and 2 emissions, water use, energy consumption, food loss ratio, and plastic waste use in its Migros Better Future Plan. The Company shares the current status of its goals on an annual basis in its Integrated Annual Report.	Migros 2022 Integrated Annual Report: Better for Our World section.
B13	A strategy for fighting the climate crisis has been formed and the planned actions have been disclosed to the public	X				In its Migros Better Future Plan, the Company indicates that one of its areas of focus will be an extensive combat against climate change. It has announced its goal to reduce its carbon footprint by 42% by 2030 in line with the 1.5 °C scenario and continues its efforts to have this target verified as a science-based by the SBTi (Science-Based Target initiative). To this end it shares its efforts to save power and prevent cooling gas leaks as well as investments in renewable energy.	Migros 2022 Integrated Annual Report, sections on: Better for Our World, Extensive Combat Against Climate Change.
B14	Programs or procedures that have been put into place to prevent or minimize the negative impacts products and/or services could potentially have on the environment have been disclosed to the public.	X				The life cycle analysis and carbon footprint of the Company's own brand products have been calculated. In depth efforts continue to make the packaging used for the Company's own brand products more sustainable. 25% of the packaging for 6 non-food own brand goods is made of r-Pet. Efficiency projects to reduce greenhouse emissions in distribution and logistics are also ongoing. Furthermore, as a member of the Business Plastic Initiative, the Company follows the goal of reducing its use of plastic.	Migros 2022 Integrated Annual Report, sections on: Our Carbon Footprint, Supporting a Circular Economy and Our Effective Waste Management, Our Efforts to Reduce Plastic Waste
	Actions have been taken to reduce the greenhouse gas emissions of third parties (for instance suppliers, subcontractors, vendors, etc.) and such actions have been disclosed to the public.	X				The Company implemented the "Sustainable Business Partners Network" platform in order to measure the impact of the products it sells on Scope 3 emissions as accurately as possible. It monitors the environmental parameters such as carbon emissions, water consumption and waste quantity of its suppliers and expects them to set goals for improvement in light of climate change. It also provides workshops for its suppliers under the framework of the platform.	Migros 2022 Integrated Annual Report, sections on: Our Carbon Footprint, Our Carbon Footprint Efforts Targeting Our Suppliers.
B15	The environmental benefits/gains and cost savings provided by initiatives and projects aimed at mitigating environmental impacts have been disclosed to the public.	X				As part of its extensive combat against climate change, the Company is working on projects to reduce its power consumption and use of cooling gases and shares its annual savings from these projects. The Company also reports to the CDP (Carbon Disclosure Project) Climate Change and Water Security programs every year.	Migros 2022 Integrated Annual Report: Our Energy Efficiency Efforts section.
B16	Energy consumption (natural gas, diesel fuel, petrol, LPG, coal, electricity, heating, cooling, etc.) data has been disclosed to the public under Scope-1 and Scope-2.	X				The Company shares its power consumption data, together with detailed breakdowns in the form of 3-year trends in its Integrated Annual Report.	Migros 2022 Integrated Annual Report: Our Energy Efficiency Efforts section.

Sustainability Principles Compliance Report

		COMPLIANCE				EXPLANATION	REPORT DETAILS ON PUBLICLY DISCLOSED INFORMATION /LINK
		YES	NO	PARTIAL	N/A		
B17	The power, heat, steam and cooling generated in the reporting year have been disclosed to the public.	X				The Company does not have any heating, cooling or steam consumption or sales as a secondary power source. It shares its electricity and other power consumption in the form of 3-year trends in its Integrated Annual Report.	Migros 2022 Integrated Annual Report: Our Energy Efficiency Efforts section.
B18	Work has been done to increase use of renewable energy, transitioning to zero or low carbon electricity and these have been disclosed to the public.	X				The Integrated Annual Report provides detailed information on the Company's renewable energy investments. The Company installed a solar power plant on the roof of its Adana Distribution Center in 2022. It has also obtained an I-REC International Renewable Energy Certificate by obtaining approximately 21% of its annual electricity consumption (134,100 MWh) from renewable sources.	Migros 2022 Integrated Annual Report, sections on: Our Energy Efficiency Efforts, Renewable Energy.
B19	Renewable energy generation and use data has been disclosed to the public.	X				The Company's renewable energy consumption numbers are shared in the form of 3-year trends in the Company's power consumption data. The Company installed a solar power plant on the roof of its Adana Distribution Center in 2022. It has also obtained an I-REC International Renewable Energy Certificate by obtaining approximately 21% of its annual power consumption (134,100 MWh) from renewable sources.	Migros 2022 Integrated Annual Report, sections on: Our Energy Efficiency Efforts, Renewable Energy.
B20	Energy efficiency projects were carried out and the energy consumption and emission reduction made possible thanks to such energy efficiency projects were disclosed to the public.	X				In addition to its goal of reducing Scope 1 and Scope 2 emissions by 42% by 2030, the Company also aims to reduce its power consumption by 35% per sales square meter. To this end, optimization is achieved through a switch to new generation systems and central control over cooling, air conditioning and lighting. The Company shares its efforts to reduce power consumption, the savings achieved, and the emissions prevented within the context of its extensive combat against climate change.	Migros 2022 Integrated Annual Report: Our Energy Efficiency Efforts section.
B21	Water consumption, amount of water obtained from underground or above ground, recycled and discharged, if any, water sources and procedures have been disclosed to the public.	X				The Company reports the water drawn, consumed, and discharged during its operations based on source type. The Company aims to reduce its water use by 10% per sales square meter and has disclosed the projects it has implemented with this goal in mind. The Company also reports to the CDP (Carbon Disclosure Project) Water Security program every year.	Migros 2022 Integrated Annual Report, sections on: Our Sustainable Water Management, Sustainability Performance Indicators.
B22	Whether operations or activities are a part of a carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax) has been disclosed to the public.	X				The Company is not a part of the carbon pricing system. On the other hand, the pricing established through the efforts of the Ministry of Environment, Urbanization and Climate Change within the scope of the Partnership for Market Readiness (PMR) program are used as the basis for internal valuations.	Migros 2022 Integrated Annual Report: Carbon Pricing section.
B23	Any carbon credits accrued or purchased during the reporting period have been disclosed to the public.	X				The Company did not receive any carbon credit during the reporting period.	Migros 2022 Integrated Annual Report: Our Carbon Footprint section.

Sustainability Principles Compliance Report

		COMPLIANCE				EXPLANATION	REPORT DETAILS ON PUBLICLY DISCLOSED INFORMATION /LINK
		YES	NO	PARTIAL	N/A		
B24	If carbon pricing is being implemented within the corporation, the details have been disclosed to the public.	X				The Company uses the pricing established through the efforts of the Ministry of Environment, Urbanization and Climate Change within the scope of the Partnership for Market Readiness (PMR) program as the basis for internal valuations.	Migros 2022 Integrated Annual Report: Carbon Pricing section.
B25	The platforms on which the corporation announces its environmental information have been disclosed to the public.	X				The Company publishes its efforts regarding sustainability during the year in the Integrated Annual Report, the CDP Climate Change program, the CDP Water Security program and its corporate website.	Migros 2022 Integrated Annual Report: Better for Our World section. https://www.migroskurumsal.com/en/sustainability
C. Social Principles							
C1. Human Rights and Employee Rights							
C1.1	A Corporate Human Rights and Employee Rights Policy has been generated to cover the Universal Declaration of Human Rights, the ILO Conventions ratified by Türkiye, and other relevant legislation, the persons responsible for implementing the policy have been assigned and both the policy and those responsible have been disclosed to the public.	X				The Company has a Human Resources Policy and a Human Rights and Equal Opportunity Policy in place. The implementation of these policies are supervised by Chief Human Resources Officer. The Internal Audit Department also monitors compliance with the policies and regularly reports to the Senior Management.	Migros 2022 Integrated Annual Report: Human Rights Compliance section. 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
C1.2	The employee policy covers fair employment practices, improvement of labor standards, employment of women and issues of inclusivity (no discrimination on grounds such as gender, race, religion, language, marital status, ethnic identity, sexual preference, gender identity, family responsibilities, union activities, political opinions, disabilities, social and cultural differences, etc.) while also having taken into consideration the impacts on the supply and value chain.	X				The Company discloses the main principles it expects its suppliers to comply with in its Responsible Sourcing Policy and every contract executed with suppliers contains a clause requiring an undertaking to comply with such principles. Every year the Company conducts ethics, social and environmental audits of its suppliers under the scope of the GC-Ethical Compliance. These processes are disclosed in detail in the Integrated Annual Report.	Migros 2022 Integrated Annual Report: Sustainable Growth with Our Suppliers section. https://www.migroskurumsal.com/en/about-us/our-policies#sorumlu-tedarik-politikasi
C1.3	The precautions taken throughout the value chain in terms of safeguarding the rights/equal opportunities of certain economically, environmentally, socially sensitive segments (such as low-income segments, women, etc.) have been disclosed to the public.	X				One of the areas the Company has identified in the Migros Better Future Plan as a point of focus is Gender Equality and Equal Opportunity. It shares the projects it has implemented both internally and at a societal level within this context. Furthermore, every year it conducts ethics, social and environmental audits of its suppliers under the scope of the GC-Ethical Compliance.	Migros 2022 Integrated Annual Report, sections on: Gender Equality and Equal Opportunity, Sustainable Growth with Our Suppliers.

Sustainability Principles Compliance Report

		COMPLIANCE				EXPLANATION	REPORT DETAILS ON PUBLICLY DISCLOSED INFORMATION /LINK
		YES	NO	PARTIAL	N/A		
C1.4	Developments regarding practices in place to prevent and correct discrimination, inequality, human rights violations, forced labor and child labor have been disclosed to the public.	X				In every activity of the Company forced labor / child labor and discrimination are prohibited with very clear language. Its statements regarding this matter are also verified independently. Every year, the Company conducts both internal audits and audits of its suppliers with respect to this issue and transparently publishes the results in its Integrated Annual Report. Moreover, the supplier audits are also included in the third-party assurance.	Migros 2022 Integrated Annual Report, sections on: Gender Equality and Equal Opportunity, Sustainable Growth with Our Suppliers, Human Rights Compliance.
C1.5	The employee policy touches upon issues regarding investments made in employees (training, development policies), severance, employee side benefits, right to unionization, work/life balance solutions and talent management.	X				The training provided to Company employees for career and personal development, unionization rights, and side benefits are disclosed in the Integrated Annual Report. In addition, the Company also has a Human Rights Policy, Severance Policy and Human Rights and Equal Opportunity Policy in place.	Migros 2022 Integrated Annual Report: Better for Our Employees section. 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 https://www.migroskurumsal.com/en/about-us/our-policies#tazminat-politikasi
	Dispute resolution procedures have been established by creating mechanisms to resolve employee complaints and disputes.	X				The etikkurul@migros.com.tr email address and Migros Hotline are available for employees. Employees may share their requests anonymously. The Company has established an “Ethical Denunciation Monitoring and Recording” system in order to gather, evaluate and systematically monitor tips collected from various channels such as the call center, email or mobile application.	Migros 2022 Integrated Annual Report: Compliance with Corporate Policies and Code of Ethics section.
	Activities carried out during the reporting year with the aim of ensuring employee satisfaction have been disclosed to the public.	X				The performance cards for all directors at a managerial or higher level include a “Employee Satisfaction and Loyalty” goal. Moreover, an independent research firm measures the levels of employee satisfaction and loyalty to the Company with the “Employee Loyalty and Satisfaction Survey” it conducts every year. The Company’s efforts toward projects for contributing to employee development, employee satisfaction and employee health are disclosed.	Migros 2022 Integrated Annual Report: Better for Our Employees section.
C1.6	Occupational health and safety policies have been prepared and disclosed to the public.	X				The Company has an Occupational Health and Safety Policy in place.	https://www.migroskurumsal.com/en/about-us/our-policies#is-sagligi-ve-guvenligi
	Precautions taken to prevent occupational accidents and protect health as well as accident statistics have been disclosed to the public.	X				The Company discloses the work it conducts within the scope of ensuring occupational health and safety for its employees. Furthermore, it has set the target of lowering its lost time injury frequency rate and shares its work health and safety statistics in the form of 3-year trends.	Migros 2022 Integrated Annual Report, sections on: Occupational Health and Safety, Sustainability Performance Indicators.

Sustainability Principles Compliance Report

		COMPLIANCE				EXPLANATION	REPORT DETAILS ON PUBLICLY DISCLOSED INFORMATION / LINK
		YES	NO	PARTIAL	N/A		
C1.7	Personal data protection and data security policies have been prepared and disclosed to the public.	X				The Company has a Privacy and Data Security Policy, Personal Data Protection and Processing Policy and an Information Security Policy in place. It has also established the requisite auditing and reporting mechanisms within this context. Detailed information is disclosed in the Integrated Annual Report.	https://www.migroskurumsal.com/en/about-us/our-policies#gizlilik-ve-veri-guvenligi https://www.migroskurumsal.com/hakkimizda/politikalarimiz#kisisel-verilerin-korunmasi-ve-islenmesi-politikasi https://www.migroskurumsal.com/en/about-us/our-policies#bilgi-guvenlik-politikasi
C1.8	An ethics policy has been prepared and disclosed to the public.	X				The Company has a Code of Ethics and an Anti-Bribery and Anti-Corruption Policy in place. In addition, the audit and monitoring work done with respect to these policies as well as the results thereof are also published every year.	Migros 2022 Integrated Annual Report, sections on: Business Ethics, Anti-Bribery and Anti-Corruption, Compliance with Corporate Policies and Code of Ethics. https://www.migroskurumsal.com/en/about-us/our-policies#migros-etik-kurallari https://www.migroskurumsal.com/en/about-us/our-policies#rusvet-ve-yolsuzlukla-mucadele-politikasi
C1.9	Efforts for social impact investments, social responsibility, financial inclusion and access to funding are disclosed.	X				The Company's social responsibility projects are published on its corporate website and the Integrated Annual Report.	Migros 2022 Integrated Annual Report: Responsibility and Awareness Efforts section. https://www.migroskurumsal.com/en/sustainability/our-works
C1.10	Meetings and educational workshops have been organized to inform employees of the ESG policies and practices.					The Company offers corporate policy training to all employees with regards to its Environmental Policy, Human Rights and Equal Opportunity Policy, Anti-Bribery and Anti-Corruption Policy, Responsible Sourcing Policy and Code of Ethics. The Company also organizes a series of sustainability training to cover environmental matters as well as training on societal gender equality.	Migros 2022 Integrated Annual Report, sections on: Contributions to Employee Development, Sustainability Workshops, Our Efforts for Gender Equality within the Company.
C2. Stakeholders, International Standards and Initiatives							
C2.1	A customer satisfaction policy concerning the management and resolution of customer complaints has been prepared and disclosed to the public.	X				The communication work, research, loyalty programs conducted by the Company to provide its customers with a good and safe experience are disclosed annually. Customer requests received from all channels are integrated and quickly resolved through the Migros Engagement Platform. The Company holds a TSE ISO 10002 Customer Satisfaction Management System quality certificate.	Migros 2022 Integrated Annual Report, sections on: Good and Secure Customer Experience, Quality, Freshness, Hygiene.
C2.2	Information on communications with stakeholders (which stakeholder, subject and frequency) has been disclosed to the public.	X				All channels, methods, and frequency of communication with all main stakeholders in accordance with GRI standards have been disclosed in the Integrated Annual Report in the form of a detailed table.	Migros 2022 Integrated Annual Report: Communication with Our Stakeholders section.

Sustainability Principles Compliance Report

		COMPLIANCE				EXPLANATION	REPORT DETAILS ON PUBLICLY DISCLOSED INFORMATION /LINK
		YES	NO	PARTIAL	N/A		
C2.3	The international reporting standards adopted for reports has been disclosed.	X				The Company's Integrated Annual Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards and the International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC). At the same time, sections contributing to the World Economic Forum Stakeholder Capitalism Metrics, the Principles of the United Nations Global Compact, and Sustainable Development Goals have been identified.	Migros 2022 Integrated Annual Report: About the Report section
C2.4	The principles that have been adopted with respect to sustainability as well as any international organizations, committees or principles to which the corporation is a signatory or member have been disclosed to the public.	X				The Company is a member of the Food Waste, Collaboration for Healthier Lives, Product Data coalitions in the Consumer Goods Forum. The Company is also a pledgor under LEAD Network EU, UN Global Compact and Business Plastic Initiative. Its pledges and projects regarding such pledges are disclosed in its Integrated Annual Report.	Migros 2022 Integrated Annual Report: Memberships, Collaborations and Initiatives section.
C2.5	Improvements have been made and work has been done to be added to the sustainability indices of the Istanbul Stock Exchange and/or international index providers.	X				The Company is the only food retailer to have been listed on the Istanbul Stock Exchange for 9 consecutive years and has also earned the right to be included in the Istanbul Stock Exchange Sustainability 25 Index listed for the first time in 2022.	Migros 2022 Integrated Annual Report: Highlights of 2022 section.
D. Corporate Governance Principles							
D1	Stake holders were asked for their opinions when determining the measures and strategies to be enacted for sustainability.	X				Appointed by the CEO on behalf of the Board of Directors, the Sustainability Committee manages, implements, monitors and measures the Company's efforts in sustainability. The Committee determines the Company's strategy and road map for sustainability and organizes surveys to obtain the opinions of customers, suppliers and employees when updating such strategy and roadmap, while also taking into consideration the opinions received from other stakeholders throughout the year.	Migros 2022 Integrated Annual Report, sections on: Our Materiality Matrix in 2022 Our Sustainability Committee.
D2	Studies were carried out regarding social responsibility projects, awareness events and workshops as well as the subject of sustainability and how to increase awareness about its importance.	X				The Company is working on a number of responsibility and awareness projects through various collaborations and discloses the progress made in such projects both on its website and in the Integrated Annual Report.	Migros 2022 Integrated Annual Report: Our Social Contribution Projects and Collaborations section.



FINANCIAL STATEMENTS

Financial
Capital

Integrated
Reporting
Capitals

MİGROS TİCARET A.Ş.
Convenience Translation into English of
Consolidated Financial Statements
for the Year Ended 31 December 2022
Together with Independent Auditor's Report

(Originally Issued In Turkish)

Convenience Translation into English of

Independent Auditor's Report

Originally Issued in Turkish

To the General Assembly of Migros Ticaret A.Ş.

Audit of the consolidated financial statements

1. Our opinion

We have audited the accompanying consolidated financial statements of Migros Ticaret A.Ş. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements (presented on page 9 through page 64, Note 1 through Note 30) comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (“TFRS”).

2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the “SIA”) that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the “POA”). Our responsibilities under these standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the “Ethical Rules”) and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

Convenience Translation into English of

Independent Auditor's Report

Originally Issued in Turkish

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. Key audit matters were addressed in the context of our independent 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.

Key Audit Matters	How the key audit matter was addressed in the audit
Revenue recognition <p>The Group operates in the retail market, had 2,908 stores as of 31 December 2022 and obtained revenue of 74.5 billion TRY in 2022.</p> <p>In addition to being the most important financial statement item for the retail industry, revenue is one of the most important criteria for performance measurement and evaluation of the results of strategies applied by management.</p> <p>“Recognition of revenue obtained from retail sales” was identified as a key audit matter since the transaction volume is high due to the number of stores and revenue is obtained from so many sales points. There is risk in the retail industry due to the amount of data processed by information technology systems.</p> <p>The relevant explanations, including accounting policies related to revenue recognition, are provided in Notes 2 and 16.</p>	<p>We performed the following auditing procedures in relation to the recognition of revenue in the financial statements:</p> <ul style="list-style-type: none"> · We developed an understanding of sales processes and tested the design, implementation and operating effectiveness of key controls within the revenue recognition process. In this framework, cash obtained from retail sales passing through the cashier system throughout the year was verified using the relevant bank documents on a sample basis and reconciled with the turnover accounted for. · We evaluated the appropriateness of the Group's accounting policy for revenue recognition. · We performed analytical tests to analyse the change in sales. The annual inflation rate used in these reviews was obtained from independent sources and square meters were evaluated by checking maps of selected stores on a sample basis. Product-based and category-based sales and gross margins were compared to prior periods and their consistency was evaluated. · Since revenue is realized at a large number of sales points, the accuracy of amounts transferred to the cashier system at the end of each day was tested by comparing the end of day reports with the accounting records.

4. Other matters

The consolidated financial statements of the Group for the period of 1 January – 31 December 2021 were audited by another audit firm whose report dated 1 March 2022 expressed an unqualified opinion.

5. Responsibilities of management and those charged with governance for the consolidated financial statements

The Group 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.

Convenience Translation into English of

Independent Auditor's Report

Originally Issued in Turkish

6. Auditor's responsibilities for the audit of the consolidated financial statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements 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 independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in 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.
- Assess the 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 independent 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 provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

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.

Convenience Translation into English of

Independent Auditor's Report

Originally Issued in Turkish

B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2022 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 28 February 2023.

Additional explanation for convenience translation into English

Turkish Financial Reporting Standards differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 31 December 2022. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position and results of operations of the Group in accordance with IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Burak Özpoyraz, SMMM
Partner

Istanbul, 28 February 2023

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Convenience Translation Into English of Consolidated Financial Statements Originally Issued in Turkish

Migros Ticaret A.Ş.

Consolidated Balance Sheets at 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.) (Currencies other than TRY are expressed in thousands unless otherwise indicated.)

	Notes	Audited 31 December 2022	Audited 31 December 2021
ASSETS			
Current Assets:			
Cash and cash equivalents	3	7,678,469	3,632,341
Financial investments	4	388,086	2,596
Trade receivables	5	487,262	177,905
-Trade receivables from related parties	24	5,326	4,067
-Trade receivables from third parties	5	481,936	173,838
Other receivables		62,041	41,729
-Other receivables from third parties	6	62,041	41,729
Derivative instruments		2,454	14,611
Inventories	7	10,904,668	4,675,317
Prepaid expenses	8	443,527	154,988
Current income tax assets	22	141,964	-
Other current assets		14,844	4,237
Total current assets		20,123,315	8,703,724
Non-current assets:			
Financial investments	4	602,846	97,059
Other receivables		583,028	5,530
-Other receivables from third parties	6	583,028	5,530
Derivative instruments		3,031	8,423
Property, plant and equipment	9	6,965,964	3,750,426
Right of use assets	12	4,287,137	2,785,466
Intangible assets		2,570,374	2,462,011
-Goodwill	11	2,341,178	2,252,992
-Other intangible assets	10	229,196	209,019
Prepaid expenses	8	125,606	20,579
Deferred tax assets	22	1,162,567	267,107
Total non-current assets		16,300,553	9,396,601
Total assets		36,423,868	18,100,325

The accompanying notes form an integral part of these consolidated financial statements.

Convenience Translation Into English of Consolidated Financial Statements Originally Issued in Turkish

Migros Ticaret A.Ş.

Consolidated Balance Sheets at 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.) (Currencies other than TRY are expressed in thousands unless otherwise indicated.)

	Notes	Audited 31 December 2022	Audited 31 December 2021
LIABILITIES			
Current liabilities:			
Short term borrowings		408,635	715,860
-Bank loans	13	408,635	715,860
Short term portion of long term borrowings		2,034,406	1,328,799
-Bank loans	13	825,390	569,464
-Lease liabilities		1,209,016	759,335
Trade payables		21,039,843	9,581,881
-Trade payables to related parties	24	714,529	312,468
-Trade payables to third parties	5	20,325,314	9,269,413
Payables related to employee benefits	15	752,207	291,750
Other payables		357,960	225,021
-Other payables to third parties	6	357,960	225,021
Deferred income	8	342,257	214,363
Current tax liabilities	22	-	49,285
Short term provisions		1,037,111	698,608
-Short term provisions for employee benefits	15	572,201	187,690
-Other short term provisions	14	464,910	510,918
Other current liabilities		37,858	3,431
Total non-current liabilities		26,010,277	13,108,998
Non-current liabilities:			
Long term borrowings		5,012,249	4,035,105
-Bank loans	13	1,406,748	1,685,995
-Lease liabilities		3,605,501	2,349,110
Other payables		32,234	25,877
-Other payables to third parties	6	32,234	25,877
Deferred income		67	10,727
Long term provisions		1,279,290	383,554
-Long term provisions foremployee benefits	15	1,279,290	383,554
Total non-current liabilities		6,323,840	4,455,263
Total liabilities		32,334,117	17,564,261

The accompanying notes form an integral part of these consolidated financial statements.

Convenience Translation Into English of Consolidated Financial Statements Originally Issued in Turkish

Migros Ticaret A.Ş.

Consolidated Balance Sheets at 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.) (Currencies other than TRY are expressed in thousands unless otherwise indicated.)

EQUITY	Notes	Audited 31 December 2022	Audited 31 December 2021
Attributable to equity holders of parent		4,045,688	536,064
Share capital	23	181,054	181,054
Treasury shares	23	(125,435)	(125,435)
Additional contribution to share capital		22,074	22,074
Other comprehensive income/(expense) not to be classified to profit or loss		1,044,536	715,126
<i>-Defined benefit plans re-measurement (losses)/gains</i>		<i>(731,479)</i>	<i>1,118</i>
<i>-Revaluation fund of property, plant and equipment</i>		<i>1,776,015</i>	<i>714,008</i>
Other accumulated comprehensive income/expense to be classified to profit or loss		593,987	48,990
<i>-Currency translation differences</i>		<i>200,828</i>	<i>48,990</i>
<i>-Gains/(losses) on financial assets measured at fair value through other comprehensive income</i>		<i>393,159</i>	<i>-</i>
Other reserves		526,476	250,582
Accumulated losses		(767,287)	(914,843)
Net income for the year		2,570,283	358,881
Non-controlling interest		44,063	-
Total equity		4,089,751	536,064
Total liabilities and equity		36,423,868	18,100,325

The accompanying notes form an integral part of these consolidated financial statements.

Convenience Translation Into English of Consolidated Financial Statements Originally Issued in Turkish

Migros Ticaret A.Ş.

Consolidated Statements of Profit or Loss for the Years Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.) (Currencies other than TRY are expressed in thousands unless otherwise indicated.)

	Notes	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
Revenue	16	74,501,977	36,272,243
Cost of sales (-)	16	(56,702,390)	(27,517,740)
Gross Profit		17,799,587	8,754,503
General administrative expenses (-)	17	(1,046,548)	(485,264)
Marketing expenses (-)	17	(11,963,094)	(6,282,244)
Other operating income	18	474,754	306,092
Other operating expenses (-)	18	(2,539,679)	(1,584,691)
Operating profit		2,725,020	708,396
Income from investment activities	19	52,029	225,210
Expenses from investment activities (-)	19	(6,321)	(9,472)
Operating income before financial expenses		2,770,728	924,134
Financial income	20	721,117	417,730
Financial expense (-)	21	(1,583,599)	(1,116,377)
Net profit before tax from continuing operation		1,908,246	225,487
Tax income from continuing operations		671,583	132,716
Income tax expense (-)	22	(321,496)	(191,852)
Deferred tax income	22	993,079	324,568
Net profit from continuing operations		2,579,829	358,203
Discontinued operations profit for the year		-	678
Net profit for the year		2,579,829	358,881
Net profit attributable to:			
- Non-controlling interest		9,546	-
- Equity holders of parent	25	2,570,283	358,881
Profit per share (TRY) from continuing operations	25	14.20	1.98

The accompanying notes form an integral part of these consolidated financial statements.

Convenience Translation Into English of Consolidated Financial Statements Originally Issued in Turkish

Migros Ticaret A.Ş.

Consolidated Statements of Comprehensive Income for the Years Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.) (Currencies other than TRY are expressed in thousands unless otherwise indicated.)

	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
Net profit for the year	2,579,829	358,881
Items that not to be reclassified to profit or loss		
Revaluation of fund of property, plant and equipment	1,241,102	389,851
Defined benefit plans remeasurement losses/(gains)	(915,746)	5,200
Tax effect of items not to be reclassified to profit or loss		
Tax effect of revaluation fund of property, plant and equipment	(150,713)	(46,270)
Tax effect of defined benefits plan remeasurement (losses)/gains	183,149	(1,040)
Items to be reclassified to profit or loss		
- Other comprehensive income on financial assets at fair value through other comprehensive income	524,212	2,640
Currency translation differences	151,838	(206,659)
Tax effect of items to be reclassified to profit or loss		
Tax effect other comprehensive income on financial assets at fair value through other comprehensive income	(131,053)	-
Other comprehensive income, after tax	902,789	143,722
Total comprehensive income	3,482,618	502,603
Allocation of total comprehensive income		
-Non-controlling interests	9,546	(2,400)
-Equity holders of parents	3,473,072	505,003

The accompanying notes form an integral part of these consolidated financial statements.

Convenience Translation Into English of Consolidated Financial Statements Originally Issued in Turkish

Migros Ticaret A.Ş.

Consolidated Statements of Changes in Equity for the Years Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.) (Currencies other than TRY are expressed in thousands unless otherwise indicated.)

	Share capital	Other capital reserve	Treasury shares	Additional contribution to share capital	Other comprehensive income and expenses not to be reclassified to profit or loss		Other comprehensive income and expenses to be reclassified to profit or loss		Retained earnings			Non controlling interests	Total equity
					Defined benefit plans revaluation and measurement (losses)/ gains	Increase of revaluation fund of property plant and equipment	Gains on financial assets at fair value through other comprehensive income	Foreign currency translation differences	Accumulated losses	Net profit/ (loss) for the year	Attributable to equity holders of the parents		
Balances as of 1 January 2021	181,054	110,884	(125,435)	22,074	(3,042)	409,260	-	256,000	(416,750)	(402,984)	31,061	(2,400)	33,461
Transfers	-	139,333	-	-	-	(41,473)	-	(2,751)	(498,093)	402,984	-	-	-
Total comprehensive income	-	-	-	-	4,160	346,221	-	(204,259)	-	358,881	505,003	(2,400)	502,603
Net income for the year	-	-	-	-	-	-	-	-	-	358,881	358,881	-	358,881
Foreign currency translation differences	-	-	-	-	-	-	-	1,484	-	-	1,484	-	1,484
Decrease due to loss of control in subsidiaries	-	-	-	-	-	-	-	(205,743)	-	-	(205,743)	(2,400)	(208,143)
Gain on revaluation and measurement	-	-	-	-	4,160	-	-	-	-	-	4,160	-	4,160
Revaluation fund of property, plant and equipment	-	-	-	-	-	346,221	-	-	-	-	346,221	-	346,221
Balances as of 31 December 2021	181,054	250,217	(125,435)	22,074	1,118	714,008	-	48,990	(914,843)	358,881	536,064	-	536,064
Balances as of 1 January 2022	181,054	250,217	(125,435)	22,074	1,118	714,008	-	48,990	(914,843)	358,881	536,064	-	536,064
Transfers	-	276,259	-	-	-	(28,382)	-	-	111,004	(358,881)	-	-	-
Transaction with non-controlling shareholders	-	-	-	-	-	-	-	-	36,552	-	36,552	34,517	71,069
Total comprehensive income	-	-	-	-	(732,597)	1,090,389	393,159	151,838	-	2,570,283	3,473,072	9,546	3,482,618
Net income for the year	-	-	-	-	-	-	-	-	-	2,570,283	2,570,283	9,546	2,579,829
Foreign currency translation differences	-	-	-	-	-	-	-	151,838	-	-	151,838	-	151,838
Gain on revaluation and measurement	-	-	-	-	(732,597)	-	393,159	-	-	-	(339,438)	-	(339,438)
Revaluation fund of property, plant and equipment	-	-	-	-	-	1,090,389	-	-	-	-	1,090,389	-	1,090,389
Balances as of 31 December 2022	181,054	526,476	(125,435)	22,074	(731,479)	1,776,015	393,159	200,828	(767,287)	2,570,283	4,045,688	44,063	4,089,751

The accompanying notes form an integral part of these consolidated financial statements.

Convenience Translation Into English of Consolidated Financial Statements Originally Issued in Turkish

Migros Ticaret A.Ş.

Consolidated Statements of Cash Flows for the Years Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.) (Currencies other than TRY are expressed in thousands unless otherwise indicated.)

	Notes	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
Cash flows from operating activities:			
Net profit for the year		2,579,829	358,881
Net profit from continued operations for the year		2,579,829	358,203
Net profit from discontinued operations for the year		-	678
Adjustments related to reconciliation of net profit for the year		3,908,956	3,025,979
Adjustments for depreciation and amortisation expenses	17	1,178,268	907,185
Adjustments for impairment on receivables	5	10,497	4,459
Adjustments for inventory provisions	7	91,803	77,759
Adjustments for impairment on property, plant and equipment	19	6,321	9,472
Adjustments for provision for employee benefits	15	479,003	218,450
Adjustments for provision for litigation	14	365,554	432,959
Adjustments for interest income	20	(531,271)	(151,399)
Adjustments for interest expense	21	1,212,614	985,182
Adjustments for deferred financing			
due to forward purchases expenses	18	2,138,132	1,116,476
Adjustments for unearned finance income from sales	18	(397,258)	(281,637)
Adjustments for unrealized foreign exchange losses	13	27,545	97,020
Adjustments for fair value losses/(gains)			
arising from derivatives	20,21	23,652	(32,021)
Adjustments for income tax expense	22	(671,583)	(132,716)
Gain on sale of			
property plant and equipment	19	(24,321)	(12,047)
Adjustments for gains arising from the sale of subsidiaries		-	(213,163)
Changes in net working capital		4,284,168	1,029,279
Adjustments for increase in trade receivables		(317,187)	(5,367)
Adjustments for increase in inventories		(6,321,154)	(1,413,496)
Adjustments for increase in other receivables related with operations		(2,405,136)	(379,565)
Adjustments for increase in trade payables		11,448,811	2,345,605
Adjustments for increase in other payables related with operations		1,878,834	482,102
Cash flows from operating activities		10,772,953	4,414,139
Employee benefits paid	15	(114,502)	(57,822)
Interest received		394,591	279,165
Interest paid		(2,128,981)	(1,219,594)
Taxes paid		(470,767)	(144,703)
Other provisions paid	14	(413,550)	(17,728)
Net cash provided by operating activities		8,039,744	3,253,457

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows for the Years Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.) (Currencies other than TRY are expressed in thousands unless otherwise indicated.)

	Notes	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
Investing activities			
Cash outflows from the purchase of tangible and intangible assets	9-10	(2,262,174)	(969,388)
Cash inflows from the sale of tangible and intangible assets		67,570	87,888
Obtaining control of subsidiaries cash outflows for purchases		(104,500)	-
Cash inflows from the sale of subsidiary		-	374,451
Cash flows from investing activities		(2,299,104)	(507,049)
Financing activities			
Proceeds from borrowings	13	708,000	922,521
Cash outflows from repayments of borrowings	13	(1,061,948)	(1,923,239)
Cash outflows from repayment of derivative instruments		(6,103)	17,650
Interest received	18	531,271	151,399
Interest paid		(562,981)	(485,056)
Cash outflows from payments of rent agreements		(1,165,056)	(906,935)
Cash flows from financing activities		(1,556,817)	(2,223,660)
Effect of foreign currency translation differences on cash and cash equivalents		(137,695)	(121,200)
Net increase in cash and cash equivalents		4,046,128	401,548
Cash and cash equivalents in the beginning of the year	3	3,632,341	3,230,793
Cash and cash equivalents in the end of the year	3	7,678,469	3,632,341

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

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 İstanbul, Türkiye 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 30 April 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".

The company is controlled by AG Anadolu Grubu Holding A.Ş., its parent company. AG Anadolu Grubu Holding A.Ş. is controlled by AG Sınai Yatırım ve Yönetim A.Ş., and AG Sınai Yatırım ve Yönetim A.Ş. is a management company that ultimately manages, with equal representation of and by way of equal management by the Süleyman Kamil Yazıcı family and the Özilhan family, the affiliates of AG Anadolu Grubu Holding A.Ş. AG Anadolu Grubu Holding A.Ş. holds a 50% indirect share.

The Group is mainly engaged in retail sales in food & beverages, consumer goods and wholesale. Other than that the Group is also engaged in online food retailing, takeout food, payment and e-money services, logistic (motorcycle courier) services, and shopping mall management.

As of 31 December 2022, the Group has a total sales area of 1,796,075 m² (31 December 2021: 1,678,802 m²) with a retail store area of 1,781,396 m² and a wholesale store area of 14,679 m², 2,882 retail stores and 26 wholesale stores. operates in a total of 2,908 (31 December 2021: 2,565) stores. As of the end of the year as of 31 December 2022, the total number of employees of the Group is 45,303. (31 December 2021: 40,470). Retailing is the Group's core business, accounting for approximately 96% (31 December 2021: 96%) of gross sales.

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 28 February 2023 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 regulators have the power to amend the consolidated financial statements after the issue in the General Assembly meeting of the Company.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

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	31 December 2022 (%)	31 December 2021 (%)
Ramstore Kazakhstan LLC	Kazakhstan	Kazakhstan	Shopping centre management	100.0	100.0
Mimeda Medya Platform A.Ş.	Türkiye	Türkiye	Media	100.0	100.0
MoneyPay Ödeme ve Elektronik Para Hizmetleri A.Ş.	Türkiye	Türkiye	Services limited by e-money legislation	80.0	80.0
Paket Lojistik ve Teknoloji A.Ş.	Türkiye	Türkiye	Logistics	75.0	25.0
Dijital Platform Gıda Hizmetleri A.Ş. ^(*)	Türkiye	Türkiye	Online food retailing	93.0	100.0
Migen Enerji ve Elektrikli Şarj Hizmetleri A.Ş. ^(**)	Türkiye	Türkiye	Charging service	100,0	-

^(*) The owned share with TRY 700 nominal value corresponding 7% of the capital paid of the Dijital Platform Gıda Hizmetleri A.Ş. (Dijital Platform), a subsidiary of the Company, was sold to Dijital Platform as part of Dijital Platform's executive incentive program with a price of TRY 2,100.

^(**) The company is not included in the scope of consolidation since it is not active as of 31 December 2022.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of Presentation

2.1.1 Financial reporting standards applied

Statement of Compliance with TFRS

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which was published in the Official Gazette No:28676 on June 13, 2013. The accompanying financial statements are prepared based on the Turkish Accounting Standards and interpretations ("TAS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

In addition, the consolidated financial statements are presented in accordance with the specified format in "TFRS Taxonomy Announcement", issued on 15 October 2022 by the POA, and "the Financial Statements Examples and Guidelines for Use", which is published by the Capital Markets Board of Türkiye.

Migros and its subsidiaries, which operate in Türkiye, keep their accounting books and their statutory financial statements in Turkish Lira ("TRY") in accordance with the regulations on accounting and reporting framework and accounting standards promulgated by the CMB, Turkish Commercial Code ("TCC") and Tax Legislation and the Uniform Chart of Accounts which is issued by the Ministry of Finance. The foreign subsidiaries keep their accounting books and statutory financial statements in their local currencies and in accordance with the rules and regulations of the countries in which they operate.

Current Year Information

On January 20, 2022, the Public Oversight Accounting and Auditing Standards Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it is stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 - Financial Reporting in High Inflation Economies ("TAS 29"). As of the preparation date of these consolidated financial statements, no new disclosure has been made by POA within the scope of TAS 29, and no inflation adjustment has been made in accordance with TAS 29 while preparing the consolidated financial statements as of 31 December 2022.

2.1.2 Changes in the accounting policies, estimates and errors

Significant changes in accounting policies and accounting errors are applied retrospectively and prior year financial statements are restated. The effect of changes in accounting estimates affecting the current year is recognised in the current year; 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 TRY, which is the functional currency of Migros Ticaret A.Ş. and the reporting currency of the Group. (Note 27)

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

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 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.

Going Concern

The consolidated financial statements have been prepared assuming that the Company and consolidated subsidiaries will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

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, when necessary. The accounting policies applied to the preparation of consolidated financial statements are summarized 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.

The consolidated financial statements of the Group include Migros, Mimedra, MoneyPay, Dijital Platform, Paket Lojistik and Ramstore Kazakhstan LLC. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. 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.

Intra-group transactions, balances and unrealised gains on transactions between the Group companies are eliminated. 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, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position, respectively.

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.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

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.

Revenue

The Group records revenue when fullfills performance obligation while transferring committed service or good to their customer. An asset is transferred when (or as) the control of an asset is transferred to the customer.

The Group records revenue accordance with the following 5 main principles:

- Determination of customer contracts
- Determination of performance obligation on contracts
- Determination of transaction fee on contracts
- Allocation of transaction price to performance obligation in contracts
- Revenue recognition when each performance obligation is fulfilled

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.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

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

Revaluation 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 the fair values determined in the valuation reports of Nova Taşınmaz Değerleme ve Danışmanlık A.Ş. ("Nova Taşınmaz Değerleme") as of 31 December 2022. The first fair value application was adopted as of 31 December 2017.

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. No transfers from the revaluation fund to retained earnings are made unless the asset is derecognised.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Freehold land is not depreciated.

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.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

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, administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Legal fees are also included in the cost.

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.

When a property, plant and equipment is disposed of or no future economic benefits are expected from its use or sale, it is derecognised. The gain or loss resulting from the disposal or retirement of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value of the asset and is included in the profit or loss statement.

The depreciation period for property, plant and equipment which approximate the economic useful lives of such assets, are as follows:

	<u>Useful lives (Year)</u>
Buildings	25-50
Leasehold improvements	Over period of lease ⁽¹⁾
Machinery and equipment	4-10
Furniture and fixtures	5-12
Motor vehicles	5-8

⁽¹⁾ Leasehold improvements include the expenses made for the leased properties and are depreciated over the useful life of the leased property where the useful life is longer than the lease term, and over the useful life if it is shorter.

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.

Derecognition of property, plant and equipment

A property, plant and equipment is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of a property, plant and equipment, 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.

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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

Intangible assets

Goodwill

Goodwill arises when purchasing subsidiaries and the amount of the transferred consideration, the amount of non-controlling interests in the acquiree and the fair value of the identifiable net assets in the acquiree, the excess of the fair value difference at the acquisition date of the equity interests in the acquiree previously held by the acquirer. If the total transferred consideration, recognized non-controlling interests and previously held interests measured at fair value are less than the fair value of the net assets of the acquired subsidiary, for example in a bargain purchase, the difference is recognized directly in the statement of profit or loss.

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. The carrying amount of goodwill is compared with its recoverable value, which is the higher of its value in use and fair value less costs to sell. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement and 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.

Rent agreements

Lease agreements are determined by the Group as identifiable intangible assets and consist of the lease agreements taken over from the stores it has purchased and the parts of the purchase price of the purchased stores exceeding the fair value of the purchased assets. 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 except for the rental price at the beginning of the contract are presented under other intangible assets. These amounts are amortized throughout the lease and accounted for in marketing and sales expenses.

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.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

Internally-generated intangible assets and development expenditures

Maintenance and research costs of computer software are expensed as they occur. Development costs for designing and testing identifiable and unique computer software controlled by the Group are recognized as intangible assets if the following conditions are met:

- 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 cost of the software includes all of the costs directly attributable to the software (such as software development labor costs and the share of software overhead) required by management to create, produce, and prepare the software in order for it to function as intended. Other development expenditures that do not meet these criteria are recognized as an expense when incurred. Development-related expenses that were initially recognized as an expense cannot be recognized as an asset at a later date.

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. This difference is recognised in profit or loss when the asset is derecognised.

Non-current 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.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

Financial assets

Classification and measurement

The 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 the consolidated statement of financial position.

Impairment

The 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, the 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. The 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. The 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 or 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.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

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.

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.

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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

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 25, the Group's earnings per share are calculated in accordance with "Earning Per Share" ("TAS 33").

Income as per share stated in the consolidated statement of profit or loss is calculated by dividing the net profit by the weighted average of the share certification available in the market during the whole year.

In Türkiye, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. These "bonus share" distributions are treated as issued shares in earnings per share calculations. Accordingly, the weighted average number of shares used in these calculations has been calculated by taking into account the retrospective effects of the aforementioned share distributions.

Events after the reporting period

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 (Note 30)

Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Group has a present obligation 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 in the notes.

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. Contingent assets are disclosed in the notes of the consolidated financial statements, if there is a high probability that resources with economic benefits will flow to the entity.

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.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

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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

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.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

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.

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.

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.

The Group applies the derecognition and impairment requirements in TFRS 9 to the net lease investment. The Group regularly reviews the estimated uncommitted residual values used in the calculation of the gross lease investment and in case of a decrease in the estimated uncommitted residual value, the Group revises the distribution of income over the lease term and reflects the reductions in the accrued amounts directly to the financial statements.

When a contract includes lease and non-lease components, the Group applies TFRS 15 to allocate the consideration under the contract to each component.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

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, services or obligations between related parties, regardless of whether a price is charged.

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.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

Deferred tax

Deferred tax liability or asset is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax rates which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. 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. Deferred tax asset or liability of the assets and liabilities except for goodwill or business combinations are not calculated for temporary timing differences arising from the initial recognition and affecting both trading and financial profit or loss.

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.

Employee benefits/Employee termination benefits

The provision for employment termination benefits represents the present value of the estimated total provision for the future probable liabilities of the Group arising from the retirement of the personnel in accordance with the Turkish Labor Law and the laws applicable in the countries in which the subsidiaries operate. Pursuant to the laws governing working life in Türkiye and the Turkish Labor Law, the Group is required to collectively pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, who voluntarily leaves the job, is dismissed, dies or retires and reaches the retirement age. Provision allocated by using defined benefit plans' 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 retail and wholesale activities and lease income.

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 3).

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies (Continued)

Offsetting

A financial asset or liability can be offset and the net amount shown on the balance sheet only if the entity has a legal right to offset the recognized amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

Dividend

The dividend distributed to the shareholders of the Company is reflected as a liability in the financial statements of the Group on the date it is approved by the shareholders of the Company. When entitled to receive dividends, it is recognized as income in the financial statements.

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 sales of the Group's subsidiaries' and investments valued by using equity method shares at a price exceeding the nominal value of those shares or differences between the nominal value and the fair value of shares issued for acquired companies by the Group (Note 23).

Deferred finance income/expenses

Deferred finance income/expenses represent imputed finance income and expenses on credit sales and purchases. Such income and expenses 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 other operating income and expenses.

2.3 Comparative information and restatement of prior period 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. In case of changes and errors in accounting policies and accounting estimates, significant changes and significant accounting errors are applied retrospectively and the prior period financial statements are restated. Changes in accounting estimates are applied in the current period if the change is made for only one period, and if it is related to future periods, both in the period when the change is made and prospectively.

The amount of TRY 34,154 e-commerce marketing expenses were reclassified in marketing expenses in the year of 31 December 2021. In order to provide a proper consolidated financial statement between as of 31 December 2022 current year and the relevant period of 31 December 2021, this amount is reclassified in general administrative expenses. Also the amount of TRY 250,582 is reclassified in other shares as of 31 December 2022 while it was reclassified in restricted reserves in the year of 31 December 2021.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Critical accounting estimates and assumptions

The preparation of the consolidated 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 as of 31 December. The recoverable amount of the cash generating unit has been determined based on the fair value less costs to sell calculations. These value-in-use calculations include discounted after-tax cash flow projections, and these projections determined in TRY are based on five-year long-term plans approved by Migros Ticaret management. Estimated cash flows beyond the five-year period are calculated without considering any growth rate. In value-in-use calculations, the annual discount rate is 11.3% (2021: 14.8%). The discount rate used is the post-tax discount rate and includes risks specific to the Group (Note 11).

No impairment was identified as a result of the impairment tests performed as of 31 December 2022.

(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 executes an impairment estimate on the leasehold improvements on stores where it is a lessee 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) Explanations on fair value determination

As of the presentation of the consolidated financial statements as of 31 December 2022, the Group has excluded the cost model from the application methods in TAS 16 and chose the revaluation model for the presentation of land and buildings at their fair values. Revaluation studies of lands, building and investment properties have been performed by Nova Taşınmaz Değerleme, which is CMB accredited professional valuation Companies.

Lands and buildings in assets of the Group, which are located in Türkiye, have been revaluated in 31 December 2022 dated valuation reports of Nova Taşınmaz Değerleme by using "Sample comparison approach analysis", and "Income approach".

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Critical accounting estimates and assumptions (Continued)

"Income approach" method has been used in the valuation reports dated 31 December 2022 prepared by TSKB Gayrimenkul Değerleme to determine the fair market value of the land and buildings in the Group's assets and located in Kazakhstan.

As a result of revaluation study made by the experts, positive difference for lands and building amounting to TRY 1,241,102 is accounted as TRY 1,090,389 after net-off tax and minority effect "Revaluation Funds" under equity.

2.5. New and Revised Turkish Financial Reporting Standards

a) Standards, amendments, and interpretations applicable as of 31 December 2022:

- **Amendment to TFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to TFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- **A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16;** effective from annual periods beginning on or after 1 January 2022.
 - **Amendments to TFRS 3,** 'Business combinations' update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - **Amendments to TAS 16,** 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
 - **Amendments to TAS 37,** 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to TFRS 1, 'First-time Adoption of TFRS', TFRS 9, 'Financial Instruments', TAS 41, 'Agriculture' and the Illustrative Examples accompanying TFRS 16, 'Leases'.

b) Standards, amendments, and interpretations that are issued but not effective as of 31 December 2022:

- **Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5. New and Revised Turkish Financial Reporting Standards (Continued)

- **Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **Amendment to TFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in TFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- **Amendment to TAS 1 – Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- **TFRS 17, 'Insurance Contracts', as amended in December 2021;** effective from annual periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

NOTE 3 - CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash	207,176	129,577
Banks		
-demand deposit ⁽¹⁾	784,359	80,377
-time deposit	3,862,181	1,421,960
Cheques in collection	556	307
Credit card receivables	2,824,197	2,000,120
	7,678,469	3,632,341

⁽¹⁾ 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 year of time and available for use at the end of this year. As of 31 December 2022, a cash amount of TRY 486,984 in bank accounts is temporarily blocked due to the mentioned cash transfer. (2021: TRY 60,408).

Weighted average effective interest rate on TRY denominated time deposits as of 31 December 2022 is 24.1% (2021: 18.4%).

Credit card receivables with a maturity of less than one month are discounted at 31 December 2022 with annual rate of 10.8% (2021: 20.0%).

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

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NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

The maturity analysis of time deposits at 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
1 - 30 days	3,862,181	1,421,792
30 - 90 days	-	168
Over 180 days (*)	4,695	2,596
	3,866,876	1,424,556

(*) Time deposits with a maturity of more than 90 days are recognized in the financial investments account (Note 4).

NOTE 4 - FINANCIAL INVESTMENTS

Financial assets

	31 December 2022	31 December 2021
Currency protected deposits (*)	351,125	-
Investment fund	32,266	-
Time deposit (**)	4,695	2,596
	388,086	2,596

(*) Related amount indicating the bank deposits with over 90 days maturity recognised as cash fund by the Group.

(**) The interest rates for currency protected deposit accounts are 13,50% and 21,00%.

Financial assets carried at fair value through other comprehensive income

	31 December 2022	31 December 2021
Long term financial assets carried at fair value through other comprehensive income/loss	598,346	97,059
Subsidiaries	4,500	-
	602,846	97,059

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

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NOTE 4 - FINANCIAL INVESTMENTS Continued)

	31 December 2022		31 December 2021	
	TRY	Share (%)	TRY	Share (%)
Colendi Holdings Limited	598,346	4.88	-	-
Migen Enerji ve Elektrikli Araç Şarj Hizmetleri A.Ş.	4,500	100.00	-	-
Paket Lojistik ve Teknoloji A.Ş.	-	-	3,250	25.00
MoneyPay Ödeme ve Elektronik Para Hizmetleri A.Ş.	-	-	82,309	80.00
Dijital Platform Gıda Hizmetleri A.Ş.	-	-	10,000	100.00
Mimeda Medya Platform A.Ş.	-	-	1,500	100.00
Total	602,846		97,059	

NOTE 5 - TRADE RECEIVABLES AND PAYABLES**Trade receivables:**

	31 December 2022	31 December 2021
Receivables from tenants and wholesale activities	461,845	166,594
Doubtful trade receivables	125,947	101,879
Notes receivable	16,295	6,115
Due from related parties (Note 24)	5,326	4,067
Less: Provisions for doubtful receivables	(125,947)	(101,879)
Less: Finance income not accrued on term sales	3,796	1,129
	487,262	177,905

The maturity of trade receivables is generally less than one month, and they were discounted with the annual rate of 10.8% as of 31 December 2022 (2021: 20.0%).

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

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NOTE 5 - TRADE RECEIVABLES AND PAYABLES Continued)

Movement of provision for doubtful receivables is as follows:

	2022	2021
Beginning of the year, 1 January	101,879	83,330
Current year charge (Note 18)	10,497	4,459
Collections and provisions released	(4,427)	(2,875)
Foreign currency translation differences effect	17,998	16,965
End of the year, 31 December	125,947	101,879
Trade payables:	31 December 2022	31 December 2021
Sellers	20,197,497	8,938,304
Trade payables to related parties (Note 24)	714,529	312,468
Expense accruals	349,863	562,306
Finance cost not accrued on term purchases	(222,046)	(231,197)
	21,039,843	9,581,881

The maturity of trade payables is generally less than three months and they are discounted with annual rate of 10.6% as of 31 December 2022 (2021: 22.4%).

Explanations on the nature and level of risks in trade receivables and payables are included in Note 26.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

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NOTE 6 - OTHER RECEIVABLES AND PAYABLES

Other short-term receivables

	31 December 2022	31 December 2021
Receivables from personnel	55,678	36,719
Receivables from insurance companies	6,363	5,010
	62,041	41,729

Other long-term receivables

	31 December 2022	31 December 2021
Value added tax receivables ("VAT")	570,258	-
Deposits and guarantees given	12,770	5,530
	583,028	5,530

Other short-term payables

	31 December 2022	31 December 2021
Other taxes and funds payable	287,948	149,543
Value added tax payables ("VAT")	59,632	37,744
Credit card bills collection account ^(*)	2,717	3,149
Other	7,663	34,585
	357,960	225,021

^(*) It consists of credit card collections with maturities less than one month made in stores on behalf of banks.

Other long-term payables

	31 December 2022	31 December 2021
Deposits and guarantees received	32,234	25,877
	32,234	25,877

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

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NOTE 7 - INVENTORIES

	31 December 2022	31 December 2021
Finished goods and commodities	10,869,197	4,731,014
Work in progress	151,804	54,928
Raw materials	79,645	29,399
Other	48,227	12,378
Less: Provision for impairment on inventory	(244,205)	(152,402)
	10,904,668	4,675,317

Movement of impairment on inventory is as follows:

	2022	2021
Beginning of the year, 1 January	152,402	74,643
Charge for the year	497,209	158,737
Provisions released (-)	(405,406)	(80,978)
End of the year, 31 December	244,205	152,402

NOTE 8 - PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses

	31 December 2022	31 December 2021
Prepaid rent expenses	137,253	59,801
Prepaid insurance expenses	112,570	38,484
Advances given	89,708	1,058
Other prepaid expenses	103,996	55,645
	443,527	154,988

Long-term prepaid expenses

	31 December 2022	31 December 2021
Advances given for property, plant and equipment	67,207	6,081
Prepaid rent expenses	11,413	14,498
Other	46,986	-
	125,606	20,579

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NOTE 8 - PREPAID EXPENSES AND DEFERRED INCOME Continued)

Short-term liabilities from customer contracts

	31 December 2022	31 December 2021
Customer cheques	298,211	187,668
Deferred income	44,046	26,695
	342,257	214,363

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipments years ended at 31 December 2022 is as follows;

	1 January 2022	Additions (*)	Disposals	Impairment (**)	Revaluation	Transfers	Currency translation differences	31 December 2022
Cost								
Lands	764,754	-	(14,800)	-	510,032	-	59,772	1,319,758
Buildings	842,943	39,373	(22,280)	(3,317)	728,816	17,977	162,086	1,765,598
Leasehold improvements	1,159,929	311,842	-	(3,697)	-	89,849	-	1,557,923
Machinery and equipments	1,881,148	646,246	(21,147)	-	-	360,345	6,238	2,872,830
Motor vehicles	12,700	161,419	(214)	-	-	4,640	-	178,545
Furniture and fixtures	1,014,631	245,945	(19,834)	-	-	87,661	1,262	1,329,665
Construction in progress	168,340	768,676	-	-	-	(560,472)	-	376,544
	5,844,445	2,173,501	(78,275)	(7,014)	1,238,848	-	229,358	9,400,863
Accumulated depreciation								
Buildings	(76,131)	(26,270)	744	-	-	-	(16,732)	(118,389)
Leashold improvements	(588,814)	(57,567)	-	693	-	-	-	(645,688)
Machinery and equipment	(867,253)	(179,657)	17,418	-	-	-	(3,574)	(1,033,066)
Motor vehicles	(5,171)	(34,216)	127	-	-	-	-	(39,260)
Furniture and fixtures	(556,650)	(53,694)	12,930	-	-	-	(1,082)	(598,496)
	(2,094,019)	(351,404)	31,219	693	-	-	(21,388)	(2,434,899)
Net book value	3,750,426							6,965,964

(*) 160,436 TRY in costs, 34,363 TRY of accumulated depreciation and 23,622 TRY of depreciation expenses, all of which were included in tangible fixed asset additions as of 31 December 2022, resulted from the impact of companies included in the consolidation for the first time as of 31 December 2022.

(**) Impairment loss amounting to TRY 3,004 consists of leasehold improvements of the stores closed in 2022 (Note:19).

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NOTE 9 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movement of property, plant and equipments year ended at 31 December 2021 is as follows;

	1 January 2021	Additions ^(*)	Disposals	Impairment ^(**)	Revaluation	Transfers	Currency translation differences	31 December 2021
Cost								
Lands	590,907	-	(45,305)	-	211,088	-	8,064	764,754
Buildings	566,295	3,630	(21,055)	(7,863)	178,763	478	122,695	842,943
Leashold improvements	961,105	156,648	(497)	(8,232)	-	50,905	-	1,159,929
Machinery and equipments	1,450,494	278,094	(36,576)	-	-	179,098	10,038	1,881,148
Motor vehicles	9,745	3,564	(645)	-	-	36	-	12,700
Furniture and fixtures	887,016	110,323	(20,831)	-	-	35,408	2,715	1,014,631
Construction in progress	116,491	317,774	-	-	-	(265,925)	-	168,340
	4,582,053	870,033	(124,909)	(16,095)	389,851	-	143,512	5,844,445
Accumulated depreciation								
Buildings	(41,710)	(17,570)	768	-	-	-	(17,619)	(76,131)
Leashold improvements	(511,194)	(84,631)	388	6,623	-	-	-	(588,814)
Machinery and equipments	(743,695)	(148,527)	31,965	-	-	150	(7,146)	(867,253)
Motor vehicles	(3,385)	(2,368)	582	-	-	-	-	(5,171)
Construction in progress	(509,325)	(57,192)	17,321	-	-	-	(7,454)	(556,650)
	(1,809,309)	(310,288)	51,024	6,623	-	150	(32,219)	(2,094,019)
Net book value	2,772,744							3,750,426

^(*) Impairment amounting to TRY 9,472 consists of leasehold improvements of the stores closed in 2021 and fair value changes in lands and buildings (Note 19).

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NOTE 10 - INTANGIBLE ASSETS

Movement of intangible assets year ended at 31 December 2022 is as follows;

	1 January 2022	Additions ^(*)	translation differences	Currency 31 December 2022
Cost				
Trademark	2,787	-	-	2,787
Rent agreements	39,131	-	-	39,131
Rights	568,068	151,685	2,800	722,553
Other intangible assets	170,167	1.195	-	171,362
Total	780,153	152,880	2,800	935,833
Accumulated amortisation				
Rent agreements	(37,132)	(956)	-	(38,088)
Rights	(413,673)	(130,793)	(2,541)	(547,007)
Other intangible assets	(120,329)	(1,213)	-	(121,542)
Total	(571,134)	(132,982)	(2,541)	(706,637)
Net book value	209,019			229,196

^(*) As of 31 December 2022, additions include costs amounting to TRY 23,370 accumulated amortisation amounting to TRY 5,776 and amortisation expense TRY 5,459 due to business combinations as of 31 December 2022.

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NOTE 10 - INTANGIBLE ASSETS (Continued)

Movement of intangible assets year ended at 31 December 2021 is as follows;

	1 January 2021	Additions	Disposals	Transfers	Currency translation differences	31 December 2021
Cost						
Trademark	2,787	-	-	-	-	2,787
Rent agreements	39,131	-	-	-	-	39,131
Rights	470,376	99,355	(4,852)	-	3,189	568,068
Other intangible assets	170,167	-	-	-	-	170,167
	682,461	99,355	(4,852)	-	3,189	780,153
Accumulated amortisation						
Rent agreements	(36,176)	(956)	-	-	-	(37,132)
Rights	(340,426)	(74,517)	4,591	(150)	(3,171)	(413,673)
Other intangible assets	(119,180)	(1,149)	-	-	-	(120,329)
	(495,782)	(76,622)	4,591	(150)	(3,171)	(571,134)
Net book value	186,679					209,019

Amortisation expenses related to intangible assets have been accounted under marketing expenses.

NOT 11 - GOODWILL

	2022	2021
Opening, 1 January	2,252,992	2,252,992
Additions ^(*)	88,186	-
Closing, 31 December	2,341,178	2,252,992

^(*) As of 1 April 2022, Migros increased its shares of Paket Lojistik ve Teknoloji A.Ş. from 25% to 75% in return for TRY 104,500. The company's identifiable assets are 88,632 TRY. Goodwill is TRY 88,186.

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NOT 11 - GOODWILL (Continued)

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 TRY budgets approved by the Group 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.

In the calculations made as of 31 December 2022, the future cash flows calculated with balance sheet date prices are discounted with an average of 11.3%. The discount rate used is the after-tax discount rate and includes risks specific to the Group. The fact that the after-tax discount rate used in the calculation of discounted cash flows is higher/lower by 1% (such as 12.3% or 10.3% instead of 11.3%) causes a decrease/increase of TRY 791,902 (2021: TRY 262,994) in the fair value calculations for which sales costs are deducted, as of 31 December 2022. Within the context of analysis performed by the Group Management, above mentioned changes in the key assumptions on which recoverable amount is based would not cause carrying amount to exceed its recoverable amount.

NOTE 12 - RIGHT OF USE ASSETS

For 31 December 2022 and 2021, movement on right of use assets is as follows:

Cost	1 January 2022	Additions (*)	31 December 2022
Buildings	4,264,990	2,208,515	6,473,505
	4,264,990	2,208,515	6,473,505
Accumulated Amortisation			
Buildings	(1,479,524)	(706,844)	(2,186,368)
	(1,479,524)	(706,844)	(2,186,368)
Net book value	2,785,466		4,287,137

(*) As of 31 December 2022, cost amounting to TRY 10,056, accumulated depreciation amounting to TRY 4,928 and depreciation expense amounting to TRY 3,044 included in right-of-use asset additions as a result of business combinations as of 31 December 2022.

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NOTE 12 - RIGHT OF USE ASSETS (Continued)

Cost	1 January 2021	İlaveler	Çıkışlar	31 December 2021
Buildings	3,754,329	550,351	(39,690)	4,264,990
	3,754,329	550,351	(39,690)	4,264,990
Accumulated Amortisation				
Buildings	(964,585)	(520,275)	5,336	(1,479,524)
	(964,585)	(520,275)	5,336	(1,479,524)
Net book value	2,789,744			2,785,466

Amortisation expenses related to right of use asset have been accounted under marketing expenses.

Short-term lease liabilities

	31 December 2022	31 December 2021
Lease liabilities	1,209,016	759,335
	1,209,016	759,335

Long-term lease liabilities

	31 December 2022	31 December 2021
Lease liabilities	3,605,501	2,349,110
	3,605,501	2,349,110

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

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NOTE 12 - RIGHT OF USE ASSETS (Continued)

Liabilities from long-term lease transactions as of 31 December 2022:

	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
TRY	547,979	534,487	510,549	374,003	1,638,483	3,605,501
	547,979	534,487	510,549	374,003	1,638,483	3,605,501

Liabilities from long-term lease transactions as of 31 December 2021:

	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
TRY	357,027	348,086	332,640	243,676	1,067,681	2,349,110
	357,027	348,086	332,640	243,676	1,067,681	2,349,110

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NOTE 13 - BORROWINGS

		31 December 2022	
	Effective interest rate (%)	In original currency	Total TRY equivalent
Short term borrowings			
Fixed interest rate - TRY	14.86	109,363	109,363
Floating interest rate - TRY	18.14	299,272	299,272
Total short term borrowings			408,635
Current portion of long term borrowings			
Fixed interest rate - TRY	18.75	776,781	776,781
Kazakhstan loan - Tenge	13.97	1,201,621	48,609
Total current portion of long term borrowings			825,390
Total short term borrowings			1,234,025
Long term borrowings			
Fixed interest rate - TRY	18.18	1,355,675	1,355,675
Kazakhstan loan - Tenge	13.97	1,262,528	51,073
Total long term borrowings			1,406,748
Total financial liabilities			2,640,773

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NOTE 13 - BORROWINGS (Continued)

The redemption schedule of borrowings with effective interest rate at 31 December 2022 is as follows:

	Tenge loan TRY equivalent	TRY Loan	Total (TRY equivalent)
1 January 2023 - 31 December 2023	48,609	1,185,416	1,234,025
1 January 2024 - 31 December 2024	40,683	807,999	848,682
1 January 2025 - 31 December 2025	10,390	411,927	422,317
1 January 2026 - 14 December 2026	-	135,749	135,749
	99,682	2,541,091	2,640,773

The fair value of borrowings at 31 December 2022 is TRY 2,382,017.

The redemption schedule of principal amounts of borrowings at 31 December 2022 is as follows:

	Tenge loan TRY equivalent	TRY Loan	Total (TRY equivalent)
1 January 2023 - 31 December 2023	47,516	893,053	940,569
1 January 2024 - 31 December 2024	40,683	778,840	819,523
1 January 2025 - 31 December 2025	10,390	566,639	577,029
1 January 2026 - 14 December 2026	-	235,409	235,409
	98,589	2,473,941	2,572,530

The redemption schedule of contractual cash outflows, which consists of principal and interest, of borrowings at 31 December 2022 is as follows:

	Tenge loan TRY equivalent	TRY Loan	Total (TRY equivalent)
1 January 2023 - 31 December 2023	59,005	1,282,583	1,341,588
1 January 2024 - 31 December 2024	45,803	1,058,614	1,104,417
1 January 2025 - 31 December 2025	11,129	645,024	656,153
1 January 2026 - 14 December 2026	-	281,309	281,309
	115,937	3,267,530	3,383,467

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 financial statements as of 31 December 2022 are in line with the provisions of the bank loan agreement.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 13 - BORROWINGS (Continued)

The movement schedule of borrowings as of 31 December 2022 and 2021 is as follows;

	2022	2021
Beginning balance, 1 January	2,971,319	3,837,750
Proceeds of borrowings	708,000	922,521
Payments (-)	(1,061,948)	(1,923,239)
Foreign exchange losses	27,545	97,020
Interest accrual	(21,808)	(4,361)
Effect of subsidiaries included in the consolidation for the first time	17,665	-
Change due to subsidiary sale	-	41,628
Ending balance, 31 December	2,640,773	2,971,319

Convenience Translation Into English of Consolidated Financial Statements Originally Issued in Turkish

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 13 - BORROWINGS (Continued)

		31 December 2021	
	Effective interest rate (%)	In original currency	Total TRY equivalent
Short term borrowings			
Fixed interest rate - TRY	17.87	459,096	459,096
Floating interest rate - TRY	17.87	256,764	256,764
Total short term borrowings			715,860
Current portion of long term borrowings			
Floating interest rate - TRY	20.31	49,654	49,654
Fixed interest rate - TRY	16.98	486,504	486,504
Kazakhstan loan - EUR	4.50	23	341
Kazakhstan loan - Tenge	13.97	1,065,687	32,965
Total current portion of long term borrowings			569,464
Total short term borrowings			1,285,324
Long term borrowings			
Floating interest rate - TRY	20.31	249,929	249,929
Fixed interest rate - TRY	16.85	1,291,278	1,291,278
Kazakhstan loan - EUR	4.50	4,600	69,399
Kazakhstan loan - Tenge	13.97	2,437,132	75,389
Total long term borrowings			1,685,995
Total financial liabilities			2,971,319

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 13 - BORROWINGS (Continued)

The redemption schedule of borrowings with effective interest rate at 31 December 2021 is as follows:

	Tenge loan TRY equivalent	Euro loan TRY equivalent	TRY Loan	Total (TRY equivalent)
1 January 2022 - 31 December 2022	32,965	341	1,252,018	1,285,324
1 January 2023 - 31 December 2023	36,334	24,139	718,502	778,975
1 January 2024 - 31 December 2024	31,109	45,260	487,819	564,188
1 January 2025 - 31 December 2025	7,945	-	280,732	288,677
1 January 2026 - 14 December 2026	-	-	54,155	54,155
	108,353	69,740	2,793,226	2,971,319

The fair value of borrowings at 31 December 2021 is TRY 2,936,696.

The redemption schedule of principal amounts of bank borrowings at 31 December 2021 is as follows:

	Tenge loan TRY equivalent	Euro loan TRY equivalent	TRY Loan	Total (TRY equivalent)
1 January 2022 - 31 December 2022	32,010	-	938,119	970,129
1 January 2023 - 31 December 2023	36,334	24,139	663,857	724,330
1 January 2024 - 31 December 2024	31,109	45,260	572,013	648,382
1 January 2025 - 31 December 2025	7,945	-	423,719	431,664
1 January 2026 - 14 December 2026	-	-	111,408	111,408
	107,398	69,399	2,709,116	2,885,913

The redemption schedule of contractual cash outflows, which consists of principal and interest, of borrowings at 31 December 2021 is as follows:

	Tenge loan TRY equivalent	Euro loan TRY equivalent	TRY Loan	Total (TRY equivalent)
1 January 2022 - 31 December 2022	40,786	2,610	1,360,531	1,403,927
1 January 2023 - 31 December 2023	42,932	27,262	924,558	994,752
1 January 2024 - 31 December 2024	33,997	45,773	736,195	815,965
1 January 2025 - 31 December 2025	8,362	-	501,354	509,716
1 January 2026 - 14 December 2026	-	-	132,604	132,604
	126,077	75,645	3,655,242	3,856,964

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Other short-term provisions	31 December 2022	31 December 2021
Provision for personnel expenses ^(*)	309,998	-
Provision for litigation	151,798	121,537
Provision for customer loyalty programs	3,114	1,126
Competition board penalty ^(**)	-	388,255
	464,910	510,918

^(*) Provisions for personnel expenses consist of subcontractor service costs and premium provisions.

^(**) With the Competition Board's resolution dated 28 October 2021 and numbered 21-53/747-360, it was determined that number of enterprises of retailer and supplier violated Article 4 of the Law No. 4054. Based on this resolution, the provision amount of TRY 388,854 was paid without prejudice on 11 February 2022 and reflected in the consolidated financial statements. The payment of the fine or its reflection on the Company's financial statements does not mean that the charges subject to the penalty have been accepted, and the lawsuit regarding the cancellation of the penalty and the suspension of execution has been filed in the relevant court within the legal period. With its decision dated 15 June 2022, the 7th Administrative Court of Ankara rejected Migros' request for a suspension of execution. Migros appealed against the court's refusal decision. In the current situation, the trial process continues.

There are various lawsuits filed against or in favour of the Group. Receivables, rent or labour disputes constitute the majority of these lawsuits. The Group management estimates the outcomes of these lawsuits and estimates their financial impact according to which the necessary provisions are accounted.

Movements in the provision for litigation during the year are as follows:

	2022	2021
Beginning balance, 1 January	121,537	94,561
Increase during year	55,556	44,704
Payments (-)	(25,295)	(17,728)
Ending balance, 31 December	151,798	121,537

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals, Pledges, Mortgages

31 December 2022:

	TRY equivalent	TRY	USD	EUR
A. CPM given on behalf of the Company's legal personality	474,402	461,831	651	20
B. CPM given on behalf of fully consolidated subsidiaries	99,681	-	5,331	-
Total collaterals, pledges and mortgages	574,083	461,831	5,982	20
Proportion of the other CPM's to equity (%)	-			

31 December 2021:

	TRY equivalent	TRY	USD	EUR
A. CPM given on behalf of the Company's legal personality	231,077	222,400	651	-
B. CPM given on behalf of fully consolidated subsidiaries	144,788	-	5,656	4,600
Total collaterals, pledges and mortgages	375,865	222,400	6,307	4,600
Proportion of the other CPM's to equity (%)	-			

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 14 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Contingent assets and liabilities

Guarantees given at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Letter of guarantees given	574,083	375,865
	574,083	375,865

Guarantees received at 31 December 2022 and 2021 are as follows:

	30 December 2022	31 December 2021
Guarantees obtained from customers	448,876	279,196
Mortgages obtained from customers	25,522	21,280
	474,398	300,476

NOTE 15 - EMPLOYEE BENEFITS

	31 December 2022	31 December 2021
Payables to personnel	425,106	219,193
Social security payables	327,101	72,557
	752,207	291,750

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 15 - EMPLOYEE BENEFITS (Continued)

	31 December 2022	31 December 2021
Provision for employment termination benefits	1,279,290	383,554
Provision for unused vacation	572,201	187,690
	1,851,491	571,244

Movement of provision for unused vacation for the years ended in 31 December 2022 and 2021 is as follows:

	2022	2021
Beginning balance, 1 January	187,690	158,126
Provision for the year	406,161	41,794
Used in year (-)	(21,650)	(12,230)
Ending balance, 31 December	572,201	187,690

Movement of provision for employee termination benefits for the years ended in 31 December 2022 and 2021 is as follows:

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.

In the consolidated financial statements as of 31 December 2022 and 2021, 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 following actuarial assumptions were used in the calculation of the total liability:

	2022	2021
Discount rate (%)	0.00	4.35
Turnover rate to estimate the probability of retirement (%)	69.79-91.70	91.91 - 100

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 TRY 19,982.83 effective from 1 January 2023 has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 15 - EMPLOYEE BENEFITS (Continued)

The movement of the severance pay provision account for the years ended as of 31 December 2022 and 2021 is presented below:

	2022	2021
Beginning balance, 1 January	383,554	257,690
Provision during year	72,842	176,656
Payments (-)	(92,852)	(45,592)
Actuarial losses/(gains)	915,746	(5,200)
Ending balance, 31 December	1,279,290	383,554

NOTE 16 - REVENUE

	1 January - 31 December 2022	1 January - 31 December 2021
Domestic sales	75,604,235	36,864,800
Other sales	125,534	46,187
Gross sales	75,729,769	36,910,987
Discounts and returns (-)	(1,227,792)	(638,744)
Sales revenue, net	74,501,977	36,272,243
Cost of sales (-)	(56,702,390)	(27,517,740)
Gross profit	17,799,587	8,754,503

Details of domestic and foreign sales before other sales, discounts and returns are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Retail sales revenue	72,611,999	35,487,485
Wholesale revenue	2,560,261	1,165,865
Rent income	431,975	211,450
	75,604,235	36,864,800

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 17 - EXPENSES BY NATURE

	1 January - 31 December 2022	1 January - 31 December 2021
Personnel expenses	6,290,824	3,308,763
Rent and common area expenses	1,858,763	873,672
Energy expenses	1,391,959	465,906
Depreciation and amortisation expenses	1,178,268	907,185
Information technology maintenance expenses	443,522	212,094
Porterage and cleaning expenses	420,483	239,735
Advertising expenses	396,106	236,466
Repair and maintenance expenses	219,893	123,105
Security expenses	111,947	75,634
Taxes and other fee expenses	50,688	34,690
Communication expenses	32,876	24,061
Other	614,313	266,197
	13,009,642	6,767,508
Marketing expenses	1 January - 31 December 2022	1 January - 31 December 2021
Personnel expenses	5,497,387	2,939,865
Rent and common area expenses	1,832,936	859,835
Energy expenses	1,386,193	462,984
Depreciation and amortisation expenses	1,178,268	907,185
Porterage and cleaning expenses	408,038	233,616
Information technology maintenance expenses	414,234	196,416
Advertising expenses	395,203	236,462
Repair and maintenance expenses	215,869	106,353
Security expenses	107,780	73,274
Taxes and other fee expenses	41,639	31,337
Communication expenses	28,853	19,282
Other	456,694	215,635
	11,963,094	6,282,244

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 17 - EXPENSES BY NATURE (Continued)

General administrative expenses

	1 January - 31 December 2022	1 January - 31 December 2021
Personnel expenses	793,437	368,898
Other	253,111	116,366
	1,046,548	485,264

Expenses by nature in cost of sales for the years 1 January - 31 December 2022 and 2021 are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Cost of goods sold	(56,597,716)	(27,483,280)
Cost of service rendered	(104,674)	(34,460)
	(56,702,390)	(27,517,740)

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 18 - OTHER OPERATING INCOME AND EXPENSES

Other operating income

	1 January - 31 December 2021	1 January - 31 December 2021
Interest income on term sales	397,258	281,637
Other	77,496	24,455
	474,754	306,092

Other operating expenses

	1 January - 31 December 2022	1 January - 31 December 2021
Interest expense on term purchases ^(*)	(2,138,132)	(1,116,476)
Litigation provision	(365,556)	(432,959)
Bad debt provision expense	(10,497)	(4,459)
Other	(25,494)	(30,797)
	(2,539,679)	(1,584,691)

^(*) Term purchases are discounted to the present value with the relevant government securities interest rates for each month, and as a result, forward purchase interest expenses are calculated. Average interest rate in 2022 is 16.3% (2021: 18.3%)

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 19 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Income from investing activities

	1 January - 31 December 2022	1 January - 31 December 2021
Currency protected deposit income	27,708	-
Gain on sale of property, plant and equipment	24,321	12,047
Subsidiary sales profit ^(*)	-	213,163
	52,029	225,210

^(*) The Group recorded a sales profit of TRY 213,163 arising from the sale of its subsidiary Ramstore Macedonia DOO ("Ramstore Macedonia") in accordance with the share transfer agreement dated 9 March 2021. TRY 205,743 of this amount is due to the classification of the foreign currency translation differences that the subsidiary accounted for in other comprehensive income in the previous periods, and the total effect of the transaction on equity is TRY 7,420

Expense from investing activities

	1 January - 31 December 2022	1 January - 31 December 2021
Losses from leasehold improvements of closed stores	(3,004)	(1,609)
Losses on sale of property, plant and equipment	(3,317)	(7,863)
	(6,321)	(9,472)

NOTE 20 - FINANCIAL INCOME

	1 January - 31 December 2022	1 January - 31 December 2021
Interest income on bank deposits	531,271	151,399
Foreign exchange gains	187,829	228,851
Financial income on derivatives	2,017	37,480
	721,117	417,730

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 21 - FINANCIAL EXPENSES

	1 January - 31 December 2022	1 January - 31 December 2021
Interest expense on lease liabilities	(653,749)	(503,735)
Interest expense on bank borrowings	(558,865)	(481,447)
Credit card commission expenses	(224,905)	(58,310)
Foreign exchange losses	(46,194)	(40,471)
Financial expense on derivatives	(25,669)	(5,459)
Other	(74,217)	(26,955)
	(1,583,599)	(1,116,377)

NOTE 22 - TAX ASSETS AND LIABILITIES

	31 December 2022	31 December 2021
Corporate and income taxes payable	279,518	185,780
Less: Prepaid current income taxes	(421,482)	(136,495)
Current tax assets /(liabilities)	(141,964)	49,285
	31 December 2022	31 December 2021
Deferred tax assets	1,339,348	312,225
Deferred tax liabilities	(176,781)	(45,118)
Deferred tax assets, net	1,162,567	267,107

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 Türkiye, 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 Türkiye, corporate tax rate is 23% (2021: 25%).

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 TFRS. Future periods to deferred tax assets and liabilities are calculated based on the liability method on temporary differences for the rates used as of December 31, 2022 Türkiye and Kazakhstan respectively 23% and 20% (2021: 25% and 20%).

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 22 - TAX ASSETS AND LIABILITIES (Continued)

The details of taxation on income for the years ended 31 December 2022 and 2021 are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Income tax expense	(321,496)	(191,852)
Deferred tax income	993,079	324,568
Current year tax income	671,583	132,716
	1 January - 31 December 2022	1 January - 31 December 2021
Profit before tax	1,908,246	225,487
Calculated tax income according to parent company tax rate (23%) (2021:25%)	(438,897)	(56,372)
Differences in tax rate of subsidiaries	89	(491)
Expected tax expense of the Group	(438,808)	(56,863)
Effect of non-deductable expenses	(185,372)	(171,455)
Exemption for R&D and other discounts	36,420	12,452
Tax effect of other income exempt from tax	80,361	30,442
Effect of temporary differences which no deferred tax assets are recognised	23,722	31,152
Effective tax rate difference	-	13,912
Revaluation effect of property, plant and equipment and intangible asset ^(*)	1,205,181	271,175
Other differences	(49,921)	1,901
The Group's tax income	671,583	132,716

^(*) Temporary Article 32 of Law No. 213 added via Article 52 of Law No. 7338 on Amending the Tax Procedure Law and Certain Laws dated 14 October 2021, and paragraph (Ç) added to duplicated Article 298 of Law No. 213 via Law No. 7338 enable taxpayers that fall within scope to revalue the properties listed on their balance sheets and other depreciable financial assets as of the end of the previous accounting period, before performing revaluation. The assets in scope will be depreciated using their revaluation amount, and a 2% tax will be paid on the increased value. In the scope of the relevant law adjustment, a deferred tax asset was generated in the financial position statement as per revaluation records of fixed assets in the legal books, and the deferred tax revenue of the relevant assets was recorded on the consolidated income statement.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 22 - TAX ASSETS AND LIABILITIES (Continued)

Deferred taxes

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided as of 31 December 2022 and 2021 using the currently enacted tax rates, is as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Deferred tax assets:				
Property, plant and equipment and intangible assets	3,233,328	121,966	651,148	18,633
Inventories	528,383	358,208	105,677	82,388
Short term provisions	999,651	275,202	199,819	63,296
TFRS 16 effect	615,094	372,117	123,019	85,587
Provision for employee termination benefits	1,279,290	383,554	255,858	76,711
Finance income not accrued from future sales	3,796	1,129	759	260
Other	15,111	(888)	3,068	(1,089)
			1,339,348	325,786
Deferred tax liabilities:				
Financial investment fair value change	(524,212)	-	(131,053)	-
Finance expense not accrued from future sales	(223,156)	(232,093)	(44,631)	(53,381)
Fair value change of derivative financial instruments	(5,486)	(23,035)	(1,097)	(5,298)
			(176,781)	(58,679)
Total deferred tax assets, net			1,162,567	267,107

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 22 - TAX ASSETS AND LIABILITIES (Continued)

Movements of deferred tax assets and liabilities are as follows:

	2022	2021
Opening balance, 1 January	267,107	(13,005)
Deferred tax income from continuing operations	993,079	324,568
Recognized on other comprehensive income	(98,617)	(47,310)
- Remeasurement gains/(losses) from defined benefit plans	- 183,149	- (1,040)
- Property plant and equipment revaluation increases	- (150,713)	- (46,270)
- Financial investment fair value difference	- (131,053)	- -
Currency translation differences	998	2,854
Closing balance, 31 December	1,162,567	267,107

NOTE 23 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The shareholders of the Company and their shareholdings stated at historical amounts at 31 December 2022 and 2021 are stated below:

	31 December 2022		31 December 2021	
	TRY	Share (%)	TRY	Share (%)
MH Perakendecilik ve Ticaret A.Ş.	89,046	49.18	89,046	49.18
Migros Ticaret A.Ş.	2,962	1.64	2,962	1.64
Other	89,046	49.18	89,046	49.18
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 TRY 48,998, corresponding to Kipa shares with a total nominal value of TRY 2,962 which were converted to Migros shares due to the merger were purchased by Migros with a total amount of TRY 125,435 within the scope of separation funds.

The Company's legal records in 2022 shows that the maximum amount of other shares which is not create additional corporate tax and can be included in profit sharing is TRY 680,945.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

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NOTE 24 – RELATED PARTY DISCLOSURES**a) Balances with related parties**

As of 31 December 2022 and 2021, due from and due to related parties are as follows:

Trade receivables from related parties

	31 December 2022	31 December 2021
Anadolu Isuzu Otomotiv Sanayi ve Tic. A.Ş. ⁽¹⁾	2,930	699
Anadolu Efes Spor Kulübü ⁽¹⁾	245	-
Anadolu Motor Üretim ve Pazarlama A.Ş. ⁽¹⁾	155	117
Mimeda Medya Platform A.Ş. ⁽¹⁾	-	3,000
Other	1,996	251
	5,326	4,067

Trade payables to related parties

	31 December 2022	31 December 2021
Efes Pazarlama ve Dağıtım Ticaret A.Ş. ⁽¹⁾	357,375	175,214
Coca Cola Satış ve Dağıtım A.Ş. ⁽¹⁾	275,389	112,804
AEH Sigorta Acenteliği A.Ş. ⁽¹⁾	63,501	104
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. ⁽¹⁾	9,375	8,028
Adel Kalemcilik Ticaret ve San. A.Ş. ⁽¹⁾	6,462	16,170
Other	2,427	148
	714,529	312,468

b) Transactions with related parties

Significant transactions regarding purchases and sales with related parties for the years ending on 31 December 2022 and 2021 are as follows:

Inventory purchases

	1 January - 31 December 2022	1 January - 31 December 2021
Efes Pazarlama ve Dağıtım Ticaret A.Ş. ⁽¹⁾	1,195,900	628,561
Coca Cola Satış ve Dağıtım A.Ş. ⁽¹⁾	1,247,739	490,253
Adel Kalemcilik Ticaret ve San. A.Ş. ⁽¹⁾	26,554	17,093
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. ⁽¹⁾	34,038	43,238
	2,504,231	1,179,145

⁽¹⁾ AG Anadolu Grubu Holding group companies

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 24 – RELATED PARTY DISCLOSURES (Continued)

Other transactions

	1 January - 31 December 2022	1 January - 31 December 2021
Rent revenue	-	1,445
Rent expenses	(11,211)	(6,810)
Other income	184	815
Other transactions, net	(11,027)	(4,550)

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 years ended 31 December 2022 and 2021 is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Short term benefits	131,555	71,186
	131,555	71,186

Key management compensation paid or payable consists of benefits, salaries, premiums, individual pension premiums, vehicle rents and SSI and employer shares.

NOTE 25 - EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net profit for the year by the weighted average number of ordinary shares outstanding during the related period.

	1 January - 31 December 2022	1 January - 31 December 2021
Net profit attributable to shareholders	2,570,283	358,881
Weighted average number of shares with Kr1 face value each ('000)	18,105,233	18,105,233
Earnings per share	14.20	1.98

There is no difference between basic and diluted earnings per share for any of the periods.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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 interest position table of the Group as of 31 December 2022 and 2021 is as follows:

Financial instruments with fixed interest rate	31 December 2022	31 December 2021
Time deposits	4,218,001	1,424,556
Financial liabilities	2,341,501	2,414,972
Lease liabilities	4,814,517	3,108,445
Financial instruments with floating interest rate	31 December 2022	31 December 2021
Financial liabilities	299,272	556,347

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 2022, the Group's financial debt with a maturity longer than 1 year is TRY 1,406,748 (2021: TRY 1,685,995).

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The maturity analysis of the Group's financial liabilities as of 31 December 2022 and 2021 is as follows:

Non derivative financial liabilities:

	Carrying value	Contractual cash outflows	Less than 3 months	3 months- 12 months	1 years- 5 years
2022					
Financial payables	2,640,773	3,383,467	411,746	929,842	2,041,879
Trade payables	21,039,843	21,261,890	17,316,470	3,945,420	-
Other payables	1,142,401	1,142,401	1,110,167	-	32,234
	24,823,017	25,787,758	18,838,383	4,875,262	2,074,113

Non derivative financial liabilities:

	Carrying value	Contractual cash outflows	Less than 3 months	3 months- 12 months	1 years- 5 years
2021					
Financial payables	2,971,319	3,856,964	268,866	1,135,061	2,453,037
Trade payables	9,581,881	9,813,078	8,035,867	1,777,211	-
Other payables	542,648	542,648	516,771	-	25,877
	13,095,848	14,212,690	8,821,504	2,912,272	2,478,914

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.

As of 31 December 2022 and 2021, the details of credit and receivables risk are as follows. In determining the amount, factors that increase credit reliability, such as guarantees received, were not taken into account.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

2022	Trade Receivables			
	Third party	Related party	Other receivables	Deposits in bank
Maximum risk exposed credit risk as of reporting date (A+B+C+D)	481,936	5,326	645,069	5,002,360
-Secured portion of maximum credit risk bu guarantees etc.	105,860	-	-	-
A. Net book value of financial assets either are not due or not impaired	459,276	5,326	645,069	5,002,360
Secured portion bu guarantees etc.	105,229	-	-	-
B. Net book value of the expired or not impaired financial assets	-	-	-	-
- Secured portion bu guarantees etc.	-	-	-	-
C. Net book value of assets that are overdue but not impaired	22,660	-	-	-
Secured portion bu guarantees etc.	631	-	-	-
D. Net book value of assets that are impaired	-	-	-	-
overdue (gross book value)	125,947	-	-	-
impairment (-)	(125,947)	-	-	-
Secured portion bu guarantees etc.	-	-	-	-

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

2021	Trade Receivables			
	Third party	Related party	Other receivables	Deposits in bank
Maximum risk exposed credit risk as of reporting date (A+B+C+D)	173,838	4,067	47,259	1,504,933
-Secured portion of maximum credit risk bu guarantees etc.	42,717	-	-	-
A. Net book value of financial assets either are not due or not impaired	156,666	4,067	47,259	1,504,933
Secured portion bu guarantees etc.	31,006	-	-	-
B. Net book value of the expired	-	-	-	-
Secured portion bu guarantees etc.	-	-	-	-
C. Net book value of assets that are overdue but not impaired	10,007	-	-	-
Secured portion bu guarantees etc.	4,546	-	-	-
D. Net book value of assets that are impaired	7,165	-	-	-
overdue (gross book value)	107,610	-	-	-
impairment (-)	(100,445)	-	-	-
Secured portion bu guarantees etc.	7,165	-	-	-

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 26 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

As of the 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.

Aging of the receivables which are overdue but not impaired

	31 December 2022	31 December 2021
Between 0-1 month	2,310	2,918
Between 1-3 month	203	551
Between 3-12 month	16,168	2,915
Between 1-5 years	3,979	3,623
	22,660	10,007

Capital risk

Net debt ratio as of 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Total liabilities	32,334,117	17,564,261
Less: Cash and cash equivalents	(8,034,289)	(3,634,937)
Net debt	24,299,828	13,929,324
Equity attributable to holders of parent	4,045,688	536,064
Equity + net debt	28,345,516	14,465,388
	85.73%	96.29%

NOTE 27 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION

Exchange Rate Risk

The Group is exposed to foreign exchange risk primarily arising from financial assets denominated in foreign currencies. Aforementioned foreign exchange risk is monitored and limited with derivative instruments. As of 31 December 2022, if both Euro and US dollar currencies would have appreciated against TRY by 20% and all other variables had remained constant, the profit for the period before tax as a result of foreign exchange rate difference arising out of assets and liabilities denominated in Euro and US dollar would have been TRY 125,717 higher. (31 December 2021: TRY 44,610)

The profit before tax effect can be broken down in terms of currencies in such a way that that the change amounting to TRY 8,987 is due to the change in Euro and the change amounting to TRY 116,730 is due to US dollar. (31 December 2021: The effect of the change in the Euro is 36,208 TRY, the effect of the change in the US Dollar is TRY 8,402.)

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 27 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)

FOREIGN CURRENCY POSITION

	31 December 2022				31 December 2021			
	Total TRY equivalent	USD	EUR	Other TRY equivalent	Total TRY equivalent	USD	EUR	Other TRY equivalent
Monetary financial assets	637,026	31,214	2,254	8,444	290,178	2,870	16,623	1,138
Other		168	9	-	-	120	9	-
Current assets	637,194	31,223	2,254	8,444	290,298	2,879	16,623	1,138
Total assets	637,194	31,223	2,254	8,444	290,298	2,879	16,623	1,138
Financial liabilities	-	-	-	-	341	-	23	-
Trade payables	7,181	12	349	-	-	-	-	-
Current liabilities	7,181	12	349	-	341	-	23	-
Financial liabilities	-	-	-	-	69,399	-	4,600	-
Non-monetary other liabilities	10,825	-	543	-	8,403	-	557	-
Non-current liabilities	10,825	-	543	-	77,802	-	5,157	-
Total liabilities	18,006	12	892	-	78,143	-	5,180	-

Convenience Translation Into English of Consolidated Financial Statements Originally Issued in Turkish

Migros Ticaret A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 27 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)**FOREIGN CURRENCY POSITION**

	31 December 2022				31 December 2021			
	Total TRY equivalent	USD	EUR	Other TRY equivalent	Total TRY equivalent	USD	EUR	Other TRY 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	619,181	31,211	1,363	8,444	212,155	2,879	11,443	1,138
Net foreign currency asset/(liability) position of monetary items	629,840	31,214	2,254	8,444	220,438	2,870	12,000	1,138
Fair value hedge funds of foreign currency	351,125	-	17,614	-	-	-	-	-
Hedge amount of foreign currency assets	-	-	-	-	-	-	-	-
Hedge amount of foreign currency liabilities	-	-	-	-	-	-	-	-
Export	-	-	-	-	-	-	-	-
Import	399,153	21,347	-	-	233,916	17,549	-	-

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 27 - EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (Continued)

Foreign currency sensitivity analysis as of 31 December 2022 and 2021 is as follows:

31 December 2022

		Gain/Loss
	Foreign exchange appreciation	Foreign exchange depreciation
20% change in Euro exchange rate		
Euro net asset/liability	8,987	(8,987)
20% change in US dollar exchange rate		
US dollar net asset/liability	116,730	(116,730)
Net effect	125,717	(125,717)

31 December 2021

		Gain/Loss
	Foreign exchange appreciation	Foreign exchange depreciation
20% change in Euro exchange rate		
Euro net asset/liability	36,208	(36,208)
20% change in US dollar exchange rate		
US dollar net asset/liability	8,402	(8,402)
Net effect	44,610	(44,610)

NOTE 28 - 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).

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 28 - FINANCIAL INSTRUMENTS (Continued)

The fair value hierarchy for the assets and liabilities measured at fair value as of 31 December 2022 and 2021 is as follows:

2022	Level 1	Level 2	Level 3	Total
Lands	-		1,319,758	1,319,758
Buildings	-		1,647,209	1,647,209
Derivative instruments	-	5,485		5,485
Long term financial investments	-	602,846	-	602,846
				3,575,298
2021	Level 1	Level 2	Level 3	Total
Lands	-	-	764,754	764,754
Buildings	-	-	766,812	766,812
Derivative instruments	-	23,034	-	23,034
Long term financial investments	-	97,059	-	97,059
				1,651,659

NOTE 29 - FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDIT FIRM

The fees related to the services received by the Group from the Independent Audit Firm for the years 1 January - 31 December 2022 and 2021 are as follows:

	2022	2021
Audit and assurance fee	1,622	441
Tax consulting fee	735	175
Other non-audit services fee	195	-
	2,552	616

NOTE 30 – EVENTS AFTER THE REPORT

On 6 and 20 February 2023, earthquakes occurred and severely affected 10 cities in the east of Türkiye. The expected impact of the disaster on the Group's financial statements are summarised as follows.

As of 31 January 2023, the Group has 2,927 stores throughout the country and 228 stores, all of which are leased and insured, in the 10 cities affected by the earthquake. In the current situation, an evaluation shows that 41 of these stores became unusable. This number may change based on additional evaluations. The 2022 turnover of these 41 stores was 631 million full TRY. Insurance pre-evaluation processes have started for these stores and their products and fixtures, and for some other stores in the region.

In addition to the operational impacts above, the Group made donations for earthquake relief and provided financial support to its employees in the region. Information about insurance compensation processes and clarification of donations and contributions will be stated in the 2023 reports.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

APPENDIX 1 - CONSOLIDATED STATEMENTS OF PROFIT OR LOSS BEFORE THE EFFECT OF TFRS 16

The effect of TFRS 16 standart on Group's financial statements are presented below:

	31 December 2022	TFRS 16 Effect	Before TFRS 16
ASSETS			
Current assets			
Prepaid expenses	443,527	4,720	438,807
Total current assets	20,123,315	4,720	20,118,595
Non-current assets			
Prepaid expenses	125,606	(33,252)	158,858
Right of use assets	4,287,137	4,287,137	-
Deferred tax assets	1,162,567	122,805	1,039,762
Total non-current assets	16,300,553	4,376,690	11,923,863
Total assets	36,423,868	4,381,410	32,042,458
LIABILITIES			
Current liabilities			
Lease liabilities	1,209,016	1,209,016	-
Total current liabilities	26,010,277	1,209,016	24,801,261
Non-current liabilities			
Lease liabilities	3,605,501	3,605,501	-
Total non-current liabilities	6,323,840	3,605,501	2,718,339
Total liabilities	32,334,117	4,814,517	27,519,600
EQUITY			
Attributable to equity holders of parent	4,045,688	(433,107)	4,478,795
Accumulated losses	(767,287)	(280,071)	(487,216)
Net profit for the year	2,570,283	(153,036)	2,723,319
Total equity	4,089,751	(433,107)	4,522,858
TOTAL LIABILITIES AND EQUITY	36,423,868	4,381,410	32,042,458

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)(Currencies other than TRY are expressed in thousands unless otherwise indicated.)

APPENDIX 1 - CONSOLIDATED STATEMENTS OF PROFIT OR LOSS BEFORE THE EFFECT OF TFRS 16 (Continued)

	31 December 2022	TFRS 16 Effect	Before TFRS 16
PROFIT OR LOSS			
Revenue	74,501,977	-	74,501,977
Cost of sales (-)	(56,702,390)	173,408	(56,875,798)
Gross profit	17,799,587	173,408	17,626,179
General administrative expenses (-)	(1,046,548)	-	(1,046,548)
Marketing expenses (-)	(11,963,094)	289,732	(12,252,826)
Other operating income	474,754	-	474,754
Other operating expense (-)	(2,539,679)	56	(2,539,735)
Operating profit	2,725,020	463,196	2,261,824
Income from investing activities	52,029	-	52,029
Loss from investing activities (-)	(6,321)	-	(6,321)
Operating income before finance expense	2,770,728	463,196	2,307,532
Financial income	721,117	-	721,117
Financial expense (-)	(1,583,599)	(653,450)	(930,149)
Net profit before tax from continuing operations	1,908,246	(190,254)	2,098,500
Tax income from continuing operations	671,583	37,218	634,365
Income tax expense (-)	(321,496)	-	(321,496)
Deferred tax income	993,079	37,218	955,861
Net profit for the year	2,579,829	(153,036)	2,732,865

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2022 and 2021

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APPENDIX 2 - EBITDA

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 year, employee termination benefit provision expense, unused vacation liability expense on gross profit amount in consolidated statements of income.

	2022	2021	TFRS 16 Effect 2022	TFRS 16 Effect 2021	Before TFRS 16 2022	Before TFRS 16 2021
Revenue	74,501,977	36,272,243	-	-	74,501,977	36,272,243
Cost of goods sold (-)	(56,702,390)	(27,517,740)	173,408	151,758	(56,875,798)	(27,669,498)
Gross profit	17,799,587	8,754,503	173,408	151,758	17,626,179	8,602,745
General administrative expenses (-)	(1,046,548)	(485,264)	-	-	(1,046,548)	(485,264)
Marketing expenses (-)	(11,963,094)	(6,282,244)	289,732	234,902	(12,252,826)	(6,517,146)
Addition: Depreciation and amortisation expenses	1,178,268	907,185	701,916	520,275	476,352	386,910
EBITDA	5,968,213	2,894,180	1,165,056	906,935	4,803,157	1,987,245
Addition: Provision for employment termination benefit and unused vacation	318,210	160,628	-	-	318,210	160,628
EBITDA	6,286,423	3,054,808	1,165,056	906,935	5,121,367	2,147,873
Addition: Rent expense	=	=	=	=	2,763,270	1,601,520
EBITDAR	-	-	-	-	7,884,637	3,749,393



ANNEXES

Sustainability Performance Indicators

GRI Content Index

Our Contribution to Sustainable Development Goals

UNGC Content Index

Statement of Independent Assurance in Human Rights and Supply Chain

Greenhouse Gas Emissions Verification Statement

Sustainability Performance Indicators

Human Resources Tables

Employee Profile by Gender and Work Type *				
Employee Category	In Istanbul		Outside Istanbul	
	Female	Male	Female	Male
Full-time	5,168	8,202	12,704	18,446
Part-time	89	88	209	140
Total	5,257	8,290	12,913	18,586

Distribution of Subcontractors by Gender			
	Female	Male	Total
	4,543	10,519	15,062

Employee Distribution by Term of Service*		
	Female	Male
0-5 years	11,149	15,893
5-10 years	4,010	5,905
10 years and above	3,011	5,078

Employee Distribution by Age	
Under 30	43%
30-50	54%
Over 50	3%

Distribution of Employees Hired and Employees Left by Gender*			
	Female (%)	Male (%)	
Employees Hired	44	66	
Employees Left	43	67	

Employee Distribution by Business Area *				
	Female	Male	Total	(%)
Administrative Units and Store Managers	2,595	5,044	7,639	17%
Store Employees	15,575	21,832	37,407	83%

Female-Male Salary Average Indices		
	Job Key	Index
Ratio of average salary of female managers to average salary of male managers **	Manager	0.976
	Deputy Manager	0.996
	Store Manager	0.985
Ratio of average salary of non-executive female employees to average salary of non-executive male employees	Store employees (blue collar)	0.987
	Specialist	1.003

** Both base salaries and other premiums payments are included.

Sustainability Performance Indicators

Female Ratio by Salary Ranges

Percentage of women in the company's top 10% compensated employees	30%
Percentage of women in the top pay quartile globally	34%
Percentage of women in the upper-middle pay quartile globally	27%
Percentage of women in the lower-middle pay quartile globally	51%
Percentage of women in the lower pay quartile globally	48%

Ratios of Female Employees by Their Workforce within the Company (%)

Middle/Other Level Management	32%
Entry Level	35%
Income Generating Roles*	33%
IT/Engineering Positions	32% / 40%

* Excluding Support teams.

Percentage of Employees Subjected to Regular Performance Development Evaluations (%)

Position	Female	Male	Total
Head Office	1.5%	2.5%	4.1%
Store Management	3.8%	9.3%	13.2%
Store Employee	33.3%	49.5%	82.8%
Total Number of Employees	38.7%	61.3%	100%

Maternity Leave, Return to Work and Retention Rate

Number of female employees on maternity leave in 2022	766
Number of male employees on parental leave in 2022	1,128
Total number of employees returning from maternity leave in 2022	615
Total number of employees expected to return from maternity leave in 2022	877
Return to work rate	70%
Number of employees who remained employed 12 months after their return from maternity leave	386
Total number of employees who returned from maternity leave in 2021	498
Retention rate	78%

Training Tables

Employee Trainings	
Training Name	Number of Participants
Expiry Date Discount Application Education	3,864
Migros Store Zero Waste Applications	3,269
Proper Hand Washing	3,417
Sustainability Series: Climate Change	13,830
Sustainability Series: Biodiversity	11,187
Sustainability Series: Food Waste	12,041
Sustainability Series: Water Management	14,442
Sustainability Series: Plastic Waste Management	11,946
Using Recycle Bins	404
Environmental Awareness and Use of Bags	90
Hygiene and Quality at Migros	5,231
Mandatory Hygiene Training	15,507
Save Your Food	4,227
Store Donation Process	3,119
Migros Donation	1,035
Information Security Awareness Training	368
Stress Management Trainings	3,504
Risk Management Principles Training	138
Ethical Rules Training (including Bribery, Human Rights, Child Labor, Organizing, etc.)	2,061
Corporate Policies	33,861
Human Rights	29,823
Corporate Governance and Risk Management	1,529
Personal Data Protection Law (PDPL)	17,636

Sustainability Performance Indicators

Employee Training Hours

Employee profile	Annual Total Training (Employee*Hours)	Training per employee (digital)	Training hours per employee (in-class)
Store Management	1,051,371	50.9	87
Store Employee	2,411,543	35.2	38.4
Administrative Units	99,451	15.2	47.4
Total	3,562,365		

OHS Tables

Work Accidents Table*							
	2020	2021			2022		
	Employee	Employee	Subcontractor	Total	Employee	Subcontractor	Total
Number of hours worked	104,207,768	113,472,280	28,797,440	142,269,720	124,598,448	28,797,272	153,395,720
Number of accidents	1,150	1,507	1,376	2,883	1,637	1,808	3,445
Number of lost days	1,982	2,164	2,916	5,080	2,387	3,621	6,008
Number of fatal injuries (fatality)	0	0	0	0	0	0	0
Number of occupational diseases	0	5	0	5	5	0	5
Number of lost days due to occupational diseases	0	0	0	0	0	0	0
Work accident severity rate (lost days)	19.089	19.0479	105.087	124.1349	19.0067	125.91	144.9167
Work accident severity rate (lost hours)	0.015	0.015	0.084	0.099	0.015	0.1	0.115
Lost time injury (frequency) rate	4.12	3.33	21.74	25.07	3.31	22.72	26.03
Total injury rate (including non-lost days)	11.01	13.26	49.64	62.9	13.03	62.77	75.8

*Subcontractor accident statistics started to be calculated as of 2021.

Accident Severity rates are calculated over the arithmetic average of each month.

Number of Occupational Diseases: Number of reported occupational diseases per million hours worked

Work Accident Severity Rate (Lost days): Number of lost days due to work accident per 1,000,000 hours worked

Work Accident Severity Rate (lost hours): Number of lost hours due to work accident per 100 hours worked

Lost Time Injury (Frequency) Rate: (Total number of work accidents/total hours worked) *1,000,000

Total Injury Rate: (Total number of injuries/Total working hours) *1,000,000

Sustainability Performance Indicators

Work Accidents Number by Type of Injury (%) *	2022
Cuts and lacerations	29
Slips, trips and falls	19
Being hit by falling objects	10
Crushes	4
Collisions and crashes	11
Other	27
Accidental deaths	0

*The employee groups with the highest risk of work accidents are charcutiers and butchers working in service aisles due to their use of sharp objects.

Number of Work Accidents by Gender	2022			
	2020	2021	Employee	Subcontractor
Male	727	914	984	1,554
Female	423	573	653	254
Total	1,150	1,487	1,637	1,808

Supplier Table

Number of Suppliers by Years	2018	2019	2020	2021	2022
Total number of suppliers*	1,901	1,863	1,878	2,492	2,031
Total number of new suppliers	199	229	376	385	334

*Number of active suppliers from whom we purchase goods worth TL 1.000 or more

Carbon Emission and Energy Tables

Our Category Based Scope 3 Emissions			
		Emissions for 2022 (mt CO ₂ e)	%
Significant Indirect Greenhouse Gas Emissions			
Upstream Emission Sources			
Category 1	Purchased goods and services	9,622,350	71.058
Category 2	Capital goods (fixtures, real estate)	-	-
Category 3	Unreported fuel and energy-related activities	115,542	0.835
Category 4	Transport and storage of products	94,884	0.7
Category 5	Waste generated in operations	34,004	0.251
Category 6	Business travel	643	0.004
Category 7	Employee commuting	1,649	0.012
Category 8	Upstream leased assets	-	-
Downstream Emission Sources			
Category 9	Emissions from downstream transportation and distribution	232,347	1.715
Category 10	Emissions from the processing of sold products	-	-
Category 11	Emissions from the use of sold products	3,156,879	23.312
Category 12	Emissions from end of life treatment of sold products	275,250	2.032
Category 13	Emissions from downstream leased assets	7,815	0.057
Category 14	Emissions from dealer, agent and franchise activities	-	-
Category 15	Emissions from the operation of the company's investments	-	-
Total		13,541,363	

Sustainability Performance Indicators

Scope 1 Emissions Breakdown					
Emission Factor of Fuels (kg CO ₂ e GHG emissions/unit) (Scope 1)					
GHG Emission Source	Amount	Total* (CO ₂ +CH ₄ +N ₂ O)	CO ₂ Emissions Breakdown	CH ₄ Emissions Breakdown	N ₂ O Emissions Breakdown
Natural Gas	1,106,176 m ³	2,229.76	2,225.55	3.03	1.18
Diesel (100% mineral diesel)	1,243,589 liters	3,356.2	3,309.61	0.32	46.26
Petroleum (100% mineral oil)	728,600 liters	1,704.7	1,649.48	5.33	4.89
Fuel oil	10,040 liters	31.88	31.75	0.05	0.08

* Since operations are carried out in the retail sector; SOx, NOx and PM10 originating from production facilities are not measured.

Stores with Automation System			
System	2020	2021	2022
Cooling Automation	1,978	2,313	2,651
Air Conditioning Automation	1,355	1,621	1,957
Lighting Automation	1,119	1,399	1,823

Water Consumption Tables

Water Discharge Ratios (%)					
	2018	2019	2020	2021	2022
Discharged to Sewerage System	97.07	99.20	98.34	98.11	99.41
Discharged to Receiving Environment (Other)	2.91	0.80	1.66	1.89	0.59

Water Withdrawal Amounts by Resource (m ³)					
Resource (m ³)	2018	2019	2020	2021	2022
Municipal water	859,041	1,235,162	931,639	949,697	949,783
Well water	25,776	47,375	45,511	47,666	68,347
Total	884,817	1,282,537	936,150	997,363	1,018,130

Wastewater Loads Table			
Parameters	Analysis Results * (mg/L)		
	February 2022	June 2022	September 2022
Biological Oxygen Demand (BOD ₅)	43	8.65	4.48
Chemical Oxygen Demand (COD)	102.9	16.4	10
Total Suspended Solids (TSS)	18.9	15.2	29.5
pH	8.02	8.17	8.02

The wastewater treatment plant operates in our Kemalpaşa distribution Center, and the results of periodic analyzes made at the discharge points

Packaging and Waste Tables

Packaging Materials of our Private Label Products				
Material	2021		2022	
	Weight (tons)	Coverage (%)	Weight (tons)	Coverage (%)
Paper	578.8	12	980.4	12
Glass	2,993.4	40	2,493.8	30
Plastic*	2,527.1	34	3,209	38
Metal	893	12	734.4	9
Composite	193.2	2	1,020.7	11
Total	7,482.5	100	8,438.8	100

* 8.5 tons (0.34%) in 2021 and 18.5 tons (0.58%) in 2022 are recycled (R-pet) material.

Sustainability Performance Indicators

Waste Amounts by Disposal Types					
Waste		Amount (tons)			
Type	Disposal Method	2019	2020	2021	2022
Non-hazardous	Recycling / Recovery*	17,264.24	16,979.67	14,014.95	20,063.7
	Reuse / Animal feed	550	831.51	847.7	586
	Biogas / Compost	5,200	4,255	5,800.4	13,763.76**
	Delivered to municipalities***	54,570	50,841	53,304	53,357.43
	Donation to stray animals	894	1,120.1	1,407.4	1,530.48
	Donate to food banks	1,424	1,216	2,781.67	6,161.03
	Incineration	223	246	811.7	894.32
Hazardous	Recycling / Recovery	5,494	7.15	7.07	6.4
	Biodiesel	30	30.96	41.8	36.94
	Incineration	4.436	9.126	5.63	3.18

* Including non-food products and electronic waste.

** Including those sent to breeding farm.

*** The majority of them are organic wastes.

Amount of Packaging Waste Recycled by Years (tons)	
2019	17,173
2020	16,902
2021	13,774
2022	19,833

Amount of Waste Vegetable Oil Collected* (tons)					
	2018	2019	2020	2021	2022
Amount of Waste Vegetable Oil Collected	28	30	31	41.8	36.9

* Includes the amount of waste vegetable oil collected from homes via Migros Sanal Market.

Amount of Waste Batteries Collected* (tons)					
	2018	2019	2020	2021	2022
Amount of Waste Batteries Collected	3.50	4.50	5.68	5.45	3.8

* Includes the amount of waste batteries collected from homes via Migros Sanal Market.

Amount of Electronic Waste Collected from Our Customers (tons)					
	2018	2019	2020	2021	2022
Amount of Electronic Waste Collected	211	92	77.38	138	133

Product Safety & Quality Control Audits

Quality Controls	
Unit	Number
New food products internally checked for quality	6,061
New non-food products internally checked for quality	12,968
Products audited by an accredited laboratory *	10,000
Unannounced store external audits	2,526
Number of stores analyzed for hygiene	1,531
Number of hygiene analyzes (SWAB Analysis)	10,957
Number of Risk Based Process Audits	1,088
Number of Migros Sanal Market and Migros Hemen process audits	947
New store and seasonal store compliance audits	409
Number of inspections of bakery and hot production areas	76
Number of products checked for quality in Distribution Centers	3.2 million
Number of Distribution Center Cold Room Temperature Verifications	323
Number of delivery vehicles with temperature control	1,443

*Quality verification analyses of more than 10,000 products were completed in accredited laboratories based on more than 40,000 parameters

GRI Content Index



CONTENT INDEX
ESSENTIALS SERVICE

2023

Migros has reported for the period January-December 2022 in accordance with the GRI Standards.

Within the Content Index - Essential Service, the GRI Services team reviewed that the GRI Content Index is clearly presented and the references for disclosures GRI 2-1 to 2-5 and GRI 3-1 to 3-2 align with relevant sections in the report.

GRI Standard	Disclosures	Page Number, Reference and/or Direct Answers
GRI 1: FOUNDATION 2021		
GRI 2: GENERAL DISCLOSURES 2021		
GRI 2: GENERAL DISCLOSURES 2021	2-1 Organizational details	About the Report p.9
	2-2 Entities included in the organization's sustainability reporting	About the Report p.9
	2-3 Reporting period, frequency and contact point	About the Report p.9
	2-4 Restatements of information	Our 2022 Materiality Matrix p.29
	2-5 External assurance	Our Supplier Selection and Auditing Processes p.85 Privacy and Data Security p.134 Compliance with Human Rights Policies p.164
	2-6 Activities, value chain and other business relationships	Migros Better Future Plan p.15 About Migros p.18
	2-7 Employees	Our Employee Profile p.36 Human Resources Tables p.311
	2-8 Workers who are not employees	Our Employee Profile p.36
	2-9 Governance structure and composition	Our Integrated Governance Model p.137 Our Board of Directors p.139 Our Corporate Governance Committee p.147 Our Early Detection of Risk Committee p.147 Our Audit Committee p.148 General Assembly of Shareholders p.149 Our Management Team p.149 Our Sustainability Committee p.153
	2-10 Nomination and selection of the highest governance body	Our Board of Directors p.139 Corporate Governance Principles Compliance Report p.178
	2-11 Chair of the highest governance body	Our Board of Directors p.139
	2-12 Role of the highest governance body in overseeing the management of impacts	Our Value Creation-Oriented Governance Approach p.137
	2-13 Delegation of responsibility for managing impacts	Our Value Creation-Oriented Governance Approach p.137

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2-14 Role of the highest governance body in sustainability reporting	Our Sustainability Committee p.153
2-15 Conflicts of interest	Our Integrated Governance Model p.137 Our Corporate Governance Committee p.147
2-16 Communication of critical concerns	Our Integrated Governance Model p.137 Corporate Governance Principles Compliance Report p.178
2-17 Collective knowledge of the highest governance body	Our Board of Directors p.139
2-18 Evaluation of the performance of the highest governance body	Our Board of Directors p.139
2-19 Remuneration policies	Our Board of Directors p. 139 Our Internal Practices for Gender Equality p.53
2-20 Process to determine remuneration	Our Board of Directors p. 139 Our Internal Practices for Gender Equality p.53
2-21 Annual total compensation ratio	Confidentiality constraints: Information which is not open to public.
2-22 Statement on sustainable development strategy	Migros Better Future Plan p.15 Creating Sustainable Economic Value p.31
2-23 Policy commitments	Compliance with Corporate Policies and Codes of Conduct p.162
2-24 Embedding policy commitments	Compliance with Corporate Policies and Codes of Conduct p.162
2-25 Processes to remediate negative impacts	Our Responsible and Transparent Governance Approach p.136
2-26 Mechanisms for seeking advice and raising concerns	Our Executive Ethics Committee p.154 Employee Satisfaction p.45
2-27 Compliance with laws and regulations	Business Ethics and Compliance with Corporate Policies and Laws p.162
2-28 Membership associations	Memberships, Collaborations & Initiatives p.167
2-29 Approach to stakeholder engagement	Communication with Our Stakeholders p.165
2-30 Collective bargaining agreements	Freedom of Association p.46

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GRI 3: MATERIAL TOPICS 2021

GRI 3: MATERIAL TOPICS 2021	3-1 Process to determine material topics	Our 2022 Materiality Matrix p.28
	3-2 List of material topics	Our 2022 Materiality Matrix p.29
	3-3 Management of material topics	Our 2022 Materiality Matrix p.28

Creating Sustainable Economic Value

GRI 3: MATERIAL TOPICS 2021	3-1 Process to determine material topics	Creating Sustainable Economic Value p.31 Our 2022 Materiality Matrix p.28
	3-2 List of material topics	Creating Sustainable Economic Value p.31 Our 2022 Materiality Matrix p.29
	3-3 Management of material topics	Creating Sustainable Economic Value p.31 Our 2022 Materiality Matrix p.28
GRI 201: ECONOMIC PERFORMANCE 2016	201-1 Direct economic value generated and distributed	Creating Sustainable Economic Value p.31
	201-2 Financial implications and other risks and opportunities due to climate change	Climate Change Risk Assessment p.94
	201-3 Defined benefit plan obligations and other retirement plans	Employee Satisfaction p.45
GRI 202: MARKET PRESENCE 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Creating Sustainable Economic Value p.31
GRI 203: INDIRECT ECONOMIC IMPACTS 2016	203-1 Infrastructure investments and services supported	Sustainability Performance Indicators p.311
GRI 204: PROCUREMENT PRACTICES 2016	204-1 Proportion of spending on local suppliers	Local Supply p.88

Ecosystem Sustainability Through Transparent, Responsible, Ethical Governance

GRI 3: MATERIAL TOPICS 2021	3-1 Process to determine material topics	Our 2022 Materiality Matrix p.28 Creating Sustainable Economic Value p.31
	3-2 List of material topics	Our 2022 Materiality Matrix p.29 Creating Sustainable Economic Value p.31
	3-3 Management of material topics	Our 2022 Materiality Matrix p.28 Creating Sustainable Economic Value p.31

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GRI 205: ANTI-CORRUPTION 2016	205-1 Operations assessed for risks related to corruption	Business Ethics and Compliance with Corporate Policies and Laws p.162
	205-2 Communication and training about anti-corruption policies and procedures	Responsibilities We Expect from Our Suppliers p.84 Our Audit Committee p.148 Compliance with Corporate Policies and Codes of Conduct p.162
	205-3 Confirmed incidents of corruption and actions taken	Business Ethics, Anti-Bribery and Anti-Corrupt p.162
GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Creating Sustainable Economic Value p.31
GRI 207: TAX 2019	207-1 Approach to tax	Tax Approach & Management p.164
	207-2 Tax governance, control, and risk management	Tax Approach & Management p.164
	207-3 Stakeholder engagement and management of concerns related to tax	Tax Approach & Management p.164
	207-4 Country-by-country reporting	Tax Approach & Management p.164
Accessing Sustainable Products and Services		
GRI 3: MATERIAL TOPICS 2021	3-1 Process to determine material topics	Our 2022 Materiality Matrix p.28 Creating Sustainable Economic Value p.31
	3-2 List of material topics	Our 2022 Materiality Matrix p.29 Creating Sustainable Economic Value p.31
	3-3 Management of material topics	Our 2022 Materiality Matrix p.28 Our Environmental Management p.92
Extensive Combat Against Climate Change		
GRI 3: MATERIAL TOPICS 2021	3-1 Process to determine material topics	Our 2022 Materiality Matrix p.28 Our Environmental Management p.92
	3-2 List of material topics	Our 2022 Materiality Matrix p.29 Our Environmental Management p.92
	3-3 Management of material topics	Our 2022 Materiality Matrix p.28 Our Environmental Management p.92
GRI 302: ENERGY 2016	302-1 Energy consumption within the organization	Our Performance & Targets p.96
	302-2 Energy consumption outside of the organization	Our Performance & Targets p.96
	302-3 Energy intensity	Our Performance & Targets p.96
	302-4 Reduction of energy consumption	Our Energy Efficiency Works p.98
	302-5 Reductions in energy requirements of products and services	Our Energy Efficiency Works p.98

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GRI 305: EMISSIONS 2016	Disclosure 305-1 Direct (Scope 1) GHG emissions	Sustainability Performance Indicators p. 311 Our Performance & Targets p.96
	Disclosure 305-2 Energy indirect (Scope 2) GHG emissions	Sustainability Performance Indicators p. 311 Our Performance & Targets p.96
	Disclosure 305-3 Other indirect (Scope 3) GHG emissions	Sustainability Performance Indicators p. 311 Our Performance & Targets p.96
	Disclosure 305-4 GHG emissions intensity	Sustainability Performance Indicators p. 311 Our Performance & Targets p.96
	Disclosure 305-5 Reduction of GHG emissions	Our Performance & Targets p.96
Sustainable Agriculture and Saving Food		
GRI 3: MATERIAL TOPICS 2021	3-1 Process to determine material topics	Our 2022 Materiality Matrix p.28 Sustainable Agriculture & Biodiversity p.107
	3-2 List of material topics	Our 2022 Materiality Matrix p.29 Sustainable Agriculture & Biodiversity p.107
	3-3 Management of material topics	Our 2022 Materiality Matrix p.28 Sustainable Agriculture & Biodiversity p.107
GRI 303: WATER AND EFFLUENTS 2018	303-1 Interactions with water as a shared resource	Our Sustainable Water Management p.104
	303-2 Management of water discharge-related impacts	Our Sustainable Water Management p.104
	303-3 Water withdrawal	Sustainability Performance Indicators p.311
	303-4 Water discharge	Sustainability Performance Indicators p.311
	303-5 Water consumption	Our Sustainable Water Management p.104
GRI 304: BIODIVERSITY 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Sustainable Agriculture & Biodiversity p.107
	304-2 Significant impacts of activities, products and services on biodiversity	Sustainable Agriculture & Biodiversity p.107
Supporting the Circular Economy		
GRI 3: MATERIAL TOPICS 2021	3-1 Process to determine material topics	Our 2022 Materiality Matrix p.28 Our Effective Waste Management & Supporting the Circular Economy p.116
	3-2 List of material topics	Our 2022 Materiality Matrix p.29 Our Effective Waste Management & Supporting the Circular Economy p.116
	3-3 Management of material topics	Our 2022 Materiality Matrix p.28 Our Effective Waste Management & Supporting the Circular Economy p.116

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GRI 306: WASTE 2020	306-1 Waste generation and significant waste-related impacts	Our Effective Waste Management & Supporting the Circular Economy p.116
	306-2 Management of significant waste-related impacts	Our Effective Waste Management & Supporting the Circular Economy p.116 Sustainability Performance Indicators p.311
	306-3 Waste generated	Our Effective Waste Management & Supporting the Circular Economy p.116 Sustainability Performance Indicators p.311
	306-4 Waste diverted from disposal	Sustainability Performance Indicators p.311
	306-5 Waste directed to disposal	Sustainability Performance Indicators p.311
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	308-1 New suppliers that were screened using environmental criteria	Suppliers Audit Results p.86
	308-2 Negative environmental impacts in the supply chain and actions taken	Our Supplier Selection and Auditing Processes p.85 Suppliers Audit Results p.86
Employee Satisfaction and Talent Management		
GRI 3: MATERIAL TOPICS 2021	3-1 Process to determine material topics	Business Ethics and Compliance with Corporate Policies and Laws p.162 Our 2022 Materiality Matrix p.28
	3-2 List of material topics	Business Ethics and Compliance with Corporate Policies and Laws p.162 Our 2022 Materiality Matrix p.29
	3-3 Management of material topics	Business Ethics and Compliance with Corporate Policies and Laws p.162 Our 2022 Materiality Matrix p.28
GRI 401: EMPLOYMENT 2016	401-1 New employee hires and employee turnover	Our Employee Profile p.36
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Satisfaction p.45
	401-3 Parental leave	Our Works for Mothers and Expectant Mothers p.56 Sustainability Performance Indicators p.311
GRI 402: LABOR/MANAGEMENT RELATIONS 2016	402-1 Minimum notice periods regarding operational changes	Sustainability Performance Indicators p.311
GRI 404: TRAINING AND EDUCATION 2016	404-1 Average hours of training per year per employee	Contributing to Employee Development p.39 Sustainability Performance Indicators p.311
	404-2 Programs for upgrading employee skills and transition assistance programs	Empowering Our Employees p.37
	404-3 Percentage of employees receiving regular performance and career development reviews	Sustainability Performance Indicators p.311

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Health and Safety of Employees

GRI 3: MATERIAL TOPICS 2021	3-1 Process to determine material topics	Our 2022 Materiality Matrix p.28 Our Employees' Health and Safety p.47
	3-2 List of material topics	Our 2022 Materiality Matrix p.29 Our Employees' Health and Safety p.47
	3-3 Management of material topics	Our 2022 Materiality Matrix p.28 Our Employees' Health and Safety p.47
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-1 Occupational health and safety management system	Our Employees' Health and Safety p.47
	403-2 Hazard identification, risk assessment, and incident investigation	Sustainability Performance Indicators p.311
	403-3 Occupational health services	Our Employees' Health and Safety p.47
	403-4 Worker participation, consultation, and communication on occupational health and safety	Freedom of Association p.46 Our Employees' Health and Safety p.47
	403-5 Worker training on occupational health and safety	Our Employees' Health and Safety p.47
	403-6 Promotion of worker health	Our Employees' Health and Safety p.47 Our Employee Health Program p.51
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Our Employees' Health and Safety p.47
	403-8 Workers covered by an occupational health and safety management system	Our Employees' Health and Safety p.47
	403-9 Work-related injuries	Sustainability Performance Indicators p.311
	403-10 Work-related ill health	There aren't any employees who have been diagnosed with an occupational disease due to company activities.

Gender & Opportunity Equality

GRI 3: MATERIAL TOPICS 2021	3-1 Process to determine material topics	Our 2022 Materiality Matrix p.28
		Business Ethics and Compliance with Corporate Policies and Laws p.162
		Compliance with Human Rights Policies p.164

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	3-2 List of material topics	Our 2022 Materiality Matrix p.29 Business Ethics and Compliance with Corporate Policies and Laws p.162 Compliance with Human Rights Policies p.164
	3-3 Management of material topics	Our 2022 Materiality Matrix p.28 Business Ethics and Compliance with Corporate Policies and Laws p.162 Compliance with Human Rights Policies p.164
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1 Diversity of governance bodies and employees	Our Internal Practices for Gender Equality p.53
	405-2 Ratio of basic salary and remuneration of women to men	Gender & Opportunity Equality p.52
GRI 406: NON-DISCRIMINATION 2016	406-1 Incidents of discrimination and corrective actions taken	Business Ethics and Compliance with Corporate Policies and Laws p.162 Compliance with Human Rights Policies p.164
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Freedom of Association p.46
GRI 408: CHILD LABOR 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Suppliers Audit Results p.86 Compliance with Human Rights Policies p.164
GRI 409: FORCED OR COMPULSORY LABOR 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Suppliers Audit Results p.86 Compliance with Human Rights Policies p.164
GRI 410: SECURITY PRACTICES 2016	410-1 Security personnel trained in human rights policies or procedures	Compliance with Human Rights Policies p.164
GRI 411: RIGHTS OF INDIGENOUS PEOPLES 2016	411-1 Incidents of violations involving rights of indigenous peoples	Corporate Governance Principles Compliance Report p.178
Responsibility and Awareness Studies		
GRI 3: MATERIAL TOPICS 2021	3-1 Process to determine material topics	Social Responsibility & Awareness p.77 Our Socially-Beneficial Projects p.77 Our Socially-Beneficial Projects p.77 Our Internal Practices for Gender Equality p.53 Our 2022 Materiality Matrix p.28
	3-2 List of material topics	Social Responsibility & Awareness p.77 Our Socially-Beneficial Projects p.77 Our Socially-Beneficial Projects p.77 Our Internal Practices for Gender Equality p.53 Our 2022 Materiality Matrix p.29
	3-3 Management of material topics	Social Responsibility & Awareness p.77 Our Socially-Beneficial Projects p.77 Our Socially-Beneficial Projects p.77 Our Internal Practices for Gender Equality p.53 Our 2022 Materiality Matrix p.28

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GRI 413: LOCAL COMMUNITIES 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Social Responsibility & Awareness p.77 Our Socially-Beneficial Projects p.77 Our Socially-Beneficial Projects p.77 Our Accessibility Practices p.77
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016	414-1 New suppliers that were screened using social criteria 414-2 Negative social impacts in the supply chain and actions taken	Our Supplier Selection and Auditing Processes p.85 Suppliers Audit Results p.86
Supporting Healthy Living		
GRI 3: MATERIAL TOPICS 2021	3-1 Process to determine material topics	Our 2022 Materiality Matrix p.28 Our Products and Services Supporting Healthy Living p.73
	3-2 List of material topics	Our 2022 Materiality Matrix p.29 Our Products and Services Supporting Healthy Living p.73
	3-3 Management of material topics	Our 2022 Materiality Matrix p.28 Our Products and Services Supporting Healthy Living p.73
GRI 416: CUSTOMER HEALTH AND SAFETY 2016	416-1 Assessment of the health and safety impacts of product and service categories	Our Product Quality Control Process p.71 Sustainability Performance Indicators p.311
Product Data Accessibility and Transparency		
GRI 3: MATERIAL TOPICS 2021	3-1 Process to determine material topics	Quality, Freshness, Hygiene p.69 Responsible Advertising and Marketing p.83 Good and Trustworthy Customer Experience p.65 Our 2022 Materiality Matrix p.28 Transparent and Fast Flow of Product Information p.132
	3-2 List of material topics	Quality, Freshness, Hygiene p.69 Responsible Advertising and Marketing p.83 Good and Trustworthy Customer Experience p.65 Our 2022 Materiality Matrix p.29 Transparent and Fast Flow of Product Information p.132
	3-3 Management of material topics	Quality, Freshness, Hygiene p.69 Responsible Advertising and Marketing p.83 Good and Trustworthy Customer Experience p.65 Our 2022 Materiality Matrix p.28 Transparent and Fast Flow of Product Information p.132

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GRI 417: MARKETING AND LABELING 2016	417-1 Requirements for product and service information and labeling	Our Product Quality Control Process p.71 Data Consistency and Transparency Roadmap p.133 Transparent and Fast Flow of Product Information p.132
Good and Trustworthy Customer Experience		
GRI 3: MATERIAL TOPICS 2021	3-1 Process to determine material topics	Our 2022 Materiality Matrix p.28 Good and Trustworthy Customer Experience p.65
	3-2 List of material topics	Our 2022 Materiality Matrix p.29 Good and Trustworthy Customer Experience p.65
	3-3 Management of material topics	Our 2022 Materiality Matrix p.28 Good and Trustworthy Customer Experience p.65
GRI 418: CUSTOMER PRIVACY 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Effective Communication with Our Customer p.66 Privacy and Data Security p.134
Innovated Practices		
GRI 3: MATERIAL TOPICS 2021	3-1 Process to determine material topics	Our 2022 Materiality Matrix p.28 Our Digitalization & Innovative Practices p.123
	3-2 List of material topics	Our 2022 Materiality Matrix p.29 Our Digitalization & Innovative Practices p.123
	3-3 Management of material topics	Our 2022 Materiality Matrix p.28 Our Digitalization & Innovative Practices p.123

Stakeholder Capitalism Metrics Index *

Pillars	Theme	Description	References
PRINCIPLES OF GOVERNANCE	Governing Purpose	<p>Setting purpose: The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.</p> <p>Purpose-led management: How the company's stated purpose is embedded in company strategies, policies and goals.</p>	<p>Integrated Annual Report About the Report, Vision-Mission-Strategies-Values-Principles</p> <p>Integrated Annual Report Migros Better Future Plan, Our Responsible and Transparent Governance Approach</p>
	Quality of governing body	Governance body composition: Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.	Integrated Annual Report Gender & Opportunity Equality, Our Value Creation-Oriented Governance Approach, Communication with Our Stakeholders, Board of Directors, Board of Directors Report
	Stakeholder engagement	Material issues impacting stakeholders: A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.	Integrated Annual Report Communication with Our Stakeholders, Our 2022 Materiality Matrix, Our Value Creation Model
	Ethical behavior	<p>Anti-corruption</p> <ol style="list-style-type: none"> 1. Total percentage of governance body members, employees and business partners who have received training on the organisation's anti-corruption policies and procedures, broken down by region. <ol style="list-style-type: none"> a. Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and b. Total number and nature of incidents of corruption confirmed during the current year, related to this year. 2. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption. <p>Protected ethics advice and reporting mechanisms: A description of internal and external mechanisms for:</p> <ol style="list-style-type: none"> 1. Seeking advice about ethical and lawful behaviour and organisational integrity; and reporting concerns about unethical or unlawful behaviour and lack of organisational integrity. 2. Reporting concerns about unethical or unlawful behaviour and lack of organisational integrity. 	<p>Integrated Annual Report Business Ethics and Compliance with Corporate Policies and Laws</p> <p>Integrated Annual Report Business Ethics and Compliance with Corporate Policies and Laws</p>
	Risk and opportunity oversight	Integrating risk and opportunity into business process: Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.	Integrated Annual Report Our Risk Management

* Prepared within the scope of the "Core" option under the Stakeholder Capitalism Metrics published by the International Business Council of the World Economic Forum (WEF).

Stakeholder Capitalism Metrics Index

Pillars	Theme	Description	References
PLANET	Climate Change	Greenhouse gas (GHG) emissions: For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (mt CO ₂ e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate. TCFD implementation: Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050.	Integrated Annual Report Our Performance & Targets, Sustainability Performance Indicators Integrated Annual Report Climate Change Risk Assessment
	Nature loss	Land use and ecological sensitivity: Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA).	Integrated Annual Report Sustainable Agriculture & Biodiversity
	Freshwater availability	Water consumption and withdrawal in water-stressed areas: Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.	Integrated Annual Report Our Sustainable Water Management, Sustainability Performance Indicators
PEOPLE	Dignity and equality	Diversity and inclusion : Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).	Integrated Annual Report Our Employee Profile, Gender & Opportunity Equality
		Pay equality : Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	Integrated Annual Report Gender & Opportunity Equality, Sustainability Performance Indicators
		Risk for incidents of child, forced or compulsory labour: An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour.	Integrated Annual Report Responsibilities We Expect from Our Suppliers, Compliance with Human Rights Policies
	Health and wellbeing	Health and safety 1. The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked. 2. An explanation of how the organisation facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.	Integrated Annual Report Our Employees' Health and Safety, Sustainability Performance Indicators
	Skills for the future	Training provided: Average hours of training per person that the organisation's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees).	Integrated Annual Report Empowering Our Employees, Sustainable Growth with Our Suppliers, Sustainability Performance Indicators

Stakeholder Capitalism Metrics Index

Pillars	Theme	Description	References
PROSPERITY	Employment and wealth generation	<p>Absolute number and rate of employment: Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region.</p> <p>Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.</p>	Integrated Annual Report Our Employee Profile, Sustainability Performance Indicators
		<p>Economic contribution: The direct economic value generated and distributed, and the financial assistance received from the State should be specified.</p>	Integrated Annual Report Creating Sustainable Economic Value, Sustainability Performance Indicators
	Innovation of better products and services	Total R&D expenses : Total costs related to research and development.	Integrated Annual Report Creating Sustainable Economic Value, Our Environmental Management, Our Effective Waste Management
	Community and social vitality	Total tax paid: The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	Integrated Annual Report Tax Approach & Management

Integrated Reporting Framework Content Index

Requirements	Subject	#	Mandatory statement	Report section
Using the <IR> Framework	Form of report and relationship with other information	1.12	An integrated report should be a designated, identifiable communication.	Entire report
	Application of the <IR> Framework	1.17	Any communication claiming to be an integrated report and referencing the <IR> Framework should apply all the requirements identified in bold italic type unless: <ul style="list-style-type: none"> • The unavailability of reliable information or specific legal prohibitions results in an inability to disclose material information • Disclosure of material information would cause significant competitive harm. In the case of the unavailability of reliable information or specific legal prohibitions, an integrated report should: <ul style="list-style-type: none"> • Indicate the nature of the information that has been omitted 	Entire report
		1.18	<ul style="list-style-type: none"> • Explain the reason why it has been omitted • In the case of the unavailability of data, identify the steps being taken to obtain the information and the expected time frame for doing so. 	Entire report
			An integrated report should include a statement from those charged with governance that includes: <ul style="list-style-type: none"> • An acknowledgement of their responsibility to ensure the integrity of the integrated report • An acknowledgement that they have applied their collective mind to the preparation and presentation of the integrated report 	
	Responsibility for an integrated report	1.20	<ul style="list-style-type: none"> • Their opinion or conclusion about whether the integrated report is presented in accordance with the <IR> Framework. • or, if it does not include such a statement, it should explain: <ul style="list-style-type: none"> • What role those charged with governance played in its preparation and presentation • What steps are being taken to include such a statement in future reports • The time frame for doing so, which should be no later than the organization's third integrated report that references the <IR> Framework. 	CEO's Message

Integrated Reporting Framework Content Index

Requirements	Subject	#	Mandatory statement	Report section
Guiding Principles	Strategic focus and future orientation	3.3	An integrated report should provide insight into the organization's strategy, and how it relates to the organization's ability to create value in the short, medium and long term and to its use of and effects on the capitals.	About Migros
	Connectivity of information	3.6	An integrated report should show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organization's ability to create value over time.	Migros Better Future Plan Our Value Creation Model Our Risk Management
	Stakeholder relationships	3.10	An integrated report should provide insight into the nature and quality of the organization's relationships with its key stakeholders, including how and to what extent the organization understands, takes into account and responds to their legitimate needs and interests.	Communication with Our Stakeholders Our 2022 Materiality Matrix Our Value Creation Model
	Materiality	3.17	An integrated report should disclose information about matters that substantively affect the organization's ability to create value over the short, medium and long term.	Our 2022 Materiality Matrix Migros Better Future Plan Our Value Creation Model
	Conciseness	3.36	An integrated report should be concise.	Entire Report
	Reliability and completeness	3.39	An integrated report should include all material matters, both positive and negative, in a balanced way and without material error.	Entire Report Statement of Independent Assurance in Human Rights and Supply Chain Greenhouse Gas Emissions Verification Statement
	Consistency and comparability	3.54	The information in an integrated report should be presented: <ul style="list-style-type: none"> • On a basis that is consistent over time • In a way that enables comparison with other organizations to the extent it is material to the organization's own ability to create value over time. 	Our Value Creation-Oriented Governance Approach Our Value Creation Model Sustainability Performance Indicators
Content Elements	Organizational overview and external environment	4.4	An integrated report should answer the question: What does the organization do and what are the circumstances under which it operates?	About Migros Our Operating Environment
	Governance	4.8	An integrated report should answer the question: How does the organization's governance structure support its ability to create value in the short, medium and long term?	Our Value Creation-Oriented Governance Approach

Integrated Reporting Framework Content Index

Requirements	Subject	#	Mandatory statement	Report section
	Business model	4.10	An integrated report should answer the question: What is the organization's business model?	Migros Better Future Plan Our Value Creation Model
	Risks and opportunities	4.24	An integrated report should answer the question: What are the specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term, and how is the organization dealing with them?	Our Risk Management
Content Elements				Migros Better Future Plan Our Value Creation Model Gender & Opportunity Equality Good and Trustworthy Customer Experience Our Environmental Management Extensive Combat Against Climate Change Our Sustainable Water Management Sustainable Agriculture & Biodiversity Our Food Waste Prevention Practices Our Effective Waste Management & Supporting the Circular Economy Our Digitalization & Innovative Practices
	Strategy and resource allocation	4.28	<p>An integrated report ordinarily identifies:</p> <ul style="list-style-type: none"> • The organization's short-, medium- and long-term strategic objectives • The strategies it has in place, or intends to implement, to achieve those strategic objectives • The resource allocation plans it has to implement its strategy • How it will measure achievements and target outcomes for the short, medium and long term. 	

Integrated Reporting Framework Content Index

Requirements	Subject	#	Mandatory statement	Report section
Content Elements	Performance	4.31	An integrated report contains qualitative and quantitative information about performance that may include matters such as:	Creating Sustainable Economic Value Migros Better Future Plan Our Value Creation Model Our Risk Management Gender & Opportunity Equality Good and Trustworthy Customer Experience Our Environmental Management
			<ul style="list-style-type: none"> Quantitative indicators with respect to targets, risks and opportunities, explaining their significance, their implications, and the methods and assumptions used in compiling them The organization's effects (both positive and negative) on the capitals, including material effects on capitals up and down the value chain The state of key stakeholder relationships and how the organization has responded to key stakeholders' legitimate needs and interests The linkages between past and current performance, and between current performance and the organization's outlook. 	Extensive Combat Against Climate Change Our Sustainable Water Management Sustainable Agriculture & Biodiversity Our Food Waste Prevention Practices Our Effective Waste Management & Supporting the Circular Economy Our Digitalization & Innovative Practices

Integrated Reporting Framework Content Index

Requirements	Subject	#	Mandatory statement	Report section
Content Elements	Outlook	4.35	<p>An integrated report ordinarily highlights anticipated changes over time and provides information, built on sound and transparent analysis, about:</p> <ul style="list-style-type: none"> • The organization's expectations about the external environment the organization is likely to face in the short, medium and long term • How that will affect the organization • How the organization is currently equipped to respond to the critical challenges and uncertainties that are likely to arise. 	Our Risk Management Our Operating Environment Migros Better Future Plan Our Value Creation Model Gender & Opportunity Equality Good and Trustworthy Customer Experience Our Environmental Management Extensive Combat Against Climate Change Our Sustainable Water Management Sustainable Agriculture & Biodiversity Our Food Waste Prevention Practices Our Effective Waste Management & Supporting the Circular Economy Our Digitalization & Innovative Practices
	Basis of preparation and presentation	4.41	<p>An integrated report describes its basis of preparation and presentation, including:</p> <ul style="list-style-type: none"> • A summary of the organization's materiality determination process • A description of the reporting boundary and how it has been determined • A summary of the significant frameworks and methods used to quantify or evaluate material matters 	About the Report Our 2022 Materiality Matrix

Our Contribution to Sustainable Development Goals

Materiality for Migros	Sustainable Development Goals	Related Targets
Good and Trustworthy Customer Experience	 	12.3, 16.6
Health and Safety of Employees	 	4.4, 8.8
Innovative Practices	  	9.4, 9.5, 12.2, 12.3, 16.6
Supporting the Circular Economy	 	8.2, 8.4, 12.3, 12.4, 12.5
Ecosystem Sustainability through Transparent, Responsible, Ethical Governance	  	5.5, 8.5, 8.7, 8.8, 16.5, 16.6, 16.7
Product Data Accessibility and Transparency		16.6, 16.7, 16.10
Supporting Healthy Living	  	3.9, 6.3, 12.4
Creating Sustainable Economic Value	 	1.4, 8.2, 8.3
Extensive Combat against Climate Change	      	6.3, 7.2, 7.3, 11.6, 12.2, 12.4, 12.5, 13.1, 13.2, 13.3, 14.1, 15.1, 15.2, 15.5
Sustainable Agriculture and Saving Food	   	1.4, 2.3, 2.4, 2.5, 6.4, 12.2, 12.3, 12.4, 12.8, 14.7
Accessing Sustainable Products and Services	 	2.4, 2.5, 12.2

Our Contribution to Sustainable Development Goals

Materiality for Migros	Sustainable Development Goals	Related Targets
Employee Satisfaction and Talent Management	   	4.4, 4.5, 4.7, 5.5, 8.5, 8.8, 10.2, 10.3, 10.4
Gender & Opportunity Equality	   	4.4, 4.5, 4.7, 5.1, 5.5, 5.B, 8.5, 8.6, 10.2, 10.3, 10.4
Responsibility and Awareness Studies	     	2.3, 2.4, 4.4, 4.7, 5.1, 5.5, 8.2, 8.3, 8.4, 8.5, 12.2, 12.3, 16.5, 17.16, 17.17

United Nations Global Compact (UNGC) Content Index

Topics	Global Principles	Explanation Section in the Report
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Compliance with Human Rights Policies Suppliers Audit Results
	Principle 2: make sure that they are not complicit in human rights abuses.	Compliance with Human Rights Policies Suppliers Audit Results
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Freedom of Association
	Principle 4: the elimination of all forms of forced and compulsory labour;	Compliance with Human Rights Policies Suppliers Audit Results
	Principle 5: the effective abolition of child labour; and	Compliance with Human Rights Policies Suppliers Audit Results
	Principle 6: the elimination of discrimination in respect of employment and occupation.	Gender & Opportunity Equality Compliance with Human Rights Policies
	Principle 7: Businesses should support a precautionary approach to environmental challenges;	Extensive Combat Against Climate Change Our Effective Waste Management & Supporting the Circular Economy
Environment	Principle 8: undertake initiatives to promote greater environmental responsibility; and	Extensive Combat Against Climate Change Our Effective Waste Management & Supporting the Circular Economy
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Extensive Combat Against Climate Change Our Effective Waste Management & Supporting the Circular Economy
	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Business Ethics, Anti-Bribery and Anti-Corrupt Suppliers Audit Results
Anti-Corruption		

Statement of Independent Assurance in Human Rights and Supply Chain



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Independent Limited Assurance Report

To the Board of Directors of Migros Ticaret A.Ş.

We were engaged by Migros Ticaret A.Ş. (hereinafter "Company" or "Migros") to provide limited assurance on whether the "Selected Information" as defined in the Appendices of this Integrated Annual Report (hereinafter "the Report") has been prepared by Migros for the year ended 31 December 2022, in all material respects, in accordance with the Global Reporting Initiative Standards ("GRI").

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

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



- Requirements for product and service information and labeling - in accordance with the definition of GRI 417-1
- Diversity of governance bodies and employees in accordance with the definition of GRI 405-2
- Diversity and equal opportunity - in accordance with the definition of GRI 405-1
- Parental leave - in accordance with the definition of GRI 401-3
- Security personnel trained in human rights policies or procedures - in accordance with the definition of GRI 410-1
- Occupational health services - in accordance with the definition of GRI 403-3
- Workers covered by an occupational health and safety management - in accordance with the definition of GRI 403-8
- Work related injuries - in accordance with the definition of GRI 403-9

Management's responsibilities

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

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

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

Our responsibilities

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

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

Statement of Independent Assurance in Human Rights and Supply Chain



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

Procedures performed

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

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

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

Inherent limitations

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

Conclusion

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

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

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Selected Information as defined in the Appendices of the Report of Migros for the year ended 31 December 2022 is not presented, in all material respects, in accordance with the GRI Sustainability Reporting Standards.



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

Restriction of use of our report

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Şirin Soysal,

Partner

İstanbul, 10 March 2023

Greenhouse Gas Emissions Verification Statement



Verification Opinion

GHGEV 709258 – 17.12.2023

Responsible Party: Migros Ticaret A.Ş.
Turgut Özal Bulv No: 8
Atatürk Mah.
Atasehir/İstanbul
34758, Turkey

Type of GHG Statement:
Organisational

Identification of GHG Statement:
Migros Ticaret A.Ş. GHG Report 2022

Scope of activities:
Retail sale

Organisational Boundary:
Operational Control

Sites Included in Organisational Boundary:
Migros Ticaret A.Ş. It has both administrative and financial control over its operations. All emissions arising from all activities of Migros Ticaret A.Ş. in the Head Office, Regional Directorates, branches, distribution centers, sales regions, warehouse and breeding farm are within organizational limits.

Reporting Boundary:
GHG emissions aggregated into the following categories at the organisational level
a) Direct GHG emissions and removals
b) Indirect greenhouse gas emissions from imported energy;
c) Indirect GHG emissions from transportation
d) Indirect GHG emissions from products used by the organisation
e) Indirect GHG emissions associated with the use of products from the organisation
f) Greenhouse gas emissions from other sources

Criteria for developing the organisational carbon footprint:
ISO14064-1:2018
Migros Ticaret A.Ş. GHG Management System Documentation



Level of Assurance:
Limited

Materiality level:
%10

Period:
01.01.2022-31.12.2022

GHG Emissions:

	Location based	Market based	
1. Direct GHG emissions and removals;	243,587	243,587	tCO ₂ e
2. Indirect GHG emissions from imported energy;	275,976	216,972	tCO ₂ e
3. Indirect GHG emissions from transportation;	329,523	329,523	tCO ₂ e
4. Indirect GHG emissions from products used by organization;	9,622,350	9,622,350	tCO ₂ e
5. Indirect GHG emissions associated with the use of products from the organization;	3,432,129	3,432,129	tCO ₂ e
6. Indirect GHG emissions from other sources.	157,361	157,361	tCO ₂ e
TOTAL	14,060,926	14,001,923	tCO₂e

Market Based

Non-Biogenic Anthropogenic GHG Emissions	13,999,726.00	tCO ₂ e
Anthropogenic biogenic GHG emission	2197.00	tCO ₂ e

Location Based

Non-Biogenic Anthropogenic GHG Emissions	14,058,729	tCO ₂ e
Anthropogenic biogenic GHG emission	2197.00	tCO ₂ e

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Greenhouse Gas Emissions Verification Statement



Verification Opinion: Verified as Satisfactory

Based on the process and procedures conducted, there is no evidence that the GHG report 2022 produced by Migros Ticaret A.S.

- is not a fair representation of GHG data and information;
- has not been prepared in accordance with ISO14064-1:2018

Verification Activities:

The following were the verification activities undertaken:

- Evaluation of the monitoring and controls systems through interviewing employees observation & inquiry
- Verification of the data through sampling recalculation, retracing, cross checking, reconciliation

The quantification and reporting of the carbon footprint have been independently verified by BSI against the specifications defined in ISO 14064-1:2018. The verification activity has been carried out in accordance with ISO 14064-3:2019 and the principles of ISO 14065:2020

Responsibilities:

The data on which the footprint is based has been provided by Migros Ticaret A.S. in the document GHG report 2022. This document is the responsibility of Migros Ticaret A.S. and is historical in nature.

The responsible party is responsible for the preparation and fair presentation of the GHG statement in accordance with the criteria.

The verifier is responsible for expressing an opinion on the GHG statement based on the verification

Lead Verifier: Canet Cengiz

Signed on behalf of BSI:

Theuns Kotze, Managing Director Assurance – IMETA

Issue Date: 10.03.2023

NOTE: BSI Eurasia Belgelendirme Hizm. Ltd. Sti. is independent to and has no financial interest in Migros Ticaret A.S. This verification Opinion has been prepared for Migros Ticaret A.S. only for the purposes of verifying its statement relating to its carbon emissions more particularly described in the scope above. It was not prepared for any other purpose. In making this Statement, BSI Eurasia Belgelendirme Hizm. Ltd. Sti. has assumed that all information provided to it by Migros Ticaret A.S. is true, accurate and complete. BSI Eurasia Belgelendirme Hizm. Ltd. Sti. accepts no liability to any third party who places reliance on this Statement.

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MiGROS

migroskurumsal.com/en

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For your queries and suggestions:
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malimigros@migros.com.tr

Reporting Consultant
Deloitte Türkiye Sustainability Services

Design
TAYBURN