

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

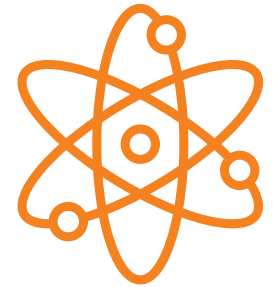
beyond traditional boundaries, and evaluating the insights of focus groups. We also improve our online shopping channels. We use digital tools to track the delivery of our services in real time and implement customer feedback in a personalized way. We believe that it is important for all stakeholders 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

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