

MiGROS

2018
SUSTAINABILITY REPORT



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CEO MESSAGE

Dear Stakeholders,

With our 65-year history in the Turkish retail sector, we are the ever-changing face of retail with our innovative stance. We are regularly one of the most trusted brands in the eyes of customers with the exclusive shopping experience that our products and services offer. With this strength, which has existed from day one, and the value creation principle for all of our stakeholders, Migros presents one of the best examples of sustainable growth. We continue to increase the social, environmental and economic impact created with our projects that reach a huge portion of society regenerated by us through multi-channel investments, productivity endeavors, employment in all 81 provinces, and collaboration with our stakeholders. **In the last 3 years, we doubled our turnover** with our organic and inorganic growth.

We launched our **Migros Better Future Plan** in order to continue to act responsibly, to show respect to both humans and nature, and to strengthen our shared value chain we create along with our suppliers, manufacturers, employees and customers. We know that every step we take for a more sustainable world, is in fact a step for humanity. We monitor our environmental impacts and in order to reduce the impacts to the extent possible, going forward, we are establishing in place short, medium and long-lasting action plans in line with the goals outlined in this context, across all our value chains. **With the Migros Better Future Plan which condenses our sustainability vision addressing various areas, we are aiming to:**

- Reduce our carbon footprint against climate change;
- Use water and energy sources efficiently;
- Manage our waste; food and plastic in particular, and transform back in to the economy;
- Protect biodiversity and eliminate our negative impacts;
- Launch innovative applications which increase our productivity and make the lives of our stakeholders quicker and easier;
- Work in accordance with human rights and safeguard gender equality and equal opportunities;
- Ensure the transparent, consistent, and fast flow of product information;
- Aim to create shared value with the economic value, recruitments and partnerships that we have created and by including our stakeholders in our sustainable development.

We have been an executive member of the **Consumer Goods Forum** since 2013 in order to follow breakthroughs in the sector on a global scale, play an active role in key decisions on positive change, and to carry out our processes within the framework of international norms. As a signatory to CGF's global commitments, we are contributing to projects on digital data integration, product transparency, recycling plastic waste, eliminating food waste, raising awareness towards healthy lifestyles, and food safety. We are providing direction to global retail with many of the applications we launch in Turkey.

Our **WellBeing Journey** project, which was launched in 2018 with the aim of raising awareness towards community health and creating changes in behaviour, was positively received both in our country and across the world. Our Migros Mobil app, thanks to the smart algorithm that we created, enables our customers to compare their nutrition choices based on their shopping habits with their ideal nutrition profile. In addition, the food groups that they are neglecting are highlighted. Our suppliers are also becoming involved in this project, which appeals to everyone, with their product discounts. Doing so, we have encouraged a balanced nutrition profile by presenting special personalised discounts and suggestions on the food groups our customers have not been getting enough of. As a result, we reached 1.3 million customers in just 9 months. We also created positive behavioral changes in 51% of the customers that we reached.

To prevent food waste in our operations, and with our aim to reduce waste at source, we created a **system supported by machine learning** using technology to the most efficient way. With this system, we reduce produce waste by automating our orders based on previous orders, stock and sales data. We have prioritized research on the main reasons behind food destruction by the Food Safety Association in Turkey and identifying **consumer perceptions and behaviours that cause food waste**. During the investigation we identified that not enough consumers knew the difference between the expiry and best-before dates on packaging, and they were throwing away food that could still be consumed. In 2019, we will be focusing on raising awareness to this issue in our stores.

We have added new innovations to our activities on every stage of plastic waste management that pose serious threats to all life forms; from reducing plastic waste at source,

to increasing recycling. First, we created a committee within our company in order to generate solutions to making the **packaging of our private label products more environmentally friendly**. We have also started to **review the life cycle of our private label products**. With regards to plastic waste, as a retailer, carrier bags create our biggest environmental impact and we have taken the first steps towards reducing our impact by introducing oxo-biodegradable bags and multi-use ecological bags. Before fees on plastic bags were introduced in our country in 2019, we began raising awareness at our checkout counters in 2018 so that customers could quickly adapt the process.

In our developing and increasingly digitalizing world, consumers want quick access to accurate and reliable information from online platforms. We will soon start to see the results of the sectoral transformation we started in collaboration with GS1 Turkey in order to ensure **transparent and consistent data flow between retailers, producers, and suppliers** and increase speed, convenience and productivity in retail activities.

To conclude, you can find details on the operations carried out in line with **Our Migros Better Future Plan** and on our annual performance in our Sustainability Report. Sharing our activities in a clear, transparent and informative manner, and increasing our sustainability performance is what motivates us. Thank you for being a part of this experience.

Sincerely,



Özgür Tort
CEO



About the Report

As Migros Ticaret A.Ş.¹ since our establishment in 1954, we have been offering our customers modern, reliable and high-quality services in line with the principles of transparency and accountability. With our third sustainability report, we share our value and sustainability performance in the 2018 fiscal year with our short (1 year), medium (5 year) and long-term (10 year) targets in the environmental, social and economic fields. We intend to set our long-term goals considering global priorities along with the 2030 Sustainable Development Goals and the 1.5°C scenario as published in the IPCC's (Intergovernmental Panel on Climate Change) final. This report has been prepared in accordance with the GRI Standards: Core option.

Migros has identified its key stakeholders as customers, employees, shareholders and investors, suppliers and business partners, government agencies and legislators and aim to present its economic, environmental and social performance to all stakeholder groups within this report.

Data used in this report which is collected in accordance with the company's long-term sustainability goals, are from Migros operations in Turkey between the dates **January 1st 2018 to December 31st 2018**, which makes up 97% of Migros' global operations. Acquisition of Makromarket and Uyum stores in 2018 and Kipa shares in 2017 was consolidated during the year, and data related to the transactions of these stores are also included in our report.

The material topics, which form the framework of the Sustainability Report, were determined with the help of

interviews held and rigorous analyses during the reporting period. Sustainability issues have been identified with prioritization studies carried out in the report and updated according to current trends and changing local and global agenda. The content of our report was created in accordance with the inputs provided by Migros Sustainability Committee and the working groups affiliated to the committee, which are commissioned by Migros Senior Management and created with the participation of all the main functions of our company. Existing content has been developed with the follow-up and approval of Migros Senior Management in quarterly periods.

Our report consists of information that has a range of parallel trust that can be verified. Verification of data shared by our company relating to carbon emissions, supply chain audit results and activities related to human rights was carried out by an independent organization. Detailed information on the audited data assessed by an independent third party can be seen in the relevant sections of the report, in the Independent Assurance Statement at the end of the report and in the GRI Index.

Migros is committed to maintaining its sustainability performance at the highest level and plans to report on its sustainability performance annually.

You can send any feedback regarding our Sustainability Studies and reports to the surdurulebilirlik@migros.com.tr e-mail address.



¹ "Migros" and "our company" statements contained throughout our report refers to Migros Ticaret A.Ş.



1. Our Corporate Profile

We continue our activities with a variety of stores located in all 81 provinces from MigrosJet to MMM, Macrocenter to 5M and Ramstore stores located abroad in Kazakhstan and Macedonia. In addition, Migros virtual market introduces concepts such as mobile market and multi-channel to the Turkish retail sector. Migros Virtual Market is Turkey's largest and most popular food e-commerce site.

Detailed information about **Corporate Profile** and **Brands** can be accessed from our corporate website.

We offer our customers a shopping experience that makes a difference with our innovative practices, service quality, competitive prices that contribute to the family budget, and our friendly service approach. We carry out awareness studies on public health with Good Agricultural Practices in vegetable and animal production where we transfer our expertise in fresh products, along with our red meat products, which we personally check from farm to table. We aim to provide our employees a healthy and safe working environment that supports their personal and professional development. We bring vitality to the local economy by employment opportunities we offer in the cities where we are located, and by our contributions to our producers and the product purchase guarantees we provide to our farmers.



2. Our Vision, Mission and Values



Our Vision

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



Our Mission

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



Our Strategies

We define our strategies in line with our mission, and so as to be a sustainable company with a customer satisfaction approach that will increase the retailing standards of the countries in which we operate and to be a provider of quality, prestige and sectoral leadership. With our fundamental strategy, we provide our customers modern, reliable, economical and high-quality service.



Our Values

Our Corporate values are formed by the participation of all employees of Migros and bind all employees;

- **Customer Orientation**
- **Reliability**
- **Sensitivity**
- **Leadership**
- **Efficiency**
- **Innovation**



Our Principles

With our belief in the importance of having a strong corporate governance structure, we consider corporate governance principles a guide during every stage of our activities. In addition to our corporate governance approach, we are aware that the implementation of Corporate Governance Principles published by The Capital Markets Board (CMB) is beneficial not only for Migros, but also for all stakeholders of the company and for our country. We share the annual **Corporate Governance Principles Compliance Report** and present detailed information regarding the company to inform our stakeholders on the updated corporate website.

Our company adopts all four basic tenets of corporate governance;

- **Fairness**
- **Transparency**
- **Responsibility**
- **Accountability**

3. Highlights in 2018



Corporate Governance Rating was rated as **9.58 (95.81)** as of 28 December 2018.



5 years
in a row

We became **the first and only retailer** to be listed **five years in a row** in the **Borsa Istanbul Sustainability Index** which assesses the following issues: Combating climate change, efficient use of natural resources, Occupational Health and Safety, supply chain management, corporate governance, employment, health and transparency.



Migros was listed in **FTSE4Good's Emerging Markets Sustainability Index** for **three consecutive years** between 2016 and 2018.



Among **CDP Climate Leaders**

We have been among the "CDP Turkey Climate Leaders" in 2016 and 2017, which was bestowed by the **CDP (Carbon Disclosure Project)**, the most highly-respected international initiative in greenhouse gas emissions due to plans and efforts to fight climate change. In addition to our climate change report, we started reporting **CDP Water** in 2018.



Amongst fastest growing **50** company

We have ranked 225 on the list of '**Global Powers of Retailing**', where 250 of the largest retailers in the world have been identified by a global independent audit firm. In addition, we are **amongst the fastest growing 50 companies**.



16th in Fortune 500 Turkey
15th in Capital 500

We ranked **16th in "Fortune 500 Turkey"** and **15th in "Capital 500"**, in which Turkey's largest companies were identified.



Most valuable **12th** Brand in Turkey

We took the **12th** place amongst the "**Most Valuable Brands in Turkey**" research performed by **Brand Finance**.



5th time in a row

In **ETIKA Ethics Awards** of Turkey, after being evaluated by the Center of Ethical Values Association (EDMER) on; ethics, business ethics, reputation management, corporate governance, corporate social responsibility, compliance management, leadership and creativity within the scope of an 80-item list, we were selected **amongst Turkey's Most Ethical Companies for the fifth time in a row**.

4. Corporate Governance

Structure of The Board of Directors

Elected by the General Assembly for limited periods of time, the Board of Directors of Migros is the top strategic decision-making and control body of our company. Our Board of Directors is responsible for managing our company's risk and return balance in a transparent, accountable and fair and responsible manner, taking into consideration the company's corporate governance principles, growth and interests. The Board of Directors of Migros consists of twelve members who do not possess an executive role with the exception of the CEO. Four members are independent as defined in the CMB Corporate Governance Principles. The CEO and Chairman of the Board positions are carried out by different individuals representing Migros. Detailed information about the structure of our **Board of Directors** can be accessed on our corporate website.

The Board of Directors includes the Corporate Governance Committee, the Audit Committee and the Early Identification of Risks Committee to increase the effectiveness of the Board. Details regarding the members, structure and working principles of our committees are presented on [our corporate website](#) and in our **2018 Annual Report**, other details of our operation and management structure can be reached from our **Corporate Governance Principles Compliance Report**.

Risk Management and Internal Audit

With the Migros internal control system, risks related to the operational, functional and financial performance of our processes and units are defined, examined independently and the results are presented to the management of our company. **Our Corporate Risk Management Unit** operates on the basis of our CFO and the Early Detection of Risks Committee. The aim of the risk management is to **identify the risks that may endanger the existence, development and continuity of our company early and to take the necessary measures and implement actions against the identified risks**. Our Risk Management Unit monitors the various risk critters created for foreseeing risks that can prevent the realization of company's strategic business goals, tracking of factors that cause these risks and identifying and measuring of the probability and impacts of risks within the scope of the works carried out with our employees. Analysis and subsequent changes are monitored by the **Early Detection of Risks Committee** and whether the appropriate actions are taken is evaluated by meetings held at least six times a year.

Our Internal Audit Department research and investigate activities and transactions carried out by our company in internal audits that are conducted continuously throughout the year. In case of any irregularity, detailed examinations are made to take the necessary measures and recommendations are made for measures to be taken to eliminate any irregularities that may occur in the future. Internal Audit Directorate is functionally dependent on the Audit Committee.

Our internal audit department was audited by an independent audit firm in terms of compliance of internal audit activities with International Institute of Internal Auditors (IIA) standards and ethical rules in 2018. As a result of the audit, **our internal audit activities were found to be in compliance with IIA Standards and Ethical Rules**. In addition, **TS EN ISO 9001 Quality Management System certificate was obtained** within the scope of "internal audit, consultancy and assurance" as a result of the audits carried out by TSE in 2018.



Business Ethics, Anti-Corruption and Anti-Bribery

We continue our activities in full compliance with our **Anti-Bribery and Anti-Corruption Policy** and **Migros Code of Ethics**, which is supported by our Board of Directors with determination to implement our activities. **The Migros Code of ethics was established in line with the independent opinions of the Center of Ethical Values Association (EDMER)** and it is published through our corporate website and annual reports so that all our stakeholders can access it. We review our Anti-Bribery and Anti-Corruption Policy annually under the control of our relevant departments and transmit it to all our employees, suppliers and contractors, and all our business partners. This policy was finally updated in 2018 and announced to the public on our corporate website.

When there is a suspicion regarding fraud, bribery or corruption in any of our activities, the subject is immediately clarified by an investigation, the required legal process is followed through and stakeholders are informed if necessary.

We are a member of the Ethics and Reputation Society of Turkey (TEID) since 2017 in order to benefit from the collective knowledge on ethics, bribery and anti-corruption, employee abuse and third-party risks. We are member of, TEID's B20 Anti-Corruption Network, B20 Turkey Anti-Corruption Task Force and Working Group, leading Trace International Turkey representative in the world for attentive review (due diligence), Regional representative of the Global Ethics Network, European Business Ethics Network, the leading Basel Institute on Governance working group on anti-corruption, collective actions, corporate governance and ethics. TEID reviewed our policy of combating bribery and corruption in 2017 and found our policy was consistent with TEID's membership statement and ethical principles. In 2018, a training process was established for our employees by discussing ethical issues such as incompatibility, third-party risks and misconduct. In this respect, **the first training was carried out by TEID on "employee abuse and effective anti-abuse methods"** to 30 managers of the main functions in our General Directorate.

Bribery and Corruption Risk Assessment

We consider corruption and bribery as part of our risk management practices with a risk-oriented approach.

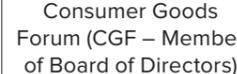
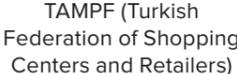
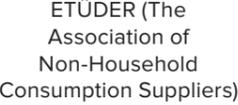
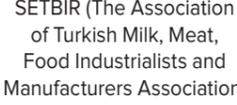
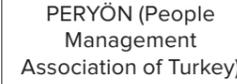
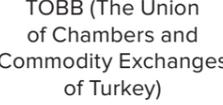
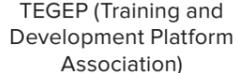
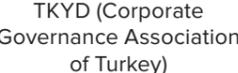
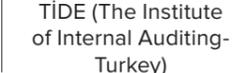
With an approach that covers 100 percent of our company's domestic operations, our risks and potential impacts are subject to audits. In addition, our employees are taking into account high risks of bribery and corruption where applicable. **The Migros Ethics Committee**, where internal audit findings on corruption and bribery, high levels of risks and ethical principles are discussed, meets quarterly with the participation of senior executives of our company. Our Audit Committee and the Ethics Committee report to our senior management on issues covered by our anti-bribery and Anti-Corruption Policy.

We have been selected among the Most Ethical Companies of Turkey for the fifth time in a row in 2018 by the Center of Ethical Values Association (EDMER) under the scope of ethical values, business ethics, reputation management, corporate governance, corporate social responsibility, compliance management, leadership and creativity.



5. Membership & Initiatives

Volunteer members and initiatives including Migros are listed below.

 GIDA PERAKENDECİLERİ DERNEĞİ FOOD RETAILERS ASSOCIATION	 The Consumer Goods FORUM The Global Network Serving Shoppers & Consumer Needs	 TÜRKİYE ALIŞVERİŞ MERKEZLERİ VE PERAKENDECİLER FEDERASYONU	 TUSIAD (Turkish Industry & Business Association)	 GS1 Türkiye Foundation of Economic Enterprise
				
 BLOCKCHAIN TÜRKİYE	 KESİL NOKTA ÇEVRE KORUMA VE AHİLLER ATIKLARI DEĞERLENDİRME YAKTI	 Sürdürülebilir Gıda platformu daha iyi gıda için	 GIDA TÜRKİSH FOOD GÜVENLİĞİ SAFETY DERNEĞİ ASSOCIATION	 YÖNETİM KURULUNDA KADIN
				
 LEAD NETWORK	 Teknolojide Kadın Derneği	 TÜRKİYE DENİZ TEMİZLİK DERNEĞİ	 Etik ve İtibar Derneği Ethics and Reputation Society	 Ev Dışı Tüketim Tedarikçileri Derneği
				
 TÜRKİYE SÜT VE SÜT ÜRÜNLERİ DERNEĞİ	 TÜRKİYE İNSAN YÖNETİMİ DERNEĞİ	 YASED	 TÜRKİYE ODAK VE BORSALAR BİRLİĞİ	 KURUMSAL İLETİŞİMLER DERNEĞİ
				
 INTERNATIONAL CHAMBER OF COMMERCE	 TÜYİD	 EGİTİM VE GELİŞİM PLATFORMU DERNEĞİ	 EUROPEAN ASSOCIATION OF COMMUNICATION DIRECTORS	 Türkiye Kurumsal Yönetim Derneği
				
 KALDER	 TİDE	 MERKEZİ KAYIT KURULUŞU	 ZMO	 İSTANBUL TİCARET BORSASI 1924
				

Consumer Goods Forum Commitment and Solution Suggestions

The Consumer Goods Forum (CGF), a member of 400 retailers, manufacturers and service providers from 70 countries around the world, is leading the world's fastest consumer products and retail industry in terms of social and environmental sustainability, health, product safety, and end-to-end value chain. Our CEO Mr. Özgür Tort, has been serving on the CGF Board of Directors since 2013, and as the Vice President of CGF's Retail division for the last two years. Tort will continue to serve as president of CGF retail since

June 2019. For this reason, Migros plays an active role in determining CGF's global goals in sustainability. In addition to signing CGF's global commitments, we are leading our sector in realizing its development goals in Turkey. We contribute to the development reports of CGF according to commitments and targets, which are published separately for all focus issues, with our sustainability performance. You can review CGF's commitment and solution proposals and our work in this direction from the table below.

Subject	Target Completion Date	Commitment	Current Situation
Health & Wellness	2018 - 2023	Educational and awareness raising activities for improving community health with the cooperation of retailers and producers	We are a member of CGF's Healthcare Management Committee. In this respect, we contribute directly to CGF's global goals, solutions and follow-up processes in the field of Public Health. CGF's 5-year plan focuses on "community health" partnerships, which are among the first companies to take responsibility for participation in the initiative. Details about the project can be viewed under the Wellbeing Journey program in the promotion of Healthy Life section.
Environmental Sustainability	2020	To prevent deforestation	Suppliers are monitored on the use of certified products. Our red meat supply and paper consumption resulting from our operations are monitored. Detailed information can be accessed from our Contribution to Biodiversity Section under the title of the Combating Deforestation.
	2025	To halve food waste	We contribute to the solution production process by joining the relevant working group of CGF. We calculate our food waste rates annually and develop projects to reduce them. Detailed information can be accessed from our Waste Management section under the heading of Our Efforts to Reduce Food Waste.
Social Sustainability	No time limit	To prevent forced labor in the supply chain	We follow the decisions and outputs of the working groups. Our Human Rights and Equal Opportunities policy was updated in line with these outputs. We organize annual audits of our suppliers to monitor the compliance of our supply chain to strictly prohibited child labor and forced labor. Detailed information can be accessed in Our Responsible Sourcing Approach section under Our Supplier Audits.
End-to-end Value Chain	No time limit	Ensuring accurate and transparent data stream in the digital environment, smart labeling / barcoding	We are a member of CGF's relevant management committee and working group. In this respect, we play an active role in the identification and follow-up processes of CGF in the field of data transparency and consistency. In the GS1 business cooperation, we initiated Turkey's studies under the leadership of Migros to provide the right data flow for the consumer. A minimum set of data to meet all the needs of the sector has been created. GS1 continues to provide system integration of retailers and manufacturers. Detailed information can be accessed in the Product Diversity and Reliability section under Product Transparency and Consumer Information.

6. Our Stakeholders

We aim to create value for all our stakeholders in Turkey since our foundation in 1954. In the materiality workshop carried out by our sustainability committee, representatives of all the main functions of the company have identified our

stakeholders as “**community and customers**”, “**employees**”, “**shareholders and investors**”, “**supply chain**”, and “**official institutions**” in line with their experience and observations.

Stakeholders	Communication Channel	Communication Frequency
Society and Customers	Migros call center and WhatsApp line	Direct communication with 1,200,000 people annually / Almost 3,250 average received calls daily
	Social Media	Instant follow-up and response / Analysis of 1,430,000 different social media messages per year
	Consumer Research	Meeting with a total of 64,000 people during the year with monthly periods
Employees	Internal Communication Studies	Instant notification over intranet. The company’s developments, vision and objectives are conveyed via Turuncu Magazine published each quarter. Transfer of human resources strategies and practices through Panoramik magazine published every year. Meeting with the Senior Management in Internal Communication Meetings organized in the regions or throughout Turkey. Socialization of employees with personal and business-related messages via Migros Sosyal app.
	Recruitment Evaluation Survey	After each recruitment
	Evaluation of the Working Life Study	Annual
	Migros Sharing Line	Responding to 20,000 calls annually through Migros sharing line and our company’s intranet
	General Assembly Meeting	Every year, following the announcement of the annual financial results, the General Assembly Meeting is held with the participation of the shareholders and then the meeting minutes are published on the corporate website
Shareholders and investors	KAP (Public Disclosure Platform) Comments	Announcement of financial statements each quarter and special case announcement as necessary
	Corporate Governance Principles Compliance Report	Annual
	www.migroskurumsal.com website	Detailed information is shared on the official corporate website, which is updated on a daily basis
	Annual Report	Our operational and financial results are announced quarterly and annually on the corporate website and KAP (Public Disclosure Platform) website
Supply Chain	Migros Business Partners Summit	Annual or biennial according to the needs
	MeCom / MeMobil (B2B) Apps	Daily Updates
	Meetings	As needed
Official Institutions	Meetings and Opinion Requests	Based on the demands and queries of the municipalities and ministries - Feedback on GPD, TAMPF, YASED, TÜSIAD and TOBB retail Assembly
	Audits	Monthly / Annually
	Communication with Municipalities and Ministries	Follow-up of regulations, regulations and regulations and make the necessary information – The Ministry of Commerce, the Ministry of Agriculture and Forestry, the Ministry of Family, Labour and Social Services, the Ministry of Industry and Technology, the Ministry of Treasury and Finance and the Revenue Administration, to discuss with the action in terms of compliance with advanced objectives
	Permission and License Applications	New areas of activity; legal permits and licenses at each store and distribution center openings

Good Customer Experience and Communication

Offering our customers a better shopping experience is one of our main strategies. In this respect, we take advantage of the most advanced technologies and work with multi-channel technologies to provide the same speed and quality of service in our stores and online channels. We use innovative and traditional channels in an integrated way to enable our customers to experience a happy experience before, during and after their purchases, and we listen to their wishes, needs and demands and offer solutions to their satisfaction. We collect all feedback from our customers in a pool and report it monthly to our senior management and related departments. These feedbacks are a valuable resource for identifying our company’s goals and strategies and provide a guiding role for development opportunities.

As an outcome of our careful efforts in this field, **we are the owner of TSE ISO 10002 Customer Satisfaction management system quality certificate.**

With our **444 10 44 Customer Service Line**, we respond to our customers within 48 hours by registering all our customers’ feedback about Migros, Macrocenter and Migros virtual market. With our **444 75 15 Happy Customer Line**, we reply to all the messages of our customers about Tazedirekt. Considering consumer habits and needs that have changed as an extension of digital conversion since 2017, our **0530 915 45 45 WhatsApp line** is one of the many communication channels we offer to our customers.

In 2018, we received **feedback from approximately 1,200,000 customers through all our channels.** All requests and suggestions were evaluated by the relevant units and 94 percent of the calls were resolved within the targeted period.

We closely follow the issues and shares that are directly related to our company and sector through social media. We

respond and resolve the demands, questions and needs of our customers, even if they are not directly addressed to our official social media accounts. In this context, we **followed and analyzed 1,430,000 social media posts** in 2018. Through our social media follow-up screens, we follow the trend topics related to our sector, the prominent shares and the positive-negative impacts of these and extraordinary increases in the shares, and we act when necessary.

We use research methods effectively to better understand our customers. We possess the ability to do in-depth research into micro segments in large data. We **carry out consumer surveys covering 64,000 people a year.** For example, through our survey platform ‘My Idea Basket’, we received feedback from 20,000 customers about our services in 2018.

With our ‘Müşterimi Merak Ediyorum’ platform, we listen in detail to the shopping experiences of our voluntary customers, who are randomly selected among our money card member customers.

In our **Privacy and Data Security Policy**, we express in detail what information our customers collect, what is used for, and how information security is provided. We share updates and informative information about the protection of our customers’ information on our **corporate website**. In 2018, Migros had no notice of a breach of personal data security from official authorities, such as courts, prosecutor’s office or the Ministry. However, according to regulations and legislations, customer information is deleted at the request of the relevant customers. In 2018, personal data regarding 269 customers were deleted in line with their demands.

In 2018, we have updated our Privacy and Data Security Policy to protect personal data by creating a personal data inventory table for compliance with the Personal Data Protection Act and completed our security investments. However, we have obtained the necessary certification for full compliance with the credit card payment systems standard (PCI DSS standard).



7. Our Materiality Approach

We carry out all our activities with the aim of creating common value for all our stakeholders. In this respect, we aim to show the necessary importance to the values of all our stakeholder groups, especially our main stakeholder groups, in determining and prioritizing the impact of our activities.

In 2017, we determined our material issues beginning with the GRI Principles, and further enhancing our analysis with the results of the stakeholder survey received from our employees, customers, suppliers and stakeholders in addition to the feedback from **Migros Sustainability Committee**. We have updated our material sustainability issues in light of the trends in the retail sector in the world by analyzing global reports and evaluating new risks and opportunities emerging due to the nature of our activities and taking into consideration the developments both in our country and in

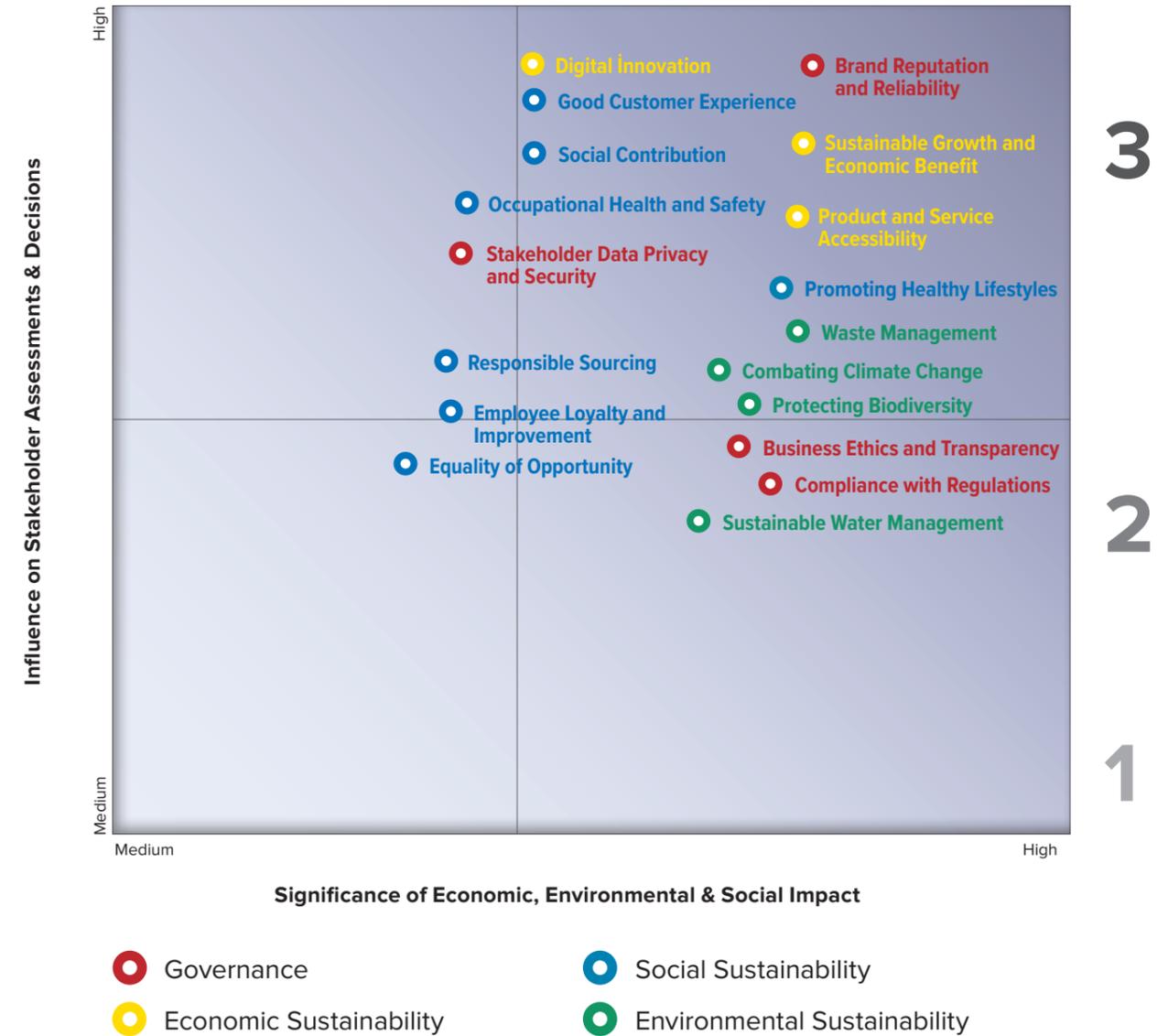
the world. The material issues that have been re-arranged, expanded and included compared to the prior period are listed below, regardless of significance.

- **Waste Management**
- **Combating Climate Change**
- **Protecting Biodiversity**
- **Good Customer Experience**
- **Digital Innovation**
- **Promoting Healthy Lifestyles**
- **Sustainable Water Management**

Our matrix, which we prioritize by grouping sustainability issues as governance, economic sustainability, social sustainability and environmental sustainability, is presented below.



Materiality Matrix



Our Sustainability Approach



Our Sustainability Approach

Our sustainability approach, which covers all environmental, social and economic dimensions, guides all our efforts. **We believe that a healthier and better society is only possible on a healthier and better planet.** In all our activities, we act with the awareness of our responsibility to humankind, nature and future generations. **Using today's resources in the most appropriate and efficient manner, we consider it our duty to protect the rights of future generations.** In this respect, sustainability is the main responsibility of all our employees and this responsibility is distributed in a way that moves from top to bottom. We evaluate all our decisions and activities in the field of sustainability in line with national and international performance indicators (KPIs).

Sustainability Committee

Our Board of Directors is responsible for determining our strategic approach to sustainability issues such as sustainable growth and economic benefits, responsible sourcing, climate change, conservation of biodiversity, waste and water management, human rights and equal opportunity, Occupational Health and safety, corporate governance, business ethics and transparency and social contribution. Our CEO is responsible for the implementation of these strategies and carries out this responsibility with the top management team.

Besides, with the appointment of our CEO on behalf of our Board of Directors, **our Sustainability Committee conducts the management, implementation, follow-up and measurement of our activities in the field of sustainability.**

In this committee, where all the main functions of our company are represented, there is a discussion environment offering equal participation and the right to speak to all departments. **Head of our sustainability committee has exclusively been authorized** to oversee the management of our company's activities in the field of international relations and sustainability by **not being affiliated to any department.**

Our Sustainability Committee assesses legal, physical, environmental, operational, socio-economic risks and opportunities that may affect the existence and activities of our company, monitors and analyzes related sustainability issues, identifies the indicators to be used in performance monitoring and carries out projects to achieve set performance targets. In addition, we report the developments and results of these studies to the CEO and senior management quarterly. **All main functions of the company have at least one annual goal related to sustainability,** and sustainability activities directly impact the annual performance premiums.

Our sustainability committee, collecting information from all department managers, oversees the adequacy and effectiveness of **Migros Environmental Policy** annually. Our environmental policy is expected to be known and adopted by all our employees. All department managers who constitute our sustainability committee demand and monitor the implementation of this policy by their respective teams. In order to make our sustainability vision that addresses many different areas more inclusive, we implemented the **Migros Better Future Plan.**

Within the framework of Migros Better Future Plan we aim to;



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



Measure, reduce, reuse or recycle waste from our operations;



Ensure transparent, consistent and rapid flow of product content and information;



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



Implement innovative practices that increase our efficiency, add convenience and speed to the lives of our stakeholders;



Develop projects to ensure efficient consumption of water and energy;



Measure and strive to reduce our carbon footprint in order to combat climate change;



Support the activities in the field of conservation of biodiversity and to eliminate the negative impacts that may arise from our activities;



Conduct environmental impact assessments before establishing our new areas of activity;



To raise awareness towards the value adding activities our stakeholders can implement for a more habitable world and future;



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

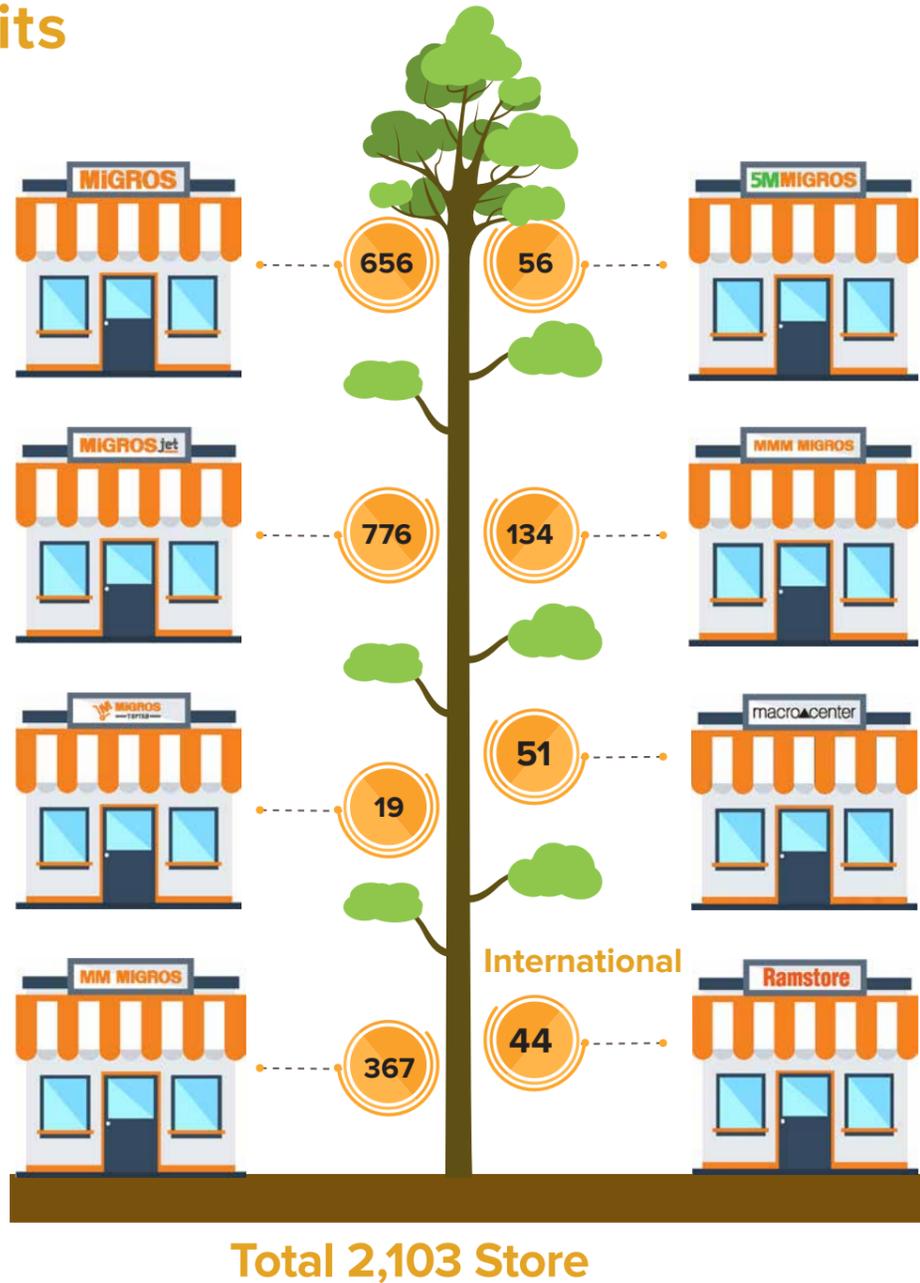


Create shared value by including our stakeholders in our sustainability development goals towards our generated economic value, jobs and business partnerships.

OUR ECONOMIC PERFORMANCE



Our Sustainable Growth and Economic Benefits



Our Capital Structure

Shareholder	Holding (%)	Holding (TL)
MH Perakendecilik ve Ticaret A.Ş.	49.18	89,046,058
Kenan Investments S.A.	14.88	26,937,336
Moonlight Capital S.A.	7.94	14,371,000
Migros Ticaret A.Ş.	1.64	2,962,116
Other	26.37	47,737,723
Total	100.00	181,054,233

Our Economic Impact

- Generate employment for **45,000 people** throughout the value chain
- Doubled growth in 3 years
- Doubled the number of stores in 5 years

We create value for the Turkish economy with our productivity-focused sustainable growth strategy, innovative practices, service and employment in all 81 provinces of Turkey. As of 2018 year-end, we have offered products and services to meet different customer needs with our Migros Jet, Migros, MM, MMM and 5M and Macrocenter stores in 81 provinces in Turkey and 43 Ramstores and 1 Macrocenter store in Kazakhstan and Macedonia abroad. **Migros Sanal Market (e-commerce channel), Macrocenter, Tazedirekt and Migros Hemen (Migros Right now)** have continued to offer solutions to meet different customer needs within the scope of online retail and multi-channel channels.

Consolidated sales increased by 22% in 2018 and reached 18.7 billion TL. Our main responsibility for our economic impact is to fully and timely fulfill our tax and other financial obligations. According to our audited consolidated IFRS financial statements for the 2018 financial year, we paid 106.5 million TL in corporate taxes. In addition, we paid 28.8 million TL in taxes and other legal dues.

consolidated sales increased by **22%**



Our Contribution to Employment and Production

Our company is a nation-wide employment center. Our employees in **our stores in 81 provinces of Turkey constitute 95 percent of our human resources. 68 percent of our employees are employed outside Istanbul and 54 percent of our employees are locals.** During the year, we continue to employ for our stores in different provinces throughout Turkey. With this effect, we provide a driving force for regional development.

In addition to our stores, general manager staff and our department directorships are hired for the region where our stores are affiliated within the year. In line with this, we have **provided 6,500 new jobs in 2018.** By the end of 2018, Migros' direct headcount increased to 32,282. With the indirect employment we created, the number of people working under the roof of Migros reached 45,000 people. We doubled our stores in the last five years. We aim to continue creating jobs by opening 100 new stores in 2019.

Besides our employees, we work with many international, national and local brands. In 2018, we had **1,900 active suppliers** from which we purchased goods worth 1,000 TL or more. The impact reach of our ecosystem can be better understood by considering the manufacturers, raw material providers and employees and suppliers of our suppliers and partners.

In addition to our contribution to production and employment, we contribute to the family budgets of our customers with our policy of offering the best quality at the best price and our year-round campaigns and discount opportunities. In our Yellow Label application, we offer the **best price guarantee** for more than 1,500 products, both branded and private label products, each day. With this, we make it possible for consumers from all socio-economic backgrounds to reach quality at a reasonable price. With the impact of these efforts, we **increased the proportion of households in Turkey to 87 percent with a record increase of 7 points in 2018.**

Current Purchase and Capital Changes

On 31 August 2018, the legal merger with Kipa, which Migros acquired in 2017, was completed. After this merger, the capital of our company increased from 178,030,000 TL to 181,054,233 TL. As of 31 December 2018, BC Partners' (Moonlight Capital S.A. and Kenan Investments S.A.) holdings of direct and indirect total shares in Migros' capital were 23.2%, while Anadolu Group's (AG Anadolu Grubu Holding A.Ş.) holdings of indirect shares were 50%.

In 2018, we achieved our annual goal of **opening 238 new stores**. In addition, we have completed the conversion of Kipa and Uyum stores to Migros format in 2018.

Apart from these developments, there were no significant change to the size, structure, ownership or supply chain of the company.

In 2018, there were no notifications to our company in regarding anti-competitive and monopolization regulations.



OUR SOCIAL PERFORMANCE



1. Our Human Resources

Our Human Resources Approach

With our human-oriented management approach, we always respect the rights of our employees, the architects of our success, and prioritize their health, safety and well-being. With our equal-opportunity providing business identity, we serve with our subsidiaries in Turkey and abroad, and workforce belonging to different languages, religions, and ethnic origins.

The management of Human Resources processes and relations with employees in compliance with our **Human Rights and Equal Opportunities Policy** is in the responsibility of Human Resources & Industry Relations Deputy General Directory.

As stated in our **Human Rights and Equal Opportunities Policy**, we continue our activities in all markets in which we operate in compliance with the **United Nations Guidelines on Business and Human Resources and the ILO Declaration of Fundamental Principles and Rights in Working Life** and we are committed to adhere to these standards in any risky situation or adverse developments.

Human Rights risk evaluation is a part our company's risk evaluation process. It is highlighted in our policy that our company and all of our employees must be in full compliance with human rights related standards.

We carry out all our human resources processes, from recruitment and placement to remuneration, in accordance with the task profiles we define in detail. We accept applicants to the workforce according to their competences, regardless of culture, age, gender and disability. We implement our human resources assessment system within the framework of the principle of equality for all, and we measure and monitor the competencies, capabilities and performance of our employees with general and objective criteria. There were no cases of discrimination during the reporting period.

Within the scope of our activities, we offer entry-level wages in our stores at minimum legal wages and benefits irrespective of gender. In operational changes and resignation processes, we apply legal notice periods for our employees that are not covered by the Collective Bargaining Agreement as well as notice periods specified in the Collective Bargaining Agreement in place.

We pay severance pay to our employees (retirement, military service, etc.) who leave the job for reasons other than resignation and bad behavior after serving at least one year. We publish our **Severance Policy** on the corporate website publicly, in which we detail our relevant processes.

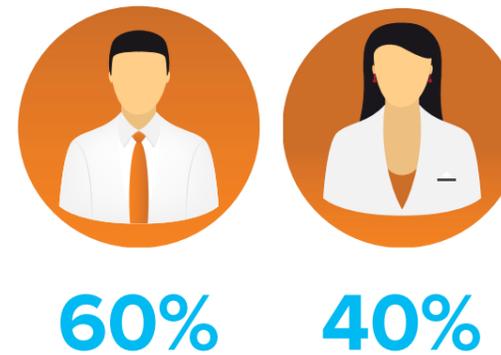


Employee Profile and New Employments

We attach importance to employing locals in all regions where we operate. Our most significant activity in the 3 countries we operate is Turkey, corresponding to 97 percent of our operations by revenue.

81% of our employees are generation Y and average age is 31. 82.4% of our employees are store employees, 17.6% are administrative units and store managers. The average seniority period for our administrative units and store managers is 10 years. In 2018, 773 disabled persons were employed in Migros.

In 2018, we interviewed **300,000 candidates for our company and provided 6,500 new jobs**. We used our internal resources for 381 positions with our internal application system. In line with the suggestions from our employees with the **"Recommend a Friend"** project, in 2018, we recruited 211 people to our company and rewarded the employees who were instrumental in hiring their friends.



Age	Ratio
Under 30	45%
Between 30 and 50	53%
Over 50	2%

2018 Direct Human Resources Distribution

	In İstanbul		Outside İstanbul		Foreign subsidiaries		Total
	Female	Male	Female	Male	Female	Male	
Full-time Employee	3,469	6,025	7,566	11,976	721	505	30,262
Part-time Employee	174	200	954	692	0	0	2,020
Total	3,643	6,225	8,520	12,668	721	505	32,282

Our Gender Equality Approach

In line with our Human Rights and Equal Opportunities policy, we support gender equality and women's participation in the workforce. The **ratio of total female employees** in Turkey and abroad is **40 percent**. We organize works and trainings to increase the number of female managers. In 2018, we increased the **share of women executives** including Migros and Ramstore to **28 percent**. We aim to increase this rate to 29 percent in 2023. In this context, in the **"100 Women Friendly Companies"** survey conducted by Capital Magazine in 2018, our company was ranked **7th in "Women Friendly Companies" and 3rd in "Women Manager Friendly Companies"**.

We are among the **"100 Women Employee and Women Manager-Friendly Companies"**

Our company helped the establishment of Holland-based Leader Network's Turkey arm founded with the mission of increasing the proportion of senior women managers in the world of the retail sector. **Lead Network Turkey's** president is our director of Turkey FMCG Marketing. We also provide participation of one senior woman manager to the **Women's Mentoring Program** every year. Our Assistant General Manager responsible for Information Technologies and Business Development serves on the Board of Directors of **WTech Women in Technology Association**. In addition, **42 percent of the participants in our "Leadership Path" program, where future leaders of our company are trained, were female employees.**

In 2018, 1,302 out of 2,579 people who started to work under the Migros roof were female employees as a result of İşkur On-the-Job Training Program.

Average seniority of our executive departments and store managers is **10 years**

Employee Satisfaction

We adopt approaches that will ensure the satisfaction of our employees, our most valuable asset, in all our processes. We carry out many projects to ensure the satisfaction and loyalty of our employees. With the “**Recruitment Evaluation Questionnaire**”, we learn about the experiences in the recruitment process of all newly recruited employees. In order to measure and improve the satisfaction and loyalty of our employees, we conduct a “**Evaluation of the Working Life Survey**” annually through an independent research company. Thanks to the Employee Engagement Capability Practices, which are specifically determined by the workshops and departments aimed at employee engagement results, our **employee engagement result for 2018 was 2 points above the 2017 result**. In 2018, we resolved 20,000 calls we received through our Migros Sharing Line, which we established in order to increase employee satisfaction, solve their problems and address possible violations of ethical principles as quickly as possible.

Talent and Career Management

We support the development of our experienced and qualified human resources with talent and career planning. From the moment they started to work, we provide career and mentoring, professional and personal development opportunities.

98% of our store managers were promoted from internal human resources



Thanks to our **Migros Career Paths** practice, we enable employees in all our stores and administrative units to manage their careers in a fair and objective manner. In 2018, within the framework of Store Career Paths, **we fulfilled 98 percent of our store management staff from our internal resources**.

By subjecting our employees and store managers to **360° competency and potential assessment every two years**, the administrative unit of our General Directorate determines the strengths and openness of our employees and develops their development plans. In 2017, more than 600 employees and in 2018, more than 500 employees were evaluated within this scope. Ramstore employees in Macedonia and Kazakhstan have also been using the system since 2016. In addition, through CEB SHL, we carry out additional assessments that will reveal the competency potential of our employees. At the end of these processes, our employees receive very detailed, comprehensive and guiding reports to guide their development plans.

Within the scope of our performance management process, in 2018, we conducted more than 8,500 evaluations for the employees of the administrative units and store managers of our General Directorate. The performances of over 23,500 store employees were evaluated twice by the managers during the year.

We use the **Migros Rewarding System** to appreciate the performance of our employees in creativity, added value and teamwork. In this context, in 2018, more than 8,000 employees received different awards and we distributed more than **3,100,000 reward points to our employees**.

The distribution of employees that we have evaluated in 2018 for performance and career development is presented below.

	Female	Male	Total
Headquarters	91%	97%	95%
Store Management	96%	98%	97%
Store Employee	99%	98%	98%
Total	98%	98%	98%

Contribution to Employee Development

We believe that the success of our employees is equivalent to the success of our company. With the commitment to provide workplace training and lifelong learning opportunities for all our employees, we have made continuous development of our corporate culture. With this goal, **Migros Retail Academy (MPA)** supports the personal and career development of our employees through collaboration with universities, classroom training and e-learning options. Thanks to its sustainable contribution to our sector and qualified workforce, MPA has become a school over the years. In this regard, by the end of 2018, **MPA won a total of 36 national and international awards**.

Migros Retail Academy holds 36 national and international awards

We carry out long-term education and certificate programs with Boğaziçi University, Anadolu University, Koç University, Ege University, Karadeniz Technical University, Uludağ University and Georgia State University. The employees who have not completed their university education can complete 5 certificate programs to be counted towards an associate degree and additional 3 to be counted towards a bachelor's degree with Migros Retail and Associate Degree Program.

In 2018, we provided vocational and personal development training to 99% of our employees. In this regard, we provided 42,598 employees 853,000 employee*days of vocational and personal training in total including field, classroom and online training.

Training Distribution of Employees:

Employee Profile	Total Annual Training (Employee x Day)
Store Management	188,000
Store Employee	643,000
Administrative Units	22,000



Freedom of Association

Since 1972, our company has been offering a business environment where the right to unionization is respected. The constructive dialogue between the union and Migros covers issues related to working life such as the elimination of forced and child labor, compliance with all local laws and regulations, and impartiality and fairness. In this context, non-compliance with human rights and ILO standards in Migros may result in disciplinary action or punishment.

Migros and Tez-Koop Business Union signed a collective labor agreement effective between **May 1, 2017 and December 31, 2019**, covering 64 percent of Migros employees as of the date of signing the contract. The collective labor agreement includes provisions such as Protective Food Aid, Cleaning Materials and Tools, Health Permit and Fee, Workplace Doctor, Examination Room and Medicine Cabinets, Persons to be Working in Illness and Light Works, Work Clothes and Equipment within the scope of occupational health and safety. Our company provides food and road assistance to union members every month, as well as holiday allowances, other allowance, fuel allowance, clothing allowance benefits twice a year. In addition, in the event of realization, it provides marriage, birth, death allowance and collection assistance once a year for the children of their employees who continue their education.

Compliance with Corporate Policies

Our employees are informed about the Migros Code of Ethics the moment they start working for Migros. Migros' "Human Resources", "Human Rights and Equal Opportunities", "Anti-Bribery and Anti-Corruption" and "Responsible Sourcing" policies are reviewed annually, and employees are informed via e-mail and information when updates are available. The most up-to-date versions of our corporate policies are shared with the public on our corporate website. We present our policy contents to all our employees as e-training in order for our employees to adopt the relevant corporate policies. While our current employees are expected to complete this training annually, new employees are provided with training within the first month of starting. In 2018, 37,069 employees completed this e-training covering all our corporate policies.

37,069 employees completed the corporate policies training

In addition, we have a guide book called "Orange Book", which is prepared for our employees, that explains all our corporate policies with great transparency and detail. This guide is shared with all our employees via e-mail when they start out and is included in the favorites section of our intranet. The information poster of the Orange Book is published in our Panoramik magazine, where our human resources strategies and employee interviews are reported.

Our related corporate policies were translated into **Kazakh, Macedonian and Russian**, which are local languages for the activities we carry out under the Ramstore brand in Kazakhstan and Macedonia and uploaded to the websites and intranet sites of the Company. All are printed and hung on store boards for the training of our store employees.



Ethical Responsibilities of Employees

Our employees' ethical, bribery and corruption violations are handled by our Human Resources Department and reported to our Senior Management. In case of violation of these rules by our union members, a disciplinary committee is convened with the participation of union representatives in accordance with the rules of the Collective Bargaining Agreement. Violations of the Migros Code of Ethics and Anti-Bribery and Anti-Corruption Policy result in termination of our employees' employment contracts.

In 2018, two store employees were reported to benefit from the supplier in violation of the Migros Code of Ethics, Anti-Bribery and Anti-Corruption and Responsible Sourcing Policies, and the service contract was terminated by the Disciplinary Board.

Everyone working at Migros and working with Migros is responsible for the prevention of corruption and bribery. **Migros employees can notify** the e-mail address at **etikkurul@migros.com.tr, which is forwarded directly to the Migros Ethics Committee** in case of any doubt. In addition, thanks to our open-door policy, the contact information of all the top management and function managers of our company is displayed transparently on our corporate website. In this way, both our employees and other stakeholders can directly contact the Migros executives, including the senior management regarding the violation of the code of ethics. Potential violations can be reported anonymously. Our company undertakes not to retaliate against the personnel who report abuse of duty. In this direction; no Migros employee shall be held liable for any damages incurred by our company due to his / her refusal to act unethically or in compliance with the Migros Code of Ethics and shall not be subject to sanctions for such a situation. Within this scope, in 2018, the service contract of the seven employees who were subject to complaints were examined by the Disciplinary Board and was terminated after investigations.

Our customers, suppliers and other stakeholders can report their complaints and reports about bribery, corruption and other ethical issues **through our Call Center or etik@migros.com.tr**. In 2018, within the framework of non-compliance with ethical rules, 4 notices were received from our customers, three of which were related to our store employees and one to supplier employees, and solutions were provided by making the necessary evaluations. In addition, negative behavioral notices reported by two of our employees through these communication channels were evaluated and necessary actions were taken.

Audit and Compliance Controls

The implementation and compliance of our **Human Resources Policy and Human Rights and Equal Opportunities Policy** are regularly monitored by our **Internal Audit Department** on the basis of clear audit instructions and reported to our senior management. In the case of being informed or receiving complaints about the issues that may constitute an improper situation, additional audits are conducted on these issues and cooperation is conducted for internal audit works if necessary. All operations of Migros Turkey is included in the social conformity assessment activities on human rights. In addition, the suggestions and feedback provided by our internal customers within the scope of the **Recruitment Evaluation Questionnaire** and **Evaluation of the Working Life Survey** provide input to our efforts to ensure full compliance with our Human Rights and Equal Opportunities Policy.

In line with our Human Rights and Equal Opportunity Policy, we aim to achieve 99 percent compliance by 2020 in our own operations that constitute our field of activity and all other operations that form our value chain. Internal audits conducted in 2018 did not detect any human rights violations within our operations. **There were no cases of child labor or forced labor among Migros employees.** Within the scope of our company, all employees who have children are granted all legal permissions and all rights provided by the laws,



regulations and collective bargaining provisions. The right to paternity leave given to male employees with children is 5 working days.

Within the reporting period of our company; Declarations of human rights compliance on **discrimination, child labor, forced labor, collective bargaining and freedom of association** have been independently verified in accordance with the international ISAE 3000 (Revised) standard in our Sustainability Report dated 28 June 2019.



2. Promoting Healthy Lifestyle



2.1. Product Range and Reliability

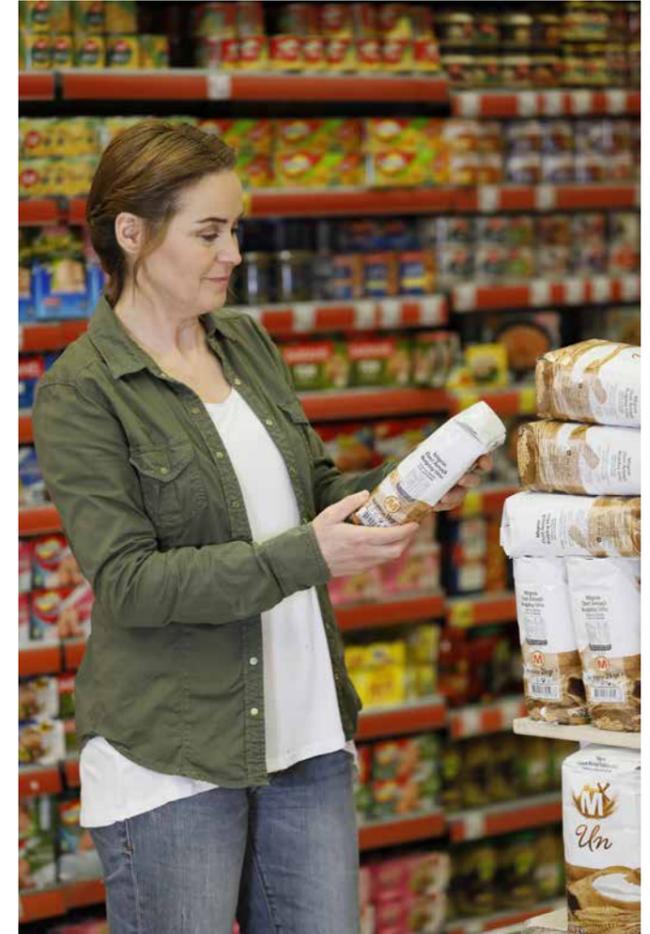
Our main task is to bring our consumers together with fresh, quality and healthy products. In this respect, public health and development occupy a special place among the issues we focus on in the field of sustainability. **Our Health and Nutrition Policy** includes detailed approaches and rules regarding product range, product safety, certified product practices, quality standards in the fresh product group, and packaging and labeling information on products' nutrients and energy. In 2018, we also presented our **Private Label Quality Policy** on our corporate website, in which we transparently share the quality standards of our unique branded products within the scope of product safety, ethics, social and environmental issues.

Product Range Supporting Healthy Lifestyle

We attach great importance to high-quality standards in every product we offer to our customers and we carry out all audits and controls in order to ensure that each product is manufactured in accordance with human health and brought together with our customers. In addition, while listening to the preferences of our customers who prefer less sugar, salt, fat and fresh products, we develop our product range every year. We take care to bring together special products that support a healthy lifestyle in terms of their contents. Accordingly, in 2018, we introduced a total of 1,312 products, 117 of which were non-food classified as supporting healthy living, to our customers. 180 of these products were from our private label products, and made up 3 percent of the total products in the same categories. Our **M Life** branded products are designed for our customers who care about living healthy with an **organic certified, reduced calorie and healthy lifestyle-oriented product range**.

We offer the majority of our organic produce to our customers by packing them in our facilities in Bursa and Izmir. In 2018, we sold **560 tons of organic fruits and vegetables**.

We reserve a special place for organic chicken products on our shelves. **Organic chicken products accounted for almost 10 percent of all chicken products** we offered for sale in 2018. **Organic eggs accounted for 25 percent of the total number of eggs sold** in 2018. We encourage our manufacturers and suppliers to increase this ratio. In accordance with regulations and by-laws; We support biodiversity and sustainable fishery by offering our customers the fish caught during the season and in accordance with the determined measures.



In 2018; We provided **discount worth up to TL 4,964,397** to our customers with the promotions we made in order to promote products; that support healthy life, are produced in accordance with special health needs and whose contents were reformed. For example, in order to raise awareness to celiac disease, we offer a 25 percent discount on gluten-free products every year in May, to celebrate May the 9th World Celiac Day.



Turkey's Largest Fresh Meat Processing Plant: MİGET

Red meat has an important place in the food chain and is especially important for our future to increase the access of young people and children. Therefore, we focus on increasing the consumption of meat per household by delivering both one hundred percent healthy and the most affordable products in the industry, all over Turkey.

To increase the capacity of the meat in Turkey and improve breeding and meat production facilities by examining the world of advanced technology completely, we laid the foundation of the Migros Fresh Meat Production Plant (MİGET) 5 years ago. **MİGET, Turkey's largest and most modern facility is also in the top 10 in Europe in terms of size. With our annual production capacity of 62 thousand tons,** Migros is the first and only manufacturer that has a meat processing plant in Turkey with this volume.

Our 3,000 expert butchers serve in all 81 provinces

We put the red meat we offer in our stores under a microscope from the farm to the table. The products entering our facility as carcass are processed with advanced technology. We carry out hundreds of tests and analyzes every day in our laboratories in accordance with international

We are Turkey's first retailer with the **FSSC 22000 Global Food Safety Management System Certification**

standards. **Our red meat products pass through 220 checkpoints until they reach the table of our customers.** Thousands of our expert butchers, veterinarians and food engineers conduct every audits and reporting.

We grow our own butchers at the **Food Technology Training Center (GATEM)** within Migros Retail Academy. After 180 hours of practical training and exams, we assign successful butchers to the MİGET and Migros shops all around Turkey. Thus, 3 thousand trained butchers are employed under Migros.

We produce our ready-to-cook red meat products and meatballs with the brand "**Uzman Kasap**" all packed and untouched. By using the most suitable packaging techniques for food, we ensure that our red meat products maintain their freshness for longer. All production processes at MİGET are carried out within the framework of **TSEN ISO 9001 Quality Management and TSEN ISO 22000 Food Safety Standards** In addition, in 2018, We became the first retail company in Turkey to take the **FSSC 22000 Global Food Safety Management System** certification to MİGET facilities. All of our products produced for our stores have the Halal Certificate issued by the Turkish Standards Institute.



Product Quality Audits

In 2018, we sold **64 thousand food and non-food products** in our stores. We aim to store and present all our products under the most hygienic conditions in order to be worthy of the trust of our customers by fulfilling the requirements of the highest standards on product health at an international scale. By applying Integrated Quality Management Systems, we ensure that each of our products is under control from the initial purchase stage to the point where it reaches the final consumer.



Product and Store Audits in 2018

- **Internal quality auditing of 8,642** new products in total, 2,380 food and 6,262 non-food items
- **Quality verification analysis of 6,666 products** in accredited laboratories based on **34,542 parameters**
- **3,446 unannounced store verification audits**
- Hygiene analysis of **over 20,000 stores**
- **1,648 fresh product department audits**
- **303 Migros Sanal Market (online shopping) process audits**
- **258 new stores and seasonal store compliance audits**
- **250 bakery products control**
- **Product quality control of 2,346,179 products** in distribution centers
- A total of **938 vehicle controls** in distribution center by verifying the vehicle temperatures with the data logger and temperature label

In 2018, only 66 cases of administrative fines were identified in our stores that did not comply with regulations on product and service information and labeling. In product health and safety audits carried out in stores and warehouses, 44 non-compliance cases were identified, and administrative fines were paid.



Product Transparency and Informing Consumers

We believe that consumers have the greatest rights to have detailed information about the contents of the products. For this reason, we approach the issue of informing our consumers about the nutritional values of our products meticulously. We share nutritional information on calorie, carbohydrate, sugar, protein, fiber, fat and salt amounts in the packaging of all our private label food products with transparency. Accordingly, in 2018, we **presented information on these 7 different nutritional values on the packaging labels of 195 private label food products.** We also share usage information of our non-food products in packaging.

In a digitalizing world order, consumers demand fast access to accurate and reliable information from the online environment. In order to provide a service in this direction, a sectoral transformation must be triggered. In the retail sector, data flow is provided between retailers and suppliers and manufacturers in many areas, particularly in terms of weight, content and origin of products to be offered to consumers. The Consumer Goods Forum (CGF) initiated a study to ensure that this process works healthier, that manufacturers do not create a separate data set for each retailer, and that changes in shared data can be monitored more quickly and closely. Working groups around the world have discussed different methods and pilots have been conducted to determine the most accurate method. Migros took the sector leadership in the study' Turkey leg.

We started our activities in this direction in 2017. First, we invited GS1 Global President to the Joint Development Congress organized by the Food Retailers Association and brought them together with sector representatives. Then, we called on retailers and FMCG manufacturers to initiate a joint study on data transparency and consistency in our industry. At the first meeting hosted by our CEO and general manager of



Data Accuracy and Transparency Roadmap

In line with the decision made by CGF member companies, the world retail and FMCG sector will provide consistent and transparent data flow through the GS1 barcode system. Actions to be taken for this:

- 1) All products will have a valid barcode issued by GS1.
- 2) Retailers and virtual marketplaces will verify the barcode of each product they sell to GS1.
- 3) With the global data model, a standard data set will be created for each product globally.

the GS1 Turkey Foundation, the leading representatives of the sector decided to cooperate for a joint study. As a result of the workshops and meetings held **jointly in the retailer, producer, consumer triad** and attended by sector representatives, a minimum country database that will enable **transparent and reliable data flow** fast and with ease was established in 2018. It is planned to enter the product information into barcodes stored in the GS1 infrastructure, which can be identified as the identification numbers, in line with the data set. Thus, the parties in the retail sector will have access to the information they need and the changes in the products will be changed through a single system and made available to all parties.

Migros completed system integration with the GS1 platform.

As other representatives of the sector are included in the system and our country data set is aligned with the global data set, the system will be commenced. In the next phase of the project, consumers are expected to access the identified product information instantly by reading the barcode of the product.

Responsible Advertising and Marketing

In our advertising and marketing activities, we undertake to make advertising production and broadcast communication in compliance with all Regulations and rules defined within the scope of all advertising channels. During the reporting year, no violations were detected, and no fines were received within the scope of our advertising, promotion and sponsorship activities.



2.2. Our WellBeing Journey Program

WellBeing Journey Program was launched in order to give our customers shopping preferences with a healthier life awareness and to support the creation of positive behavior change. We launched the first phase of the project in April 2018, which aims to guide balanced nutrition and active living. Thus, we have **led an incredible change for Turkish and the global retail sector.** In **Migros Mobile** application, we created a special section under "WellBeing Journey Program". Here, the nutrient distributions of our customers' 3-month food purchases and the ideal daily food consumption table are created side by side with an intelligent algorithm. Based on **global parameters and data from the Ministry of Health**, our customers can compare their consumption with ideal consumption and see at a glance which food group they neglect for a balanced diet. We offer tailor-made recommendations at a discount in order to cover the difference in balanced nutrition and encourage a healthy life journey. The system updates the chart of our customers after each purchase and offers a new healthy lifestyle tip every two weeks.

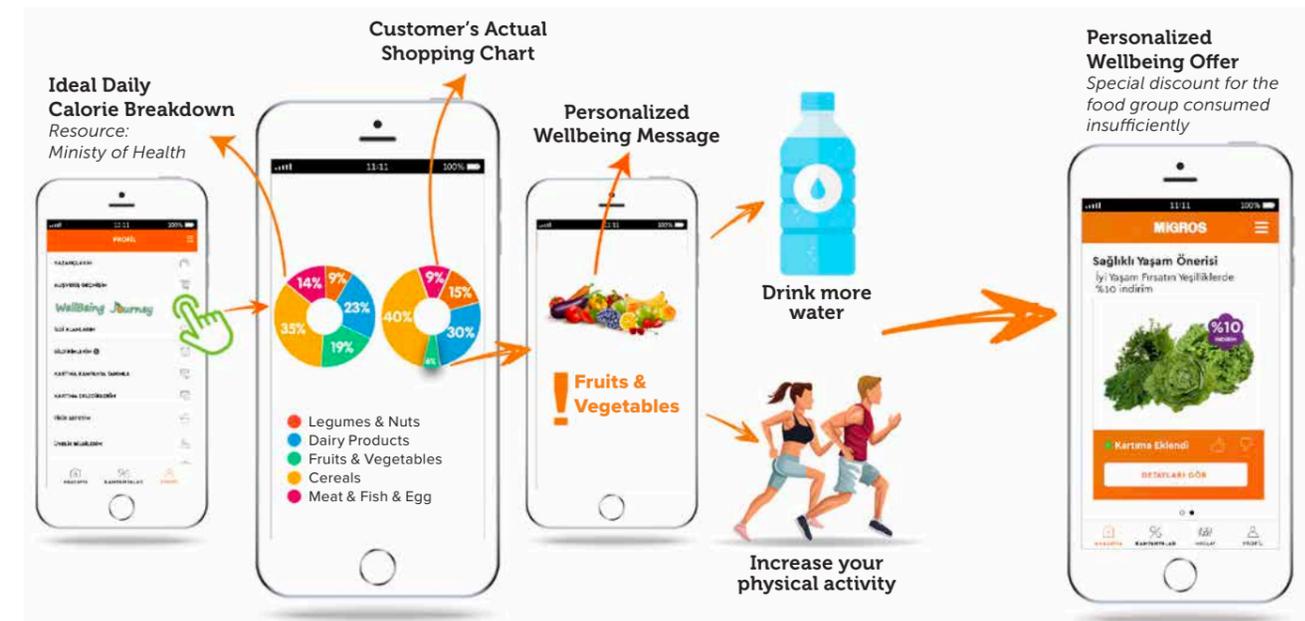
Our application also includes notifications on the importance of drinking water as well as a balanced diet and a sample exercise table. Enriched with interactive content such as **water drinking reminders and step counter**, our customers can monitor their movements during the day and set up reminders for sufficient water consumption.

In September 2018, we added our awareness-raising activities on oral and dental health to our project, which started within the scope of food and maintained on the mobile platform.

Raised awareness for balanced nutrition among **1.3 million** customers in **9 months** Resulting in **51%** changing their behavior.

During the store activities we organized in cooperation with the **Turkish Dental Association** and the leading companies in this field, we offered training on correct brushing, flossing and mouthwash techniques. In addition, by adding oral care messages to the WellBeing Journey tab in the Migros Mobile application, we started to offer each of our customers the oral care product that was missing based on shopping data, with personalized opportunities.

With our project, which started in April 2018 and became continuous with the integrated use of stores and mobile channels, we **reached 1.3 million customers in 9 months and enabled 51 percent of our customers to change their purchasing tendencies towards more healthy choices.** We have established WellBeing Journey areas in our 26 stores in 14 provinces and 3 festivals with the cooperation of our suppliers. **A total of 33,500 people attended face-to-face trainings, which were provided by nutritionists and dentists.** In 2018, we encouraged our customers to have a balanced diet by offering total discounts of TL 1,200,000 within the scope of WellBeing Offers.





2.3. Our Employees' Health and Safety

Our Employee Health Program

We conduct training and health seminars and health checks to ensure that our employees have a better life. In this context, we provide our employees with easy and convenient access to private health insurance, health care and nutrition specialists. In order to encourage our employees to eat healthily, we disclose the calorie content of the meals we serve in our cafeteria centers on a daily basis and offer diet menu options to our employees. In addition to this, we create an environment to increase the motivation of our employees by developing and socializing in different fields with hobbies and travel clubs.

In 2018, we conducted interviews and screenings on subjects such as metabolic syndrome, diabetes and living with diabetes, methods of coping with forgetfulness, cardiovascular health and hypertension, ozone therapy, secrets of beautiful smile, manual therapy, and the effects of nasal breathing disorders on our lives; on-site laboratory, on-site nutritionist, flu vaccine, Red Crescent blood donation drives, breathing activity, clinical massage and manual therapy (osteopathy) have organized activities. In 2018, **2,156 Migros employees benefited from 23 different initiatives.**

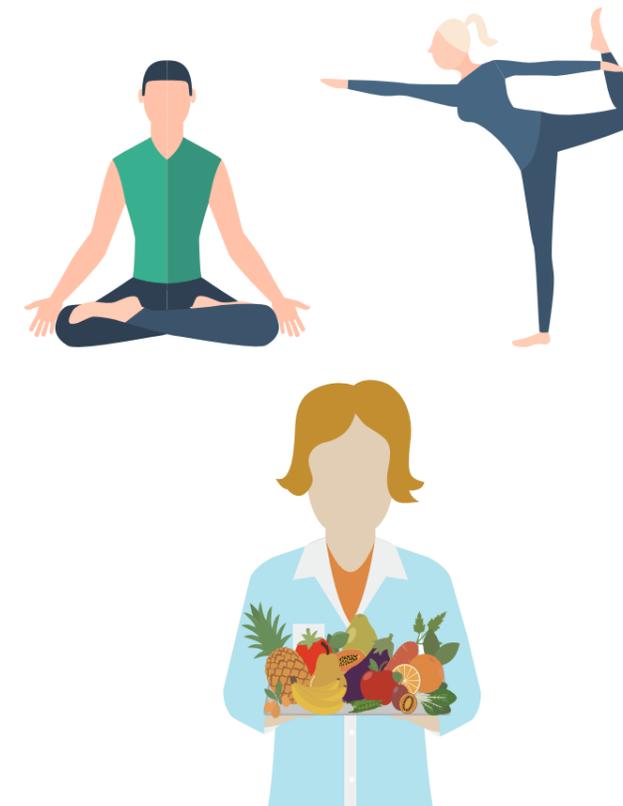
Safety and Security in the Working Environment Work

We are committed to providing a healthy and safe workplace environment for our employees. In accordance with the Occupational Health and Safety Law No. 6331, our Company's Head Office, branch directorates and stores are classified as less hazardous; MİGET Meat Production Plant, fattening farm, distribution centers and fruit and vegetable stores operate in dangerous class. Our OHS (Occupational Health and Safety) activities are carried out in this direction.

Our top-level management unit in the OHS field is the Occupational Health and Safety Committee, which is established in our General Directorate, consisting of senior managers of Human Resources Management and related departments and reporting directly to our CEO. This OHS processes are regularly assessed for Migros locations in Turkey, Migros and the necessary decisions are taken. OHS Committee meetings, including occupational safety specialists and workplace physicians, whose members are appointed within the framework of full-time or legal processes, are held regularly in our stores, MİGET, fattening farm, distribution centers and fruit and vegetable stores.

In 2018, risk assessment studies were conducted in all our locations and corrective and preventive actions were planned in the designated areas. Risk assessment studies are carried out completely in all our newly opened workplaces. We use special OHS software to systematically and centrally audit and report all our OHS-related processes and activities.

In 2018, we renewed our **TS 18001 Occupational Health and Safety Management System quality certificate.** In 2019, we aim to convert the ISO 45001 Occupational Health and Safety Management System, which is the new version of the management system, to ensure continuity of the documents and to successfully complete the supervision and audits.



Our project was presented at the Sustainable Retail Summit held by the Consumer Goods Forum in Lisbon and was cited as the most effective next-generation retail application by world's leading retailers and manufacturers. The project also won two awards in the "Innovation in Customer Service" and "Distinctive Sales Application of the Year" categories in the "Sales and Customer Service" awards organized by Stevie Awards, one of world's most prestigious award programs.

Rising threat: Obesity

Obesity is one of the most known health problems of today and has been a serious issue in recent years. In OECD countries, one in five people struggle with obesity. If we look at the results of the same survey in Turkey, it is above the OECD average at 22.3 percent. According to the study by the World Health Organization (WHO), 13 percent of the world's adult population is overweight, while 41 million children under 5 are either overweight or obese.

OHS Trainings

In order to provide a safer working environment for our employees, our trainings within the scope of occupational health and safety are among our priority issues. On-site and periodic OHS trainings are given by our occupational safety specialists and workplace physicians as face-to-face classroom training at the locations in which service is provided and at introductions to work. In addition, the trainings provided to our employees at all locations are supported by remote trainings. 115,420 hours of face-to-face on-the-job training and 228,232 modules of remote learning were provided to 21,406 employees by occupational safety experts and workplace physicians. **1,238 employees at all our locations completed first aid training.**

**21,406 employees were given
115,420 hours on-the-job and
228,232 modules of remote training**

In addition, we provide emergency action plan training and drills by the trainers and occupational safety experts of the companies we have contracted in all our workplaces.

OHS Controls

In addition to the Occupational Health and Safety Committee in our General Directorate, Occupational Health and Safety Boards have been established in all units of our company with 50 or more employees. In 2018, we received **78,324 hours of OHS services from 69 occupational safety experts, 87 workplace physicians and 4 other health personnel** from companies authorized to provide occupational health and safety services in all our stores and other workplaces covered by this scope. The number of employees in stores with OHS services is 7,366, which corresponds to 24 percent of the total number of employees.

In 2018, 26,362 health checks were carried out by workplace physicians within the scope of work entry audits and periodic examinations. Occupational health and safety documentation including the Emergency Action Plan and risk assessments of 228 newly opened stores in 2018 were completed.

The riskiest group in occupational accidents are charcutiers and butchers working in service departments due to their use of cutting and piercing tools. We aim to reduce lost work time through our OHS activities and trainings we provide to our employees.

In 2018, we aimed to reduce the number of lost days due to work accidents in our stores (like for like*) by 1.5 percent compared to 2017 and exceeded our target by 6 percentage points. In 2019, we updated our target criteria in line with the calculation method of the Social Security Institution. As a growing company, we aim to reduce our work accident / lost day severity ratio from 2018 to 2023 by 2% in order to provide meaningful data despite the number of newly opened stores and employees. In 2018, there were no lost days due to occupational diseases. The occupational accident distributions determined in our OHS assessments in 2018 are given below.

*The same store (like for like) performance changes are the percentage of the improvement in the 2018 occupational accidents caused by the loss of workdays in 2017.



Occupational accidents by type of injury **	
Cuts	38%
Slips / Falls	14%
Hit by Falling objects	8%
Being Crushed	5%
Physical impacts	8%
Other	27%

Number of Occupational accidents by gender **	
Male	612
Female	315
Total	927

Migros Occupational Health and Safety Performance **

Operational incidents	2016	2017	2018
Severity rate (lost days) ***	25.4	27.9	19.7
Severity rate (lost hours) ****	0.020	0.022	0.015

** Stores and Administrative Units are included.
*** Lost day = Indicates how many working days lost per 1,000,000 hours in a calendar year due to work accidents.
**** Lost hour = Indicates how many hours have been lost per every 100 hours worked due to work accidents.

3. Our Responsible Sourcing Approach

Retail companies have indirect impacts on sustainability, apart from their own operations. These are: impacts on community health in line with product safety, impacts on climate change from production and distribution, impacts on biodiversity from agricultural production, impacts on social and ethical issues.

As a responsible retailer, our company monitors supply chain-driven impacts and seeks to mitigate these impacts by adopting globally recognized principles and measures.

Our company's quality certificates:



Supplier Selection Processes

We believe that our suppliers directly contribute to the quality of our products and services. Therefore, we aim to build our partnerships with suppliers in accordance with the way we do business.

Before deciding to work with supplier companies, business partners and agencies, we conduct a thorough review and investigation of financial, legal and ethical risks and opportunities associated with companies. We investigate the commercial history of related companies through official registrations and bribery, corruption and ethics through digital platforms. In addition to these studies, supplier candidates are pre-audited through quality control criteria and question lists

used in the existing supplier audits and the work decision is taken by taking into consideration the results of these audits. Candidate suppliers undergo product safety audits primarily. Companies that become suppliers are subject to SEDEX-based ethical/social audits in accordance with audit periods. In this context, accountability, ethical behavior, respect for the rules of law, respect for international norms and respect for human rights are evaluated. In 2018, we audited 103 candidate suppliers and decided to work with 63 suppliers. 54 percent of selected suppliers were subjected to SEDEX-based ethical and social audits. For the remaining candidate suppliers, we conducted SEDEX-based audit planning in 2019 according to the audit periods.

Expected Responsibilities from our Suppliers

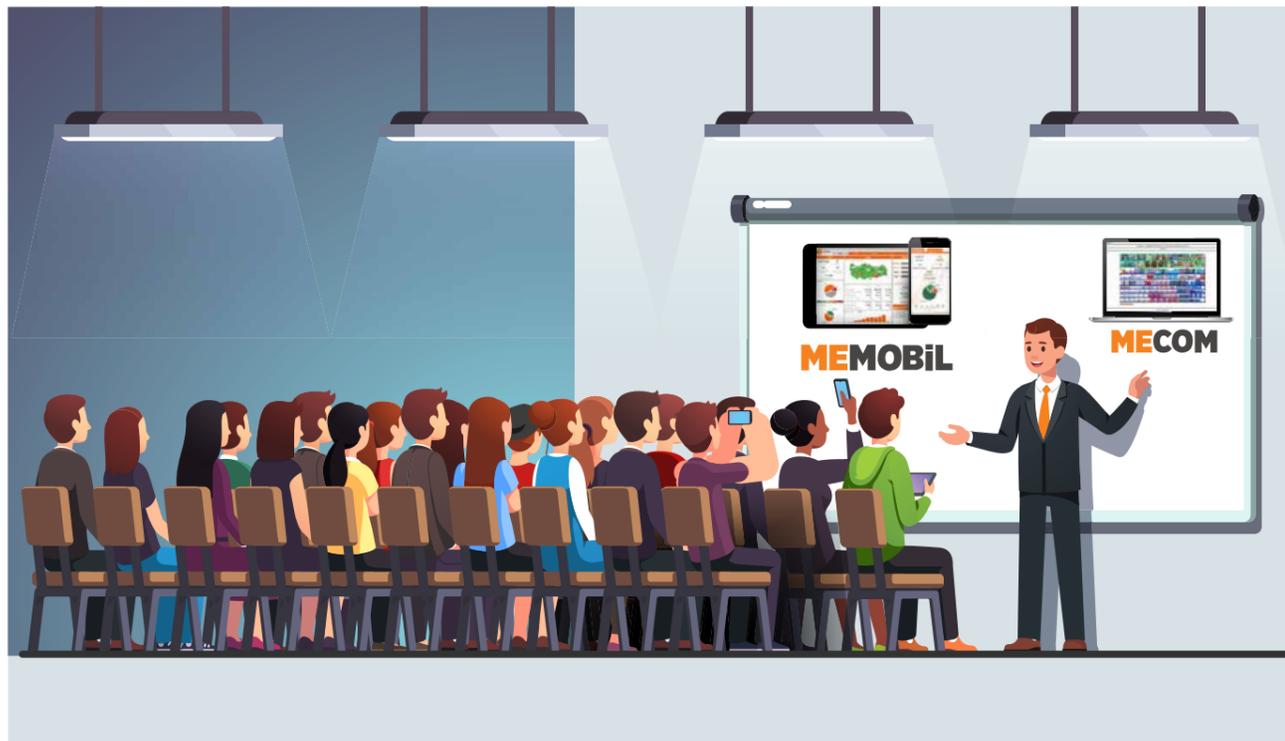
The working standards we expect from our supply chain and human rights, environmental practices, occupational health and safety and quality standards are detailed in the **Responsible Sourcing Policy**. In our Anti-Bribery and Anti-Corruption Policy and Human Rights and Equal Opportunities Policy, the compliance, approach and stance we expect from our suppliers are also clearly demonstrated.

Our suppliers can monitor information such as store-based product stock, availability and sales through our **B2B applications MeCom and MeMobil**. Our corporate policies are also made available to our suppliers through these practices. In addition, we turn our relevant policies into e-training and offer them to our new employees and suppliers every year. By providing the e-training prepared on this platform, which is used actively by 1,400 suppliers, we ensure that all our suppliers receive training.

Our Responsible Sourcing, Anti-Bribery and Anti-Corruption policies and Human Rights and Equal Opportunities policies are translated into Russian, Kazakh and Macedonian and published on the websites of Ramstores in Kazakhstan and Macedonia, and the policies are communicated to both employees and suppliers.

We converted our Responsible Sourcing Policy into an e-training module and offer it to our suppliers through our **B2B applications, MeCom and MeMobile**

In all the agreements we made with suppliers in our activities in Turkey, Anti Bribery and Corruption, Human Rights Standards, Labor Standards, Occupational Health and Safety and Environmental Protection surrounded by Code of Ethics are taking place and all our suppliers are required to make commitments to comply with these rules. In this context, we state religion, language, race, and gender discrimination; verbal, physical and sexual violence against supplier employees and forced labor or child labor is strictly unacceptable. In addition, we expect suppliers to ensure that they will not interfere with corruption and bribery. During the time we worked together; we monitor whether it provides a safe and fair working environment in terms of working conditions, health and safety measures, paid wages, etc. through regular evaluation surveys and field visits. We monitor and report our annual targets through supply chain risk assessment.



Audits for Our Suppliers

We attach great importance to supplier selection and monitor our suppliers' practices within the framework of our responsible sourcing approach and offer them assistance and guidance to improve their performance. We conduct quality audits regularly to our suppliers and monitor their compliance with the Responsible Sourcing Policy.

In 2018, through an accredited independent external audit agency, 85 percent of our main suppliers from whom we procure products constituting 80 percent of our total turnover were audited. Including audits with other suppliers outside this scope and supplier candidates, we conducted a total of 952 audits in 2018. Before we put the products of the remaining suppliers, into our stores, we check them within the framework of legal regulations.

We conduct our supplier audits taking into account the standards recognized by the **'Global Food Safety Initiative' (GFSI)**, which sets food safety criteria in the world. We apply an intensive audit program to our suppliers, which lasts for 2 days and questions 278 criteria. **On the first day we carry out 'BRC-International Product Safety Standard' and on the second day, we conduct 'GC-Sedex- Ethical and Social' audits.** After giving limited of time to our current suppliers and candidate suppliers, we reaudit them which is called as follow-up audits. We give maximum of 3 follow-up audits to each failed supplier.

On the first day audits we have conducted according to the 'BRC Global Market' audit checklist, our suppliers who have been successful take part in the **BRC (British Retail Consortium)** portal and their success levels are announced globally. In 2018, 81 percent of our suppliers succeeded in 492 **'BRC Global Market' audits**. In the same year, BRC conducted follow-up audits for 64 companies and noted improvements in 88 percent of these suppliers.

During the second day audit, the suppliers' operational activities, their impact on people and the environment, and their sensitivity to ethical and social issues were audited. In line with this, suppliers' environmental management, occupational health and safety, ethical and social compliance requirements and SA 8000 standards are covered under the scope of the SEDEX criteria. The suppliers who were successful in these audits, which have an important role in sustainability studies, were awarded the GC-SEDEX certificate. **During the 460 GC-SEDEX audits** we conducted in 2018, 82 percent of our suppliers were awarded GC-SEDEX certification. In 2018, under the scope of SEDEX, 48 companies were monitored, and 88 percent of these companies were improved. Third and last follow-up audit will be organized for the remaining 6 companies. If the success is not achieved, an evaluation can be made to terminate the commercial relationship. During the reporting period, our company did not terminate agreements with any suppliers due to social non-compliance. We decided not to proceed with 20 supplier candidates after social audits.





Audit Type	Number of Supplier Audits	Success Rate	Number of Follow-up Audits	Follow-up Audit Success Rate
Product Safety - BRC Global Market Audit	492	81%	64	88%
Environment and Ethics - GC-Sedex	460	82%	48	88%
Toplam	952	81%	112	88%

In these audits, child labor, forced labor, working hours, right to establish trade unions and collective bargaining, salaries and wages, discrimination and disciplinary practices, conditions of employment of pregnant and nursing mothers, physical and psychological pressure on employees, birth, milk permits and compliance with annual leave laws topics are questioned. During the reporting period, 3 young workers were identified in the audits conducted to the supplier companies. Young workers and suppliers who pose a risk in cases of forced labor were warned.

As part of audits conducted within the scope of ethical and social compliance of suppliers, 32 percent of the non-compliances were related to occupational health and safety, 13 percent were related to environmental requirements, 8 percent were related to resource management, 4 percent were related to social responsibility policy, 3 percent were related to working hours and payments and 2 percent were related to disciplinary practices.

Migros Approved suppliers are evaluated in three categories:

“**Gold**”, “**Silver**” and “**Bronze**” and have the opportunity to announce their success from **GC Portal**. In 2018, 57 percent of our suppliers were successful in both audits (corrected for removal of failed suppliers) and were awarded the “GC Migros Approved Supplier” Certificate. In April 2019, we organized an award ceremony within the scope of Migros Better Future Festival and congratulated the success of our suppliers who received the “**Migros Gold Approved Supplier**” certificate.

In the scope of compliance with our responsible sourcing policy, the 2018 notifications of our ethical and social audits regarding the discrimination, freedom of association, right to collective bargaining, child labor, forced and compulsory labor for our suppliers were subject to **independent external auditing**, verified in compliance with the international ISAE 3000 (Revised) standard. **Declaration of Independent Assurance in Human Rights and Supply Chain** (Selected Criteria) can be found in the Appendix. During the reporting year, we did not receive any negative notifications from NGOs or other external organizations regarding our supply chain

4. Our Corporate Social Responsibility Practices

We carry out our activities with the awareness of adding value to people first and then to all of society. We aim to strengthen our relations with our society with more sincere and stronger ties. In this direction, we identify social needs and implement social responsibility projects in these areas. In cooperation with our stakeholders; We carry out various projects in the fields of education, sports and health.

“Growing Healthy with Migros” project in order to establish the awareness of ‘**healthy and good life**’ as more widespread and stronger in children.

With “healthy and good life” education, children learn various subjects such as the benefits of fruits and vegetables, the control processes of the products until they reach the shelves, Good Agricultural Practices, the subtleties of label reading. Children are also informed about the benefits of waste collection bins in stores and their contribution to a better future by recycling their waste. Migros Healthy Growth Guide is given to children as a gift in the tours and the importance of balanced nutrition and exercise is emphasized in the tours. In addition, at the end of the 23rd of April Migros Children’s Theater Festival that **reached 1 million children with free theater in 24 years**, our employees provide the audience with Good Life training along with the “Migros Healthy Growth Guide” prepared with the Food Safety Association for the past 3 years.

We reached 160,627 children in the past 3 years in scope of the “Growing Healthy with Migros” project.

We provided healthy and good life education to **160,627 children** in our store tours we organized in **3 years**

Growing Healthy with Migros

Based on the view that behavioral changes at a young age are more effective, we prioritize children in public health awareness studies. Since 2016, we have been conducting the



Our Family Clubs

Families contain all the features of the social structure and make up the basis and essence of societies. Therefore, strong, open to development, educated and social family members are driving forces that will directly improve our society. With this point of view, our Family Clubs project, aimed at women, men and children of all ages, aims to improve the skills of the whole family. **In our Family Clubs**, which are located in 20 stores in 16 provinces throughout Turkey and whose numbers are increasing rapidly, District public education centers offer **vocational training and skills development courses for free in cooperation and offer socialization opportunities for people** with the same interests in 2018. Our Family Clubs, whose members are mostly women, help women to participate in life more actively. It supports them to invest in their personal development, to have a profession and to create a stronger role model for their children. The number of women who set up their own businesses with the Turkey's **Ministry of Education approved certificate's** they earn by participating in Family Clubs is growing with each passing day across Turkey.

Family Clubs gives training in 63 different areas such as **hand embroidery, jewelry, china, leather processing, marbling art, ceramic painting, wood painting, oil painting, elocution, sign language, Pilates, English, German, Spanish, diction, announcer, photography**. In 2018, the number of registered members of the Family Clubs reached 31,437. 18,599 people participated in the 670 events held during the year.

In 2018, the number of registered Family Club members reached **31,437**. In the **670** events we organized throughout the year, **18,599** people participated.

The Family Clubs aim to contribute to the development of **children** and offer **trainings such as painting, music and chess**. In addition, workshops on coding, sustainability and zero waste, which are among the most important subjects of the modern world, are also organized to contribute to the development of children's knowledge and imagination.



Our Accessible Migros Project

In our stores, we bring together privileged services we offer for disabled and elderly customers under one roof. In 2017, we launched the “Accessible Store” project, which we started piloting in 2016. Our project, which started in designated Migros and Macrocenter, became more inclusive and transformed to “Accessible Migros” as of 2018 with the inclusion of Migros Sanal Market. Accordingly, we have compiled the Migros Sanal Market website and mobile application with screen-reading programs used by visually impaired people. In addition, in 2018, we expanded the number of Migros and Macrocenter stores in line with the Accessible Store concept to **200 stores in 50 provinces. We**

We made our Migros Sanal Market website and mobile application suitable for the visually impaired

have at least one employee who knows sign language to help the hearing-impaired in our stores and our customers can distinguish these employees from their special collard-badges indicating that they know sign language. Although we have 200 Accessible Stores, 696 employees volunteered to learn sign language. In this way, even in case of changes in duty or permits, we have additional employees who know sign language in our stores. These stores **include ramps and railings that facilitate the easy access for disable-persons vehicles at the entrances.** The shelves are also designed to be suitable for the passage of wheelchairs. At least one case indicated by special signaling in the stores where wheelchairs are used for the use of elderly customers is in the 90cm range suitable for wheelchair access and prioritized for the passage of disabled customers. In case our disabled and elderly customers ask for help in our Handicap-Free Stores, an employee helps them by accompanying them during their shopping. We aim to increase the number of Accessible Stores each year, and we try to design our newly opened stores with this perspective.

In Our Accessible Stores we;

- Employ at least one person who knows sign language
- Provide wheelchair accessible entrances and corridors
- Have priority cash registers for the disabled and the elderly
- Have friendly staff who can accompany the disabled and the elderly with their shopping



Our Collaborative Projects

We believe that the results of the projects initiated by the stakeholders who are specialized in different subjects have grown with the multiplier effect. For this reason, we bring to fruition many long-term projects by joining forces with our manufacturing companies, non-governmental organizations and customers.

We introduced **6,034 young people and children with special needs to sports with the contributions of 9,5 million customers in 15 years**

Our “Special Support for Athletes with Special Needs” project was transformed into the “**Little Athletes**” project in 2016 and continued to support children with special education needs to play sports. Portion of the income from Procter & Gamble products sold in our stores are donated to the Turkey Special Olympics Committee to increase the coordination skills of children aged 2-7 with special needs and provide them opportunities to socialize with their peers. Within the scope of the project, with the contributions of 9.5 million customers in 15 years, we reached 6,034 young people and children with special needs.

We have supported the donation of more than 660 thousand clothes to 283 thousand children we have reached through the Community Volunteers Foundation (TOG) through our “**Clothes Donation Campaign**”, which we have been conducting with Ariel (P&G) since 2010. Every year in the week of April 23rd, customers who want to help needy children, can buy toys, children’s books and stationery products and able send it to the kids by donating them to the Educational Volunteers Foundation of Turkey boxes.

The “**Colorful Schools**” campaign launched in 2017 continued in 2018 as well. Within the scope of the campaign, with the income obtained from Lipton Ice Tea products sold in our stores, TOG volunteers **repainted the interior and exteriors of 2 schools in need of renovation.** Thus, our customers contributed to the happier education of students in a more colorful environment.

More than **660,000 clothing items** were donated to **283,000 children**

Better Future Ambassadors

The Better Future Ambassadors Platform was designed as an **online platform** where women who closely follow Migros come together to share their ideas and opinions and **contribute to the family budget** by fulfilling the assigned tasks. The project aims to identify, hear ideas from and win over expert shoppers who monitor all household needs of their families and was designed exclusively for women. The platforms **member count exceeded 60 thousand in 2018.** Thanks to the program, Migros Better Future Ambassadors **earned 1,856,614 Money** throughout the year.



Our Contribution to Civil Society

We collaborate with our employees, customers, suppliers, foundations, associations and other non-governmental organizations in the fields of social need and we develop various projects. During 2018 Greater Eid, we offered Migros and Migros Virtual Market customers the possibility to donate their sacrifices to the **Koruncuk (Foundation for Children in Need of Protection) Foundation.** Giblets of the sacrifices were donated to **TEGV (Educational Volunteers Foundation of Turkey)** and **ZİÇEV (Foundation for Developing and Protecting Children with Special Needs).** Ramadan boxes prepared specifically by Migros during Ramadan can also be donated to the Red Crescent. Furthermore, we provided total of 434,240 TL in donations in 2018.

During the reporting year, no significant penalties or sanctions were imposed on our company due to non-compliance with laws and regulations on social and economic issues.



Support for Culture and Art Activities

We support the continuity of various cultural and artistic activities and festivals. In this regard, we support the International Adana Orange Blossom Carnival and **Izmir International Fair**, two important events in both locally and internationally.

We support the **Adana International Orange Blossom Carnival** with the activities we have organize in our stores for the past 7 years and we also **sponsor the Costumed Family Run** within the scope of the Carnival. We support the İzmir International Fair with **Migros Street** we established and with the artists we sponsored in the past 7 years.

We take great responsibility for these long-term and high participation activities. Thousands of people participate in the runs and concerts organized with our sponsorship.



Migros Life Festival

In 2018, we organized a 2-day festival in KüçükÇiftlik Park, bringing together our customers with experts from fields of health, sports, nutrition, beauty, personal development with pleasant conversations and workshops. **56 different brands and NGOs attended the festival** and 6 concerts and stage performances were organized. 12,000 people were in the attendance and they met with 13 experts from their fields; including doctors, nutritionists, life coaches and personal development experts.



OUR ENVIRONMENTAL PERFORMANCE



Environmental Management

We are aware of the need to protect the environment we interact with to leave a livable world for future generations.

Within the framework of our **Migros Better Future Plan**, we monitor, control and continue our projects while minimizing the environmental impact that may take place because of our operations. We share our environmental management strategy, main focus issues and management processes in detail in our **Migros Environmental Policy** through our website with all our stakeholders. In line with changing needs and material issues, we undertake to review and update our environmental policy each year.

With our Migros Better Future Plan, we aim to protect the rights of future generations by protecting the resources of today, based on the view that every step taken for a more livable world is taken on behalf of humanity.

Our company's ISO 14001 Environmental Management System Standard quality certificate covers our activities in all our

business units in Turkey. Our company did not violate any environmental rules of regulations in 2018.

Our Board of Directors is responsible for determining our company's strategic approach to environmental management with risk and opportunity-oriented view. Our Sustainability Committee, which is directly assigned by the senior management and top management of our company, is responsible for improving performance in environmental issues by transforming these strategic approaches into improvement plans, projects and applications. We set qualitative and quantitative development targets in accordance with our Environmental Policy and in line with our Migros Better Future Plan. **The performances are reported to our Sustainability Committee and to the Chief Supply Chain & Logistics Officer (CSCO),** monthly or quarterly. These two checkpoints evaluate our strategies, practices and performance on our environmental issues and present the results to our senior management.

Our Environmental Development Goals

Target Year	Base Year	Commitment
	2013	Reduce our daily electricity consumption per square meter sales area by 17%
2023	2015	Reduce our daily carbon emissions per square meter sales area by 25%
	2017	Reduce our water daily consumption per square meter sales area by 5%
2025	2016	To halve our food waste disposal tonnage to food sales tonnage



1. Combating Climate Change

We commit and maintain our practices and objectives in our Migros Better Future Plan about combating climate change, transition to a low carbon economy and sustainability within the framework of international norms, national legal requirements, UN targets for Sustainable Development and the principles of the Consumer Goods Forum (CGF). In this respect, we determine our environmental targets to reduce our carbon emissions in line with our business strategy driven

by global initiatives and national targets, in particular the Paris Agreement and we manage our operations in this context in the long term. With our highest level of development policy, we review our targets every year. To combat climate change, we adopt compelling targets that we can update in the long term in line with science-based targets methodology. We report our annual performance and our plan to combat climate change to the CDP (Carbon Disclosure Project) every year.



Risks and Opportunities

In order to determine the risks and opportunities associated with climate change, a team of our departments, which are affiliated with the Sustainability Committee, performs annual assessments. The risks of changes to legislation and the physical climate parameters and other climate-related changes (e.g. changes in consumer behavior and company reputation) are identified in annual evaluations. These risks coincide with the issues covered by global initiatives such as **TCFD (Task Force for Climate Related Financial Disclosures)** and are reported to our Senior Management in order to develop solutions by following the possible and current financial results. Climate performance related targets such as reducing energy consumption and refrigerant leaks has a direct impact on the annual performance premiums, with 10-20 percent effect at the HR Balanced Scorecards of Chief Construction Officer (CCO) and Group Managers in charge of Energy Management, whose activities have the greatest possible impact on climate change.

The impact of retail operations on climate change is primarily from the use of electricity and refrigerant gas leaks. Lighting, air conditioning and cooling activities in stores and distribution centers cause greenhouse gas emissions. The biggest source of indirect impacts is logistics of products.

The main physical risk faced by our company is changing rain patterns. In this context, we foresee that the impact of snow and floods will increase, and that this situation could lead to a loss of approximately 200 thousand TL over the next five years. As a precaution, we insure our stores against possible floods and other natural disasters.

Within the scope of Environmental Management and practices for combating climate change, in 2018, we invested 8.14 million TL in total for development of natural cooling systems, energy efficiency and system improvement studies, waste management, sustainability consultancy, certification under ISO 14001, life cycle assessment of our private label products and verification of our annual carbon emissions.

We are not just focused on our stores to combat climate change; we also aim to reduce the negative impacts of our entire value chain, from our suppliers to our customers, but also to contribute positively in the long term. Agricultural resource utilization and customer-sourced emissions are the issues that stand out in our value chain. We will intensify our efforts on these two issues in our future model of value creation and positive change for the world.



What is the Paris Agreement and TCFD?

The Paris Agreement, adopted by the United Nations Framework Convention on Climate Change (UNFCCC) in 2015, which constitutes the framework for combating climate change after 2020, underlines the need to limit global temperature rise. In accordance with the Paris Agreement, our country has committed to reducing greenhouse gas emissions by 21 percent from a business-as-usual scenario until 2030 in its Intended Nationally Determined Contribution statement. The maximum increase limit of 2°C by the end of the century, when the Paris treaty was first signed, was reduced to below 1.5°C indicating that the former target is not sufficient by the 1.5°C Global Warming Special Report published by the Intergovernmental Panel on climate change (IPCC) in 2018.

The economic impact of the Paris Agreement has also been felt. In this respect, the G20 Financial Stability Board (FSB) created the Task Force on Climate-Related Financial Disclosures (TCFD). TCFD's recommendations include a transparent disclosure of how economic impactors will be affected by climate change, how they manage these risks and their impact on climate change. Sustainability reporting processes such as the Carbon Disclosure Project (CDP) and the Global Reporting Initiative (GRI) have been expanded to integrate TCFD recommendations.

1.1. Our Carbon Footprint

We are aware that effective carbon footprint management is one of the most important conditions for us to maintain our value chain in a responsible and respectful way to humanity and nature. Within the scope of our Migros Better Future Plan, the most important sustainability issues that we have addressed at the Top Management level are our activities to combat climate change and carbon management. In this direction, we determine our short-, medium- and long-term actions and implement them in line with the strategy of our company.

We do not have a production facility that causes air pollutants such as dust, heavy metals, combustion gases, volatile organic compounds, fluorine and chlorine. Therefore, we focus on reducing carbon emissions. Although greenhouse gas reporting is not mandatory in the Turkish retail sector, we have been measuring our corporate greenhouse gas emissions since 2014 to monitor and reduce our indirect and direct impacts on climate change.

We determine the factors that cause emissions of greenhouse

gases from our stores, distribution centers, regional directorates, regional produce warehouses, MİGET meat processing plant and breeding farm that started operations in 2018. 50 percent of our carbon emissions are from electricity consumption and 49 percent are from cooling. We monitor, calculate and report our performance in terms of "daily carbon equivalent emissions per square meters of sales area (kgCO₂e/m²)".

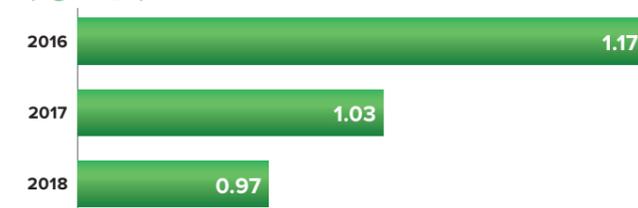
Accordingly, in 2018, we aimed to reduce our stores' daily "Scope 1 and Scope 2" carbon dioxide emissions per square meter of our sales area by 1.5 percent compared to 2017. We exceeded our target and achieved a 6.1 percent reduction in 2018. We maintain our 1.5 percent reduction target for 2019.

In addition, we have increased our goal of reducing daily carbon emissions per square meter by 25 percent until 2023 compared to 2015, which is the base year of our medium / long-term goal. Until 2018, we achieved a reduction of 19.5 percent in line with this target.

Corporate Greenhouse Gas Emissions (GHG) from Turkey Operations by Year

	2016	2017	2018
Scope 1 Emissions (mt CO ₂ e)	247,915	223,566	225,387
Scope 2 Emissions* (mt CO ₂ e)	188,230	190,149	221,439
Scope 3 Emissions** (mt CO ₂ e)	71,178	76,546	84,602
Total Greenhouse Gas Emissions* (mt CO ₂ e)	507,323	490,261	531,428

Carbon Emissions per m² of Daily Sales Area* (kgCO₂e)



Our Scope 1, Scope 2 and Scope 3 GHG emissions for 2018 have been verified and documented by BSI (British Standards Institution) as a result of the controls performed on the basis of **ISO 14064-3 standard and GHG Protocol**. You can view the related document in the Appendix section.

*Previous year emissions were recalculated based on the current electricity emission factor.

** Scope 3 emissions include flights, waste disposal, transportation, Online Grocery Delivery Vehicles, Personnel Services, Customer Services and emissions from external energy consumption.

Carbon Emission Reduction Target per Square Meter Sales Area

Base Year	2023 Target	2018 Milestone Percent Complete (%)
2015	25%	78%

This year, with a new study, we realized the life cycle assessment (LCA) of our food, non-food and specialist butcher products, which constitute 50 percent of the trade of our private label products, adhering to the ISO 14040 standard. Within the scope of the LCA, carbon emissions of our 127 different PL products sold in our stores in 2018 were calculated as 176,906.01 tCO₂e.

Eco-friendly Cooling Systems

In our retail operations, we focus on the use of natural refrigerants, more efficient and next generation systems in cooling systems, which are among the important topics leading to greenhouse gas emissions.

In the cooling systems of our MİGET meat processing plant, we use ammonia as natural refrigerant instead of HFCs. In 2015, we started our first activities for the use of natural refrigerated systems in our Taşdelen Migros M store and tried cooling with glycol instead of HFC-R404a gas.

In 2016, we trialed cooling of the cooling cabinets by circulating cold water in Çekmeköy Koru store and used glycol-propane, which is a natural refrigerant, to cool the circulating water. We have patented the system which has a useful invention certificate. In our Şile Doğancılı store, we reduced the amount of refrigerant gases we use by 60 percent by retrofitting the traditional cooling system and transformed into the water circulation system. In 2017, we created a test room to measure the electrical consumption of existing and new cooling systems and to carry out system development activities. As a result of these activities, we reached an acceptable level of electricity consumption and installed water-cooling systems in our İzmir Narlıdere 2. İnönü store and Ankara Gölbaşı Distribution Center in 2018. With these two installations, the number of glycol-cooled tanks increased to 2 and the number of stores increased to 4.

We will expand our Migros patented natural refrigerated cooling system to 20 stores.

With these two installations in 2018, we achieved 70 percent savings by using 900 kg refrigerant gases instead of 3,100 kg. In 2019, we plan to set the system up in three additional stores. In 2023, we plan to increase the number of our stores operating with this system to 20.

Also, in 2018, we undertook a comprehensive renovation of cooling installations and systems at our MİGET fresh meat production facility and our Adana Ceyhan store, prevented refrigerant gas leakages by making group exchanges at our Şekerpinar Distribution Center, Edirne Uzunköprü and İstanbul Çiçekçi stores. Doing so allowed us to eliminate 1,500 kg of refrigerant gas leakage risk (587.8 tCO₂e). During the transformation of the 120 Kipa stores that joined our Migros structure in 2018, we disabled the large and inefficient frozen product center systems according on a needs basis and replaced with plugin cabinets. Thus, we prevented the risk of 1,000 kg refrigerant gas leaks (311.8 tCO₂e) occurring in the old cooling system and groups.



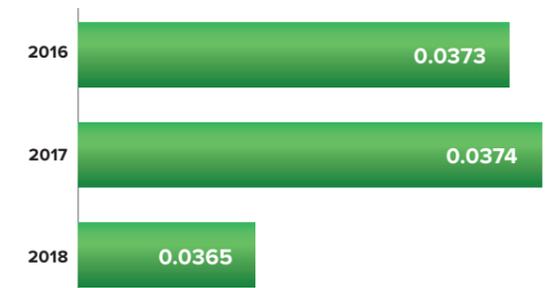
Our Sustainable Distribution Systems

We carry out efficiency activities in order to save on our energy consumption from distribution and logistics and to reduce our greenhouse gas emissions from logistics. Each year, we measure the distance traveled between our distribution centers and our stores and make route optimizations and open our new distribution centers according to the results of these analyses. Within the framework of our central distribution strategy, **we transport 80 percent of our products to the stores with fully laden trucks. We reduce the truck traffic by 30 times** by directing the products to be sold in our stores from our own distribution centers.

In 2018, we established a more sustainable and advantageous distribution network with the changes we made to our distribution centers. Our Bursa Distribution Center opened in 2018 started delivery to 170 stores in Marmara, Central Anatolia and Aegean regions, providing substantial mileage advantage. In 2018, we incorporated the Torbalı Distribution Center, which we took over from Kipa. We closed our Pınarbaşı Distribution Center and redirected its distribution network to the Torbalı Distribution Center. We expanded our Gölbaşı Distribution Center in Ankara, closed our Saray Distribution Center and started to ship to our surrounding stores through a single Distribution Center. We opened the Gölbaşı Meat Distribution Center in place of the Saray Meat Distribution Center. With the model we designed in Çorlu Distribution Center, which we launched in 2018, a small number of costly products from our suppliers are left to this intermediate center and transported to nearby stores.

In order to reduce our environmental impact with our distribution center shipments, we have the following target: "reducing our CO₂ emissions per transported unit". In 2018, we achieved a YoY 0.42 percent reduction against our 0.5 percent target. In 2019, we aim to achieve a 0.3 percent improvement compared to 2018 results. By 2023, we are aiming to reduce CO₂ emissions by 3 percent per unit of transport compared to 2016. The reduction in these operations will support the reduction in our total greenhouse gas emissions.

CO₂ emissions per transported unit from Distribution Center shipments* (kgCO₂e)



* Previous year emissions were recalculated based on current electricity emission factor.

Apart from our distribution center shipments, our other distribution system consists of our Migros Sanal Market (online grocery) shipments. In order to reduce our environmental impact, Migros Sanal Market fleet includes 17 electric vehicles. In addition, **we increased our number of electric bikes from 23 in 2017 to 31 in 2018**. Compared to 2018, we aim to increase our number of electric bicycles by 25 percent in 2019 and to double the number in 2023.



1.2. Our Energy Management

Our company's total electricity consumption in 2018 was 490,994 MWh. In 2019, we are targeting to reduce our electricity consumption by 1.5 percent per square meter sales area compared to 2018. There is no renewable energy production or consumption, and there was no heating, cooling and steam purchased nor energy sold during the reporting period.

In the medium- to long-term, **we aim to reduce our daily energy consumption per square meter of sales area by 2023 by 17 percent compared to 2013.** In 2018, we aimed to reduce our daily energy consumption by 1.5 percent compared to the previous year. However, the Kipa stores we acquired the previous year and the Makromarket and Uyum stores we took over in 2018 have been transformed into Migros stores throughout the year resulted in an increase to our total energy consumption. As the renewal of the technological equipment used in these stores has not been completed yet, our daily electricity consumption per square meter of sales area has increased by 0.4 percent compared to the previous year. However, comparing our performance since 2013, despite increasing number of stores, we achieved 10.4 percent of our long-term target by 2018.

Energy Consumption by Source (MWh)

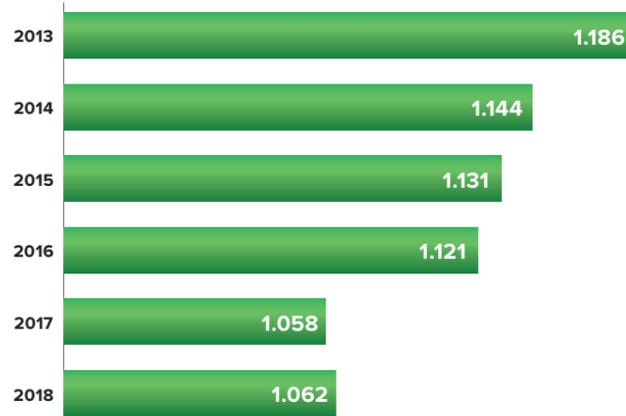
	2016	2017	2018
 Electricity	417,362	421,617	490,994
 Natural Gas	8,159	6,104	7,182
 Diesel	13,999	14,629	15,459
 Gasoline	21	55	43.6
Total	439,541	442,405	513,679

In 2019, we are targeting to **reduce our daily electricity consumption by 1.5 percent per square meter of sales area compared to 2018.**

Reduction of Daily Electricity Consumption per Square Meter of Sales Area Target

Base Year	2023 Reduction Target	2018 Milestone Percent Complete (%)
2013	17%	61%

Daily Electricity Consumption per Square Meter of Sales Area (kWh)



Our Energy Saving Activities

We provide operational efficiency and combat climate change with our energy saving activities. In order to reduce our energy consumption and the resulting emissions, we prefer variable flow controlled and highly automated efficient systems in air conditioning and industrial cooling systems in all our newly opened and renewed stores.

We measure our energy consumption on a daily, weekly and monthly basis with our energy monitoring system, and take measures to reduce our energy consumption and resulting greenhouse gas emissions. In addition, we installed an automation system that centrally controls our cooling, air conditioning and lighting systems to monitor our energy

consumption. As our number of stores increases, we also expand our system. Over the years, our refrigeration, air conditioning and lighting processes have become more observable and remotely controlled.

We achieve maximum benefit from sunlight by using daylight lighting systems in our suitable stores. We prevent the formation of heat islands by choosing types of paint that provide thermal insulation and reflect the sun rays on our store roofs. We provide motion sensor lighting units in the storage facilities of our stores.

In 2018, as a pilot study, we renewed the old and inefficient lighting systems in our Zafer Plaza MM Migros store and achieved energy savings of 8 percent.



Number of stores with Automation Systems

	2016	2017	2018
Cooling automation	1,317	1,586	1,756
Air conditioning automation	937	1,061	1,179
Lighting automation	706	856	993





Our Green IT Implementations

Within the scope of our green IT approach, during the transformation of the 55 Uyum stores that we took over in 2018 to Migros stores, we replaced all the traditional desktop computers (250) with thin clients that consume less energy. We also purchased 300 thin clients in our newly opened stores. **Thanks to these devices, which achieved an average annual energy saving of 80 percent**, we saved 200 MW in 2018. We have recycled 65 tons of electronic devices that were out of use.

We achieved 80 percent energy savings by replacing 80 percent of our traditional server infrastructure with next-generation hyper-integrated servers, making it virtual and transferring it to cloud systems.

In 2018, we closed our backup data center and moved our data to our new Disaster Data Center, which we prepared according to our Green IT strategy. Thus, we plan to achieve an energy saving of over 500 MWh per year.

We achieved 80 percent energy savings by virtualizing 80 percent of our physical server infrastructure and transferring to cloud systems.

We benefit from video conferencing tools in interviews within the scope of our hiring activities we do throughout Turkey. Doing so, we reduce our indirect carbon emissions (Scope 3) eliminating the need for our HR personnel to travel. In 2018, we video conferenced for over 10,000 (around 12,000 hours) hours with potential hires. In the same direction, more than half of the intercity business meetings were held through video conferencing, enabling our employees to travel less frequently.



2. Our Contribution to Biodiversity

Protection of biodiversity is not only vital for all living things but also vital for economic and social development. Ensuring the continuity of flora and fauna in terrestrial, marine and wetlands impacts the future of humanity directly.

Due to our field of activity, we perform large portions of our operations in urban areas. We do not have significant direct impact on water resources, soil and natural habitats since we do not have operational units operating in lands or wetlands with high biodiversity values. However, we strive to reduce all our indirect impacts on our value chain. We are authorized by the public authorities in all our operations. In this respect, **we are subject to all environmental assessments including biodiversity of the United Nations Environment Program (UNEP) Convention on Biological Diversity which we have**

signed as a country, for all legal permits and licenses we apply for to open our stores.

We take responsibility for the prevention of deforestation, waste management and pollution prevention, ensuring sustainability and traceability in agricultural activities and livestock, protecting animals, seeds and plants that are endangered and/or close to extinction, and developing various projects. In our operations and processes, we manage our water consumption, wastewater discharge and solid waste with a responsible approach, and support recycling in all our processes. Our efforts to reduce food disposal and plastic waste, as well as our waste collection and community awareness activities can be accessed in our Waste Management section.

Causes of Biodiversity Loss

According to the Intergovernmental Science and Policy Platform on Biodiversity and Ecosystem Services' Report, close to 1 million species of animals and plants are at risk of extinction due to human activity. Food and Agriculture Organization of the United Nations (FAO) states that maintaining biodiversity is essential for food and agriculture. Biodiversity enables agricultural products to be more resistant to disease, epidemics and climate change factors. However, it is estimated that 75 percent of the world's product diversity is lost due to the transformation in global food production. Climate change, consumer preferences and excessive consumption, demographic changes, wrong land use, faulty agricultural activities, plastic pollution, over-hunting and harvesting and spreading of invasive species are amongst the main factors that affect biodiversity negatively.



2.1. Good Agricultural Practices (GAP)

We cooperate with suppliers who adopt Good Agricultural Practices (GAP) in agricultural and animal production to manage our impacts on biodiversity resulting from indirect agricultural and animal production in our supply chain. In this respect, we contribute to the reduction of negative impacts of agricultural production and to the welfare of animals in production. In addition, we are working on developing alternative pest control methods and eliminating the use of pesticides with biological control techniques. We are aware of the importance of global risks at every point that touches biodiversity and ecosystem throughout our value chain and are carrying out our activities in a respectful manner to life in the air and on land in line with the Sustainable Development Goals.



Good Agricultural Practices – Vegetative Production

Our company is the **first retailer in Turkey that applies the control system for produce on 224 criteria set by the Ministry of Agriculture and Forestry approved ‘Good Agricultural Practice’ principles and procedures.** Agricultural activities must be traceable and sustainable agriculture should be supported in order to obtain the Good Agricultural Practice certificate, which started in 2010. Accordingly, it is expected that a written information system will be provided, traceability will be ensured, independent audits by authorized institutions and organizations and analyzes will be conducted in accredited laboratories and compliance with the control points determined by the official institution.

Our company holds the Good Agricultural Practices Group Certification in the fruit and vegetable warehouses in Antalya, Bursa and İzmir, including the product processing areas, and ensures the up-to-date of these certificates through annual audits.

In 2018, **we procured products from 936 producers with 319 Good Agricultural Practices certificates belonging to 95 groups of fresh fruit and vegetable products** produced in accordance with Good Agricultural Practices procedures and principles.

Our ‘Good Agricultural Practices’ Certified product supply that supports sustainable agriculture has reached 663,565 tons from 2010 until the end of 2018. We support our suppliers and their producers through consultancy, training and incentives for the transition to the Good Agricultural Practices system. In this context, in 2018, we ensured that 36 producers of our 6

We delivered **663,565 tons** of GAP fruit and vegetables to our customers in **8 years**

suppliers received Good Agricultural Practices certification.

We have implemented the **“Good Agricultural Practices Education and Dissemination Project”** in 2018 to spread vegetative production by the principles and procedures of GAP. Within the scope of the project, we raise awareness of our 65 manufacturers, 29 companies and 6 operators with our trainings organized in Istanbul, Antalya, Mersin, Bursa and Izmir.

Since 2010, we have provided plaque and thank-you notes to our 21 suppliers who have supplied products with the Certificate of Good Agricultural Practices.

For dried products (pistachios, hazelnuts, apricots, grapes, etc.), we take part in activities to increase production in accordance with **GAP procedures and principles.** In coordination with the Ministry of Agriculture and Forestry, we meet with sector stakeholders to contribute to the preparation of quality control points for dried products.

In 2018, we organized trainings to ensure that our employees are informed on the principles and procedures of Good Agricultural Practices and to increase their competencies related to Good Agricultural Practical products that we offer to our customers in our stores. Accordingly, **349 DC employees and 111 store employees completed their training.**

Good Agricultural Practice – Animal Production

Traceability and sustainability of animal products are amongst the most prominent issues in related to food safety. The rightful demands of consumers on this subject brought the concept of **“Good Livestock Practices”** to the agenda. In this context, in 2013, we implemented the “Good Agricultural Practices in Animal Production” Project with the white meat within the scope of the Ministry of Agriculture and Forestry’s Good Agricultural Practices standards. In 2018, **we procured chicken products from 2,161 production facilities, and turkey products from 71 production facilities** of our 2 suppliers in accordance with GAP procedures and principles. Thus, by 2018, 100 percent of our chicken and turkey products that we offer to our customers were produced in accordance with the procedures and principles of Good Agricultural Practices and examined through 317 control points and took their place on the shelves.

In the case of egg-laying, we procured **eggs from 12 production facilities** which are included in **6 Good Agricultural Practice Certificates** of 4 of our suppliers.

In 2017, we realized the **“Good Honey” project together with the Ministry of Agriculture and Forestry,** as a first in terms of quality management systems in the world honey industry and beekeeping. The aim of the project is to prevent imitation and

100 percent of our chicken and turkey products were sold in accordance with GAP procedures and principles, after going through **317 checkpoints**

adulteration in the honey product, to establish good honey criteria, to construct **reliable honey** production and supply, **to ensure sustainability in production and to reduce losses in honey production.** Since the beginning of the project, workshops have been organized with official institutions, research institutes, universities, producer associations, control and certification institutions. In 2019, we aim to provide honey with Good Agricultural Practice Certificate to our customers.

In 2017, after the supply of raw milk to the market became legal under certain conditions, we have taken another breakthrough for our customers to deliver safe raw milk. We have started to **work with a European Union Approved farm** which produces at international standards within the scope of Dairy Cattle Production and we have presented **Raw Milk with Good Agricultural Practice Certificate** to our customers for the first time. In 2018, we sold 491,690 liters of raw milk with GAP certification.



2.2. Combating Deforestation

Within the scope of the combating deforestation, we are working to reduce the amount of paper we use in our operations, to protect biodiversity and **to reforest forest areas damaged by wildfires**. Accordingly, we have been planting trees in Dikili, Torbalı, Şirince, Çeşme, Seferihisar and Urla for the past 10 years together with the Aegean Forest Foundation. We provided support to plant 543,350 olive trees so far. Also, **we sell the products of olive trees planted in our stores** and transfer the incomes to the Aegean Forest Foundation.

To reduce the amount of paper consumed within our operations and to increase the use of recycled or certified materials, we conducted a status analysis. Accordingly, we determined that we used 3,678.84 tons of paper in our operations in 2018. During 2019, we will monitor the amount of consumption and establish a reduction target.

We prefer sustainable papers for the photocopy papers used in Migros Headquarters. Photocopiers work with the employee ID cards so we can prevent unnecessary output. To reduce paper consumption in our stores, the tablet-based application "MIO" is used. Thus, our store managers can access various data and analyzes on their tablets and digitally view their daily routine reports. In 2018, **63.7 tons of paper were saved with the employees switching to tablets and by other updates in processes**. Along with this, proactive print control within our Green BT applications, change of business processes requiring printing, **dissemination of electronic**

We supported planting 543,350 olive trees in 10 years

We donate the income obtained from the sale of olive tree products to the Aegean Forest Foundation.

documents and implemented recycling procedures, we managed to save paper by 11%. We design the size and design of our printed marketing materials to keep our paper consumption to a minimum. In this context, we also print all campaign and promotional brochures and booklets on recycled paper. **We saved 33,830 trees using 1,990 tons of recycled paper in 2018.**

In addition, we encourage our customers to use mobile Money cards. Thus, instead of filling out the paper Money card form, our customers can apply online and get their Mobile Money cards from our website www.money.com.tr

Within 2018 and 2019, by changing the design of our sales receipt slips, we managed to reduce 8.5 cm per printed slip. With this implementation, we saved about 25,000 km of receipt slips in 2018.



2.3. Anadolu Lezzetleri (Tastes of Anatolia) Project

We created our "Anadolu Lezzetleri" (Tastes of Anatolia) brand, which we see as a social responsibility project **in order to protect the seeds of Anatolia that are about to disappear and to carry them to the future**. We have traveled throughout Anatolia for 3 years with a special team in order to find local seeds that have existed in these lands for centuries but were not planted for different reasons in time. We removed these historical and special seeds from the warehouses and supported the production and reached more people. We re-defined historical seeds and recipes by bringing agriculture together with science.

In 2018, by the examination of seeds and special recipes of the **25 locales in 7 regions of Turkey**, we brought together **54 Flavors of Anatolia products** with our consumers. Each of these products are produced by their masters according to the original recipe. Among these products, products produced according to traditional methods and distinguished with their local and cultural importance such as; Amik Plain's 12 thousand years old Karakılçık wheat and Yusufeli's Walnut-Hazelnut Churchkhela.

With 54 "Flavors of Anatolia" products from 25 regions of Anatolia, we bring seeds that faced extinction to the future.



3. Our Waste Management

With our responsible, efficient and sustainable consumption approach that we integrate into our processes, we carry out practices and activities aimed at reducing the amount of waste we produce as well as the optimum use of natural resources. We believe that effective waste management plays a key role in line with the Sustainable Development Goals as well as protecting and improving human beings and all living things in nature.

In a structure where circular economy and sustainability are integrated into our business model, we take our waste management under four main headings with the principle of **“Zero Waste”**: **Reducing Our Food Waste Rates, Reducing Our Plastic Waste, Prevention of Deforestation, Our Waste Collection Activities.**

With our works in this direction, we develop strategies to best manage our waste in the following table.



Types of Waste and Disposal by Year

Waste Type	Disposal Method	2016 Tons	2017 Tons	2018 Tons
Non-Hazardous	Recycle/Recovery	8,672	8,821	12,435
	Reuse/Animal Feed	101.3	193	327
	Biogas/Composting	4,772	4,728	5,281
	Delivery to municipalities	20,552	22,766	24,420
	Haytap donations for stray animals	45.3	281	641.1
	Donations to Food Banks	-	58	528
	Incineration	-	-	275.7
Hazardous	Recycling/Recovery	19	24	6.1
	Biodiesel	24	23	28
	Incineration	2,134	1.23	0.735



3.1. Our Practices to Reduce Food Waste

One of the important areas where food retailing can have an impact on sustainability is to prevent food loss and waste. **Sustainable Development Goals 12.3** focuses specifically on this issue. As a member of the Consumer Goods Forum (CGF), we have pledged to reduce our food waste rates. Accordingly, by 2025, **we have committed to halve the rate of food waste tonnage to our total food sales tonnage by 50% compared to 2016.** In order to reduce food loss and waste and to re-evaluate consumable foods, we accelerate our measurement, categorization, analysis and improvement efforts and implement various projects in line with **the Food Recycling Hierarchy**. We are aware that reducing food waste will reduce water and fertilizer use, prevent soil loss, and also reduce greenhouse gas emissions. We have started to move towards this goal with confident steps with these projects which we have stated below and which we plan to increase its capacity gradually.

Impacts of Food Waste

Food waste means the disposal of foods that are safe and nutritious for human consumption and or their use for non-food applications. According to the United Nations Food and Agriculture Organization (FAO), one third of global food supply goes to waste every year. In other words, around 30 percent of the world’s agricultural land is used to produce foods that are never consumed. Moreover, with these wasted foods, it is possible to completely feed all the people in the world who face hunger. However, wasted food products are estimated to account for 8 percent of global greenhouse gas emissions. In the absence of an immediate solution, the FAO finds it unlikely that the United Nations can achieve its goal of halving food waste by 2030.

We saved up to 10 MigrosJet stores’ revenue worth of with discounts to products that are closing their expiration dates and ripened produce

Operational Improvements and Discounted Sales

In line with our goal of reducing losses at source, we focus on food waste from our operations. As a result of our investigations, we found that 80 percent of our food waste is from produce. In this direction, we carried out special activities for this rapidly deteriorating product group. In order to prevent losses due to over-stocking, in 2018, we launched the automated ordering system for fruits and vegetables. With the use of machine learning, the orders of produce started to be given automatically with the analysis conducted with the previous order, stock and sales. **In our 114 stores** where we first tried this system, **we managed to reduce our fruit and vegetable waste by 3.4 percentage points.** We submitted patenting applications for the project developed using only internal resources and expanded the system to all our stores. After ensuring the correct order and stocking with this system, we have moved on to the second stage to reduce the food

waste that still occur. **In order to accelerate the sale of fresh food products such as meat, poultry and dairy products within expiry dates, we have started to use the 25-50% discounted sales application that we have been using for many years in the sale of ripe fruits and vegetables.** With the result of the implementation that we started as a pilot in our 8 stores in the last two months of 2018, we improved fruit and vegetable losses by 32 percent and reduced fruit and vegetable losses by 2.1 percentage points compared to 2017.

In 2018, we saved food amounting to 10 MigrosJet stores worth of revenues through discounted sales of fresh food products and ripened vegetables and fruits.



Our 'Respecting Food' Project

We deliver foods, that do not meet the sales standards visually but maintain their nutritive properties and are suitable for consumption, to those in need through a web-based donation platform. With this new generation application which we took online in 2017 with the cooperation of Fazla Gıda (Whole Surplus), the requirements of the people in need and the donatable foods are matched on the same platform. Thus, the donated food is delivered to the right address in the right amount and is utilized up to 100 percent. Due to the system that includes fruits and vegetables and legumes products, products can be delivered to food banks and social stores on a daily basis. In 2018, we donated 528 tons of food and supported 1,124,023 meals delivered to those in need during the year. We aim to extend our project to our stores throughout the country.

In 2018, we supported 1,124,023 meal deliveries to those in need.

In May 2018, we expanded our scope by including 3 manufacturers and suppliers in our food donation project. In this context, the products that will be returned to our manufacturers due to the expiry date approaching or damage to the packaging are separated and the ones involved in the project are subjected to control process. We identify products that can be donated and include them in the donation process after bagging and sealing.



Food Loss and Label Reading Research

In addition to the practices and projects we have developed to reduce food loss, we focus on understanding the current situation and raising awareness on the consumer by contributing to research and activities. Under the leadership of our company, with the contributions of leading companies in the retail and fast-moving consumer sector, **a research was conducted by the Food Safety Association in 2018 to determine consumer perceptions and behaviors leading to food loss.** With the contributions of Nielsen Research Company, we found out that 72 percent of consumers who participated in the survey sends non-expired food to trash because they could not differentiate between the expiry and best-before dates. Food and beverage products that are the most wasted in households are vegetables and fruits with 42 percent and milk and dairy products with 41 percent. 57 percent of customers consider "selling visually unappealing but safe to consume foods at a discount" the primary method for preventing food waste. Based on the outputs we derived from this research, **we are planning a training program in our stores in 2019** so that consumers can become more conscious while being more aware of food loss prevention solutions.



What is the difference between expiry date and best-before date?

The expiry date should be included in fresh food products and products should not be consumed after expiry date. Unless any problems are detected in taste, smell and appearance, consuming food of which best-before date is past does not pose a health risk.

Our "Fresh Leftovers to Our Four-Legged Friends" Project

Since 2014, we have been carrying out the "Fresh Leftovers to Our Four-Legged Friends" project for feeding forest, stray and rescue animals. In our stores, food products whose expiration date is approaching but still being consumable are donated through associations for the feeding of forest, stray and rescue animals. Within the scope of the project, **we donated 641 tons of food in 2018. 298 tons of food from our Mersin and Antalya fruit and vegetable warehouses were supplied for the feeding of livestock.**

We donated 641 tons of food to feed stray and forest animals, in 2018.

In November 2018, we started the secondary sales operation of legumes, pasta, baby food, snacks, instant soup, bakery products, which were past their sale qualities. The products are delivered from the distribution centers by the relevant company and delivered to the animal feed producers in accordance with certain prices. In 2018, we sold 29 tons of products.

In 2016, **we started placing specially designed food bowls in front of our stores** so that the stray animals around our stores could be fed in a clean and healthy environment. Cat and dog food in the food bowls located in front of the doors of 61 Migros and Macrocenter stores in 9 provinces are refreshed daily. We also provide affordable and practical solutions for our customers who want to feed stray animals. **With the "Dostluk Maması – Friendship Food",** products which we offer in packages of 100 gr, **the need of stray cats and dogs for meal can be met.**



Extending the Shelf-Life of Red Meat

Due to our innovative production line and expert butcher team, we have significantly reduced waste and loss rates at MIGET. We work to turn every point of these products into value, minimize loss and extend their shelf life. **We have extended the shelf life of meat products by nearly 30 percent with MAP packaging technique, optimum stocking and strong cold chain.** This year we started using the newest packaging technology. **Skin pack technology** covers food products like a leather with its flexible top film, **completely evacuating air during vacuuming and protecting it from environmental influences.** Thus, we can double their shelf lives. With the rapid development of this technology in the coming years, we will continue to update our investments. With our investments in this field and the packaging technologies we renew every year, we halved the loss in red meat.

We have increased the shelf-life of our red meat products by 30% with MAP packaging and 200% with skin pack packaging.



Our Energy Production Activities from Organic Waste

We use organic wastes from our stores that are not suitable for consumption for energy recovery and composting or **we send them to municipal waste** disposal centers. In 2018, we separated 5,281 tons of organic waste from our 641 stores, Gebze Distribution Center and Bursa vegetable and fruit warehouse at its source and sent it **to the biogas plant.** Biogas or compost production from these wastes resulted in **energy generation that could light a 100 watt lightbulb for 11 million hours.**

	2016	2017	2018
Organic waste sent to biogas plant (tons)	4,772	4,728	5281
Biogas Equivalent (m ³)	477,200	472,800	528,100
Compost Equivalent (tons)	2,776	2,734	3,051



3.2. Our Practices to Reduce Plastic Waste

The dangers of plastic wastes have reached an undeniable level in terms of its impact on climate change and environmental pollution. As a solution to this problem that interferes with natural life, we aim to spread the responsible consumption and production awareness, which is one of the Sustainable Development Goals, to all our operations. First, we focused on plastic bags that make up more than half of our plastic wastes from our operations. In 2008, **we started to use Oxo-biodegradable bags for the first time in the Turkish retail sector** and pioneered our sector in this field. Then, **we introduced customers in Turkey to cloth or non-woven bags for the first-time.** We aimed to reduce the number of bags used by our customers through our innovative practices and awareness-raising activities. We reduced the number of bags per transaction through our checkout counters to 1.67 in 2017 and to 1.48 in 2018. **During the year, we sold 317,518 non-woven and cloth bags.**

The recent regulations published by the Ministry of Environment and Urbanism introduced fees for plastic bags as of January 1, 2019. In close contact with the Ministry, we took an active role in the establishment of the system, sectoral compliance and informing consumers. In the last 2 months of 2018, we informed our customers about the new regulation in our checkouts. Before the paid bag application that started in the first days of 2019, we produced specially designed, foldable non-woven bags and distributed these bags to our customers with a special promotion during the first week of regulation. **Accordingly, in the first three months of 2019, we reduced the use of plastic bags by 75 percent.** Thus, compared to the previous year, we reduced our plastic bag waste from 50 to 55 percent to 28-30 percent.



Dangers of Plastic Waste

The sector that uses the most plastics is the packaging industry with 40 percent. According to the research conducted by Clean Plastic Solutions; only 5 percent of 87 million tons of plastic packaging produced every year can be recycled. The annual amount of plastic entering the oceans is 8 million tons. If we continue at this rate, by 2050; the weight of plastics in the seas is expected to reach twice the fish population by weight. The situation is not very different in our own backyard. According to WWF's research, the Mediterranean Sea has one of the highest levels of plastic pollution in the world. %95 of the waste in the Mediterranean is plastic waste. In the Middle East Technical University's research in Mersin and Iskenderun bays, 58 percent of the 28 species of 1,337 fish were found to have microplastics in their digestive tracts.



Environmental Solutions in the Packaging of Private Label Products

In 2018, we have accelerated our activities in this area when plastic waste was considered as one of the most important agenda items in CGF (Consumer Products Forum) of which we are a member. **We established a committee to make the packaging of our private label products eco-friendlier.** Our committee aims to minimize the use of plastic of packaging weight by considering product safety. Because of our sensitive approach, PVC is not used in any of our private label products at a point that is in direct contact with the product. In addition, **the amount of plastic we use in our 40 different private label products in the detergent and paper category contains 327 tons less plastic** compared to the same products from leading brands. In addition, we increased the weight of our private label yogurts from 2.5 kgs to 3 kgs and reduced the amount of plastic we put on the market. With this method, **we aim to save 16,5 tons of plastics at the end of 2019 with just our yogurt products.** In an interdisciplinary approach, we have launched the Innovative and Alternative Packaging Recommendations Committee in order to take a broader look at packaging design and material use and develop more creative ideas. In addition to all these activities we have undertaken within the scope of environmental management and combat climate change, we have started to examine all the impacts of our private label products on the environment throughout their life cycles in the light of scientific methods. We started to measure the life cycle evaluation and carbon emissions of our products and Expert Butcher products that make up 50 percent of our private label product trade. In this analysis, we aim to examine all stages of energy raw materials and transportation used in the production of products and to provide our stakeholders with a product experience that meets international standards. We are planning to complete the measurement of our private label product range in the years ahead.

Within the scope of our cooperation with **ÇEVKO**, **54 percent of our private label products are collected from the market and sent for recycling.**



Other Activities to Reduce the Use of Plastics

Since 2013, we have been using multi-use, foldable crates for the distribution of fruit and vegetable products instead of the durable plastic carrying case. In 2014, we also started to use these crates in our red meat deliveries.

We encourage our customers to use mobile Money cards instead of plastic cards in order to further investigate the environmental impact and reduce the negative impact we have created. **In 2018, the Mobile Money card usage rate at the transactions reached 52.2 percent.**

Also in 2018, we have contributed to the project that Nestle supported WWF-Turkey (World Wildlife Fund) with the revenues from sales of their cereal products. In addition to selling the products on sale in our stores, we undertook the recycling partnership of the project. By creating awareness in our customers, we ensured that our customers brought the packaging waste of the products on sale they purchased to the special areas we established in our stores. As a result of the project, **2.17 tons of plastic packaging was recycled.**

Finally, we are in close contacts with the Ministry of Environment and Urbanization in the establishment of the deposit refund system for disposable beverage containers until 2021 within the scope of Zero Waste Project and actively take part in working groups.



3.3. Our Waste Collection Activities

We work on studies to bring waste back to the economy. In order to create a sustainable value chain, we include our employees, customers, suppliers and all other stakeholders in our environmental activities.

Our Waste Oil and Battery Collection Activities

Waste oils poured into the sewage are mixed with soil and water, causing high levels of pollution. 1 liter of waste oil renders 1 million liters of clean water unusable. We deliver waste oils collected from our customers through our stores and Migros Sanal Market to a licensed company authorized by the Ministry of Environment and Urbanization. Biodiesel is produced with these oils. In 2017, we implemented this project in 1,048 stores, and in 2018, we expanded the project to 1,248 stores. **In 2018, we delivered 28 tons of waste vegetable oil to licensed companies** and also contributed to the cleaning of the seas through the TURMEPA Marine Clean Association.

Supporting the activities of TURMEPA Marine Clean Association, **1,689,928 liters of sea water was kept clean.**

Within the scope of the **Waste Vegetable Oil Collection Project** carried out under our leadership, donations to the DENİZTEMİZ 3 Boat contribute to the cleanliness of Selimiye Bay in Hisarönü Gulf. DENİZTEMİZ 3 collected 211,241 liters of waste water during May-September 2018, equivalent to the daily waste water produced by 520 people from 767 boats. In other words, approximately 11,118 black and gray

In 2018, we collected **28 tons of waste vegetable oil** and delivered to licensed companies.

water carboys were prevented from entering the sea. Thus, 1,689,928 liters of sea water was kept clean.

We also act as an intermediary for the environmentally friendly disposal of batteries and electronic devices that are hazardous wastes. In 2018, we delivered 3,5 tons of waste batteries collected from our customers via battery boxes in our stores to the TAP Association (Portable Battery Manufacturers and Importers Association) authorized by the Ministry of Environment and Urbanization. In 2018, we delivered 211 tons of electrical and electronic equipment collected from our customers to licensed institutions authorized by the Ministry of Environment and Urbanization and recycled them. In 2018, with the cooperation of Istanbul Ataşehir Municipality, Elday and Exitcom, we initiated the our **“Recycle so the Environment Wins and Money Points Duplicate”** project in order to encourage the recycling of e-waste. In this context, we collected electrical and electronic wastes from our 6 Migros stores in Ataşehir, which was selected as a pilot district, and added extra Money points to our customers’ Money cards in return for these wastes. In 2018, we collected 1,941 kgs of WEEE for recycling.

In September 2017, **with Migros Sanal Market, we started to take waste vegetable waste oils and waste batteries from our customers’ homes** and deliver them to recycling points. In the context of this service, which was implemented for the first time in Turkey, **135 kgs of batteries and 197 kgs of waste vegetable oil were recycled in 2018.**



Our Recycling Support Activities

With our project “Bring us Back to Life” which we carry out in our head office and regional offices, we ensure that packaging wastes, papers, glass wastes and organic wastes are separated and recycled at the source. **Within the scope of our project, which started in 2015, 1,393 trees and 152.64 liters of gasoline was saved due to recycling of daily paper and glass waste just by our employees.**

In 2018, we carried out projects jointly with ÇEVKO to raise the awareness of our customers who visited our stores about the collection and recycling equipment in our stores. In this context, we created packaging waste collection points in 522 Migros stores and created awareness for our customers and store employees to collect waste at their source. We organized the **Green Point Store Event with the ÇEVKO Foundation** in our 12 Migros stores and **provided information on the return of packages by reaching a total of 7,430 customers.** We also gave 5TL Migros Gift Vouchers to 2,305 customers meeting the requirements of the event and encouraged our other customers to participate in the activity.

We ensure that non-hazardous metal, wood, paper - cardboard, plastic and glass wastes that are generated as a result of our operational activities are collected separately at their source and recycled by licensed companies through the most appropriate methods. The packaging of our private label products is designed for recycling and in cooperation with ÇEVKO, we collect and recycle the packaging waste of our private label products. Within the scope of the targets in

In 2018, **17,089 tons of wood, paper-cardboard, metal, plastic and glass were recycled, saving 110,810 trees.**

the Packaging Waste Control Regulation, our company has an improvement target that is updated every year. In 2018, realizing the targets we have set, **we collected 4,589 tons of packaging waste and we sent 54 per cent of the packaging waste of our private label products to recycling.**

Due to all these activities, in 2018, we recycled a total of 17,089 tons of wood, paper - cardboard, metal, plastic and glass to **prevent 110,810 trees from being cut.**



4. Our Water Management

We work to ensure efficient use of water, one of the most important natural resources, and to prevent the environmental impacts of wastewater that has emerged resulting from our activities. In this context, we monitor our water consumption in all our business units (stores, Headquarters, regional offices, production facilities, distribution centers) monthly, report it to senior management, and aim to reduce our water consumption by using efficiency-providing equipment. Most of the water used in our operations is supplied by the municipal water mains, with only 2.91% of our withdrawal sourced from wells. **There are no water sources affected significantly by our activities.**

In our stores, we increase the quality of waste water by placing oil slingers in the fish and hot food sections. The waste water of our stores is discharged to the sewage. The wastewater generated at the MİGET, Gebze, Torbalı, Kemalpaşa and Gölbaşı Distribution Centers, which have treatment plants, are reduced to pollution levels below the legal limits. The wastewater generated from Gebze and Torbalı Distribution Centers and MİGET are discharged to the sewer, Kemalpaşa Distribution Center's wastewater is

discharged to Nif stream, and the wastewater of the Gölbaşı Distribution Center within the boundaries of Sakarya basin is discharged to the seasonal stream bed. 97.09% of our total water consumption is discharged to sewage networks.

In this context, while we do not have any activity that cause water pollution, we also ensure that there is no significant impact on the biodiversity values of water resources resulting from our operations.

Distribution of Water Resources in 2018

	m ³	%
Well Water	25,776	2.91
Mains Water	859,014	97.09
Total	884,790	100



Water Efficiency Activities

We measure the amount of water we consume in all our operations including stores, headquarters, regional offices, distribution centers, fruit and vegetable storages, and MİGET and Gebze Meat Production Center. Our water consumption is monitored over the water meters at stores and warehouses with cubic meters of water. In all operational units, we monitor our water consumption monthly and aim to reduce our water consumption by using efficient equipment. As of 2016, our water consumption was monitored with KPI as reducing the “water consumption per capita”. **However, in 2017, we started reporting to CDP’s water security questionnaire in addition to climate change.** Accordingly, Migros also started to monitor daily water consumption per square meters sales area in order to monitor consumption in line with similar global studies. Water consumption of Migros sales operations makes up 85% of the total water consumption. Compared to our 2017 base year, we aimed to reduce our daily water consumption per square meter sales area by 1 percent in 2018, 5 percent in 2023 in the medium term and 10 percent until 2027 in the long term. When we look at our 2018 performance, **we have achieved a 1.1 percent reduction compared to 2017.** For 2019, we maintain our target of 1 percent reduction compared to

2018. In 2018, total water consumption resulting from all our activities was 884,790 m³.

We started to do the lifecycle analysis of our private label products. In this context, the total water footprint of our; Kaşar Cheese 2 kg from our private label food products, toilet paper 32 pack from our private label non-food products and skinpack packaged sirloin steak 1 kg from our Expert butcher line of products, was calculated at 143,606.22 m³. In 2019, special equipment support will be provided to prevent the waste oils formed in our stores with fish sections and hot food production areas from entering sewage systems. In this direction, 200 oil slinger apparatus will be placed in 185 stores. In addition to this, 185 filters will be installed in the drains of our stores, in order to hold the fish scales and other pieces that result from cleaning the fish.

In addition to all these, **we trained 21,920 employees in specific environmental and waste management trainings in 2018.**

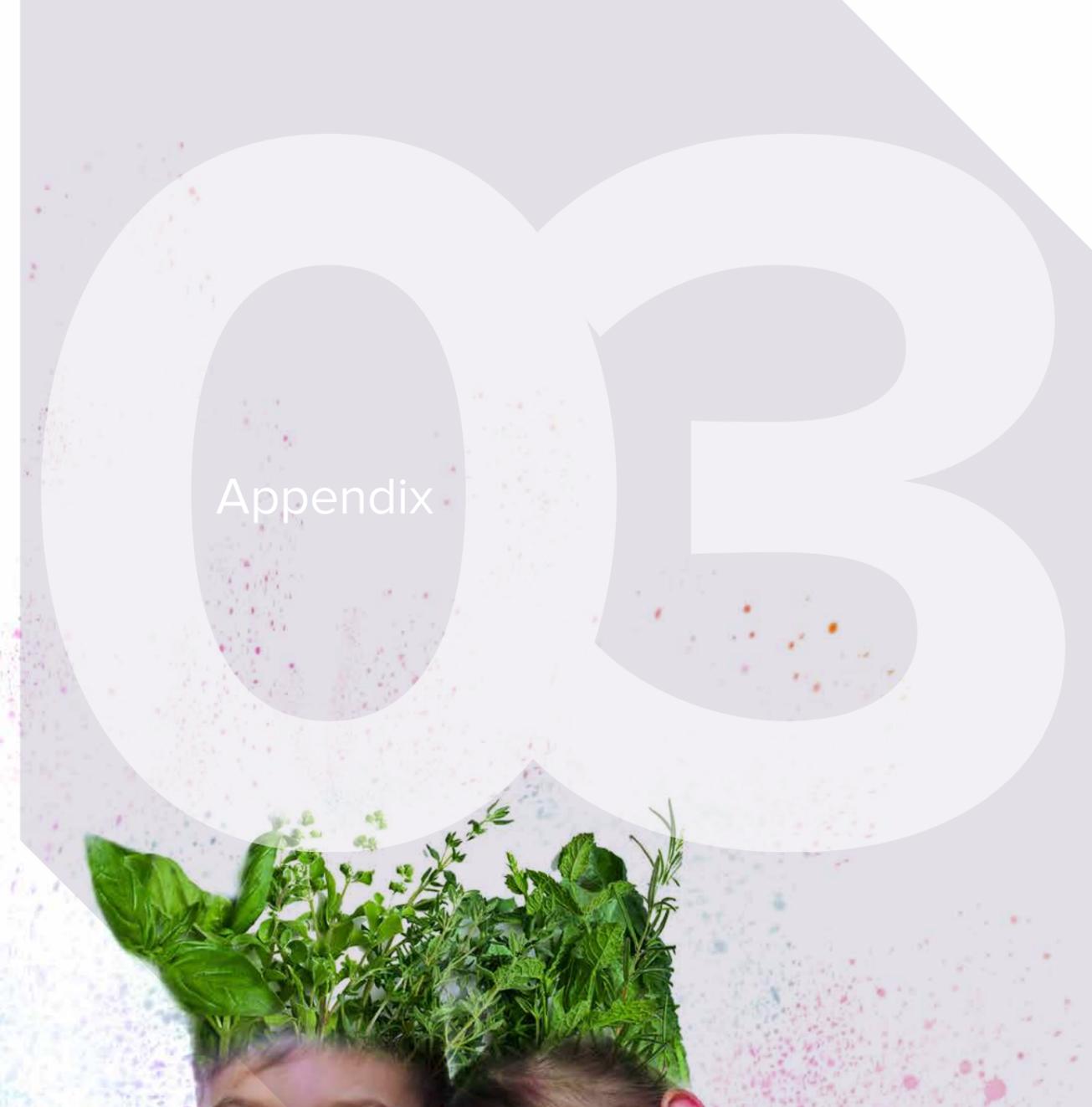


Water Consumption Rates

	Amount of daily water consumption Per Sqm Sales Area	2017-2018 Change
2017	0.0017 m ³	- 1.1%
2018	0.0016 m ³	

Water Discharge Rates

	2016 (%)	2017 (%)	2018 (%)
Discharge into Sewage	98.4	98.78	97.09
Discharge to Receiving Body (Other)	1.6	1.21	2.91



I. Sustainable Development Goals (SDGs) Map

SUSTAINABLE DEVELOPMENT GOALS	SUSTAINABILITY PRIORITY TOPICS	PAGE
	Our Sustainable Growth and Economic Benefits	24
	Our Human Resources	28
	Product Range and Reliability	35
	Our WellBeing Journey Program	39
	Our Employees' Health and Safety	41
	Our Corporate Social Responsibility Practices	47
	Combating Climate Change	55
	Our Contribution to Biodiversity	63
	Our Waste Management	68
	Our Water Management	77

II. GRI Content Index

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



GRI Standards	GRI Disclosures	References and Direct Answers
GRI 101: Foundation 2016		
GRI 102: General Disclosures 2016		
Organizational Profile		
	102-1 Name of organization	About the Report p. 6
	102-2 Activities, brands, products, and services	About the Report p. 6, Corporate Governance p. 12
	102-3 Location of headquarters	Migros Headquarters are located in Atatürk Mahallesi Turgut Özal Bulvarı No: 7 Ataşehir / Istanbul – Turkey
	102-4 Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report	Migros has operations in 3 countries: Turkey, Kazakhstan and North Macedonia.
	102-5 Ownership and legal form	Our Capital Structure p. 24
	102-6 Markets served	Our Economic Impact p. 25
	102-7 Scale of the organization	Our Sustainable Growth and Economic Benefits p. 24, Migros Annual Report
	102-8 Information on employees and other workers	2018 Direct Human Resources Distribution p. 29
	102-9 Supply chain	Our Responsible Sourcing Approach p. 43 Product Range and Reliability p. 35
	102-10 Significant changes to the organization and its supply chain	Current Purchase and Capital Changes p. 26
	102-11 Precautionary Principle or approach	Our Vision, Mission and Values p. 9, Risk Management and Internal Audit p. 12
	102-12 External initiatives	Membership & Initiatives p. 14
	102-13 Membership of associations	Membership & Initiatives p. 14
Strategy		
	102-14 Statement from senior decision-maker	CEO Message p.4
Ethics and Integrity		
	102-16 Values, principles, standards, and norms of behaviour	Our Vision, Mission and Values p. 9
Governance		
	102-18 Governance structure	Structure of The Board of Directors p.12 Sustainability Committee p.21
Stakeholder engagement		
	102-40 List of stakeholder groups	Our Stakeholders p.16

GRI Standards	GRI Disclosures	References and Direct Answers
	102-41 Collective bargaining agreements	Freedom of Association p. 31, Human Rights and Equal Opportunity Policy
	102-42 Identifying and selecting stakeholders	Our Stakeholders p.16
	102-43 Approach to stakeholder engagement	Our Stakeholders p.16
	102-44 Key topics and concerns raised	Our Stakeholders p.16
Reporting		
	102-45 Entities included in the consolidated financial statements	About the Report p.6, Migros Annual Report p.130-131
	102-46 Defining report content and topic Boundaries	Our Materiality Approach p. 18
	102-47 List of material topics	Our Materiality Approach p. 18
	102-48 Restatements of information	Our Materiality Approach p. 18
	102-49 Changes in reporting	Current Purchase and Capital Changes p.26, About the Report p.6
	102-50 Reporting period	About the Report p. 6
	102-51 Date of most recent report	About the Report p. 6
	102-52 Reporting cycle	About the Report p. 6
	102-53 Contact point for questions regarding the report	About the Report p. 6
	102-54 Claims of reporting in accordance with the GRI Standards	About the Report p. 6
	102-55 GRI content index	GRI Content Index p. 81
	102-56 External assurance	About the Report p. 6, Assurance Statements p.90-91
Topic-Specific Standards		
GRI 200 Economic Standards		
GRI 201: Economic Performance 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Our Economic Impact p. 25
	103-2 The management approach and its components	Our Economic Impact p. 25
	103-3 Evaluation of the management approach	Our Economic Impact p. 25
	201-1 Direct economic value generated and distributed	Our Economic Impact p. 25
GRI 202: Market Presence 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Our Economic Impact p. 25
	103-2 The management approach and its components	Our Economic Impact p. 25
	103-3 Evaluation of the management approach	Our Economic Impact p. 25
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Human Rights and Equal Opportunity Policy
GRI 203: Indirect Economic Impacts 2016		

GRI Standards	GRI Disclosures	References and Direct Answers
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Our Sustainable Growth and Economic Benefits p. 24
	103-2 The management approach and its components	Our Sustainable Growth and Economic Benefits p. 24
	103-3 Evaluation of the management approach	Our Sustainable Growth and Economic Benefits p. 24
	203-2 Significant indirect economic impacts	Our Sustainable Growth and Economic Benefits p. 24
GRI 205: Anti-corruption 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Business Ethics, Anti-Corruption and Anti-Bribery p.13
	103-2 The management approach and its components	Business Ethics, Anti-Corruption and Anti-Bribery p.13
	103-3 Evaluation of the management approach	Business Ethics, Anti-Corruption and Anti-Bribery p.13
	205-1 Operations assessed for risks related to corruption	Business Ethics, Anti-Corruption and Anti-Bribery p.13
GRI 206: Anti-competitive Behavior 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Current Purchase and Capital Changes p.26
	103-2 The management approach and its components	Current Purchase and Capital Changes p.26
	103-3 Evaluation of the management approach	Current Purchase and Capital Changes p.26
	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Current Purchase and Capital Changes p.26
GRI 300 Environmental Standards		
GRI 302: Energy 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Our Energy Saving Activities p. 61
	103-2 The management approach and its components	Our Energy Saving Activities p. 61
	103-3 Evaluation of the management approach	Our Energy Saving Activities p. 61
	302-1 Energy consumption within the organization	Our Energy Management p.60
	302-4 Reduction of energy consumption	Our Energy Management p.60
GRI 303: Water 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Our Water Management p. 77
	103-2 The management approach and its components	Our Water Management p. 77
	103-3 Evaluation of the management approach	Our Water Management p. 77
	303-1 Interactions with water as a shared resource	Distribution of Water Resources in 2018 p. 77
GRI 304: Biodiversity 2016		

GRI Standards	GRI Disclosures	References and Direct Answers
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Our Contribution to Biodiversity p. 63
	103-2 The management approach and its components	Our Contribution to Biodiversity p. 63
	103-3 Evaluation of the management approach	Our Contribution to Biodiversity p. 63
	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Our Contribution to Biodiversity p. 63
	304-2 Significant impacts of activities, products, and services on biodiversity	Our Contribution to Biodiversity p. 63
GRI 305: Emissions 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Our Carbon Footprint p. 57
	103-2 The management approach and its components	Our Carbon Footprint p. 57
	103-3 Evaluation of the management approach	Our Carbon Footprint p. 57
	305-1 Direct (Scope 1) GHG emissions	Corporate Greenhouse Gas Emissions (GHG) from Turkey Operations by Year p. 57
	305-2 Energy indirect (Scope 2) GHG emissions	Corporate Greenhouse Gas Emissions (GHG) from Turkey Operations by Year p. 57
	305-3 Other indirect (Scope 3) GHG emissions	Corporate Greenhouse Gas Emissions (GHG) from Turkey Operations by Year p. 57
	305-4 GHG emissions intensity	Carbon Emission per Square Meter Sales Area p. 57
305-5 Reduction of GHG emissions	Carbon Emission Reduction Target per Square Meter Sales Area p.57 Our Sustainable Distribution Systems p.59	
GRI 306: Effluents and Waste 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Our Water Management p. 77
	103-2 The management approach and its components	Our Water Management p. 77
	103-3 Evaluation of the management approach	Our Water Management p. 77
	306-1 Water discharge by quality and destination	Water Discharge Rates p. 78
	306-2 Waste by type and disposal method	Our Waste Management p. 68
GRI 307: Environmental Compliance 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Environmental Management p. 54
	103-2 The management approach and its components	Environmental Management p. 54
	103-3 Evaluation of the management approach	Environmental Management p. 54
	307-1 Non-compliance with environmental laws and regulations	Environmental Management p. 54
GRI 400 Social Standards		

GRI Standards	GRI Disclosures	References and Direct Answers
GRI 401: Employment 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Our Human Resources p. 28
	103-2 The management approach and its components	Our Human Resources p. 28
	103-3 Evaluation of the management approach	Our Human Resources p. 28
	401-1 New employee hires and employee turnover	Our Human Resources p. 28
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Freedom of Association p.31
GRI 402: Labor/Management Relations 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Our Human Resources p. 28
	103-2 The management approach and its components	Our Human Resources p. 28
	103-3 Evaluation of the management approach	Our Human Resources p. 28
	402-1 Minimum notice periods regarding operational changes	Our Human Resources p. 28
GRI 403: Occupational Health and Safety 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Safety and Security in the Working Environment p. 41
	103-2 The management approach and its components	Safety and Security in the Working Environment p. 41
	103-3 Evaluation of the management approach	Safety and Security in the Working Environment p. 41
	403-1 Workers representation in formal joint management worker health and safety committees	Safety and Security in the Working Environment p. 41 OHS Controls p. 42
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Safety and Security in the Working Environment p. 41
	403-3 Workers with high incidence or high risk of diseases related to their occupation	Safety and Security in the Working Environment p. 41
	403-4 Health and safety topics covered in formal agreements	Freedom of Association p.31
GRI 404: Training and Education 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Contribution to Employee Development p. 31
	103-2 The management approach and its components	Contribution to Employee Development p. 31
	103-3 Evaluation of the management approach	Contribution to Employee Development p. 31
	404-1 Average hours of training per year per employee	Contribution to Employee Development p. 31
	404-2 Programs for upgrading employee skills and transition assistance programs	Talent and Career Management p. 30

GRI Standards	GRI Disclosures	References and Direct Answers
	404-3 Percentage of employees receiving regular performance and career development reviews	Talent and Career Management p. 30
GRI 405: Diversity and Equal Opportunity 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Our Human Resources Approach p.28
	103-2 The management approach and its components	Our Human Resources Approach p.28
	103-3 Evaluation of the management approach	Our Human Resources Approach p.28
	405-1 Diversity of governance bodies and employees	Employee Profile and New Employments p. 29, 2018 Direct Human Resources Distribution p. 29
GRI 406: Non-discrimination 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Our Human Resources Approach p.28
	103-2 The management approach and its components	Our Human Resources Approach p.28
	103-3 Evaluation of the management approach	Our Human Resources Approach p.28
	406-1 Incidents of discrimination and corrective actions taken	Our Human Resources Approach p.28
GRI 408: Child Labor 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Our Responsible Sourcing Approach p.43
	103-2 The management approach and its components	Our Responsible Sourcing Approach p.43
	103-3 Evaluation of the management approach	Our Responsible Sourcing Approach p.43
	408-1 Operations and suppliers at significant risk for incidents of child labor	Our Responsible Sourcing Approach p.43
GRI 409: Forced or Compulsory Labor 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Audit and Compliance Controls p.33
	103-2 The management approach and its components	Audit and Compliance Controls p.33
	103-3 Evaluation of the management approach	Audit and Compliance Controls p.33
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Our Responsible Sourcing Approach p.43, Audit and Compliance Controls p.33
GRI 412: Human Rights Assessment 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Our Human Resources Approach p.28
	103-2 The management approach and its components	Our Human Resources Approach p.28
	103-3 Evaluation of the management approach	Our Human Resources Approach p.28
	412-1 Operations that have been subject to human rights reviews or impact assessments	Our Human Resources Approach p.28

GRI Standards	GRI Disclosures	References and Direct Answers
GRI 414: Supplier Social Assessment 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Our Responsible Sourcing Approach p.43
	103-2 The management approach and its components	Our Responsible Sourcing Approach p.43
	103-3 Evaluation of the management approach	Our Responsible Sourcing Approach p.43
	414-1 New suppliers that were screened using social criteria	Our Responsible Sourcing Approach p.43
	414-2 Negative social impacts in the supply chain and actions taken	Our Responsible Sourcing Approach p.43
GRI 416: Customer Health Safety 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Product Range and Reliability p.35
	103-2 The management approach and its components	Product Range and Reliability p.35
	103-3 Evaluation of the management approach	Product Range and Reliability p.35
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product Range and Reliability p.35
GRI 417: Marketing and Labeling 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Responsible Advertising and Marketing p. 38
	103-2 The management approach and its components	Responsible Advertising and Marketing p. 38
	103-3 Evaluation of the management approach	Responsible Advertising and Marketing p. 38
	417-2 Incidents of non-compliance concerning product and service information and labeling	Responsible Advertising and Marketing p. 38
GRI 418: Customer Privacy 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Good Customer Experience and Communication p.17
	103-2 The management approach and its components	Good Customer Experience and Communication p.17
	103-3 Evaluation of the management approach	Good Customer Experience and Communication p.17
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Good Customer Experience and Communication p.17
GRI 419: Socioeconomic Compliance 2016		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Our Economic Impact p. 25
	103-2 The management approach and its components	Our Economic Impact p. 25
	103-3 Evaluation of the management approach	Our Economic Impact p. 25
	419-1 Non-compliance with laws and regulations in the social and economic area	Our Economic Impact p. 25

III. Independent Assurance Report



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Independent Limited Assurance Report

We were engaged by Migros Ticaret A.Ş. (hereinafter "Company" or "Migros") to provide limited assurance on whether the "Selected Information" as defined in Appendices of this Sustainability Report (hereinafter "the Report") that has been prepared by Migros for the year ended 31 December 2018 in accordance with the Global Reporting Initiative Standards ("GRI").

The scope of our assurance is limited to the Selected Information listed 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 the relationship is terminated due to negative social impact - in accordance with the definition of GRI 414-2.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., a Turkish corporation and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.



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's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

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

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

Our responsibilities

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

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

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



Procedures performed

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

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

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

Inherent limitations

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

Conclusion

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

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



Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Selected Information as defined in Appendices of the Report of Migros for the year ended 31 December 2018 is not presented, in all material respects, in accordance with the GRI Sustainability Reporting Standards.

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

Restriction of use of our report

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of KPMG International Cooperative

Şirin Soysal,
Partner
İstanbul, 28 June 2019

IV. Carbon Footprint Verification



Carbon Footprint Verification Verification Opinion Statement

This is to verify that:

Migros Ticaret A.S.

Turgut Özal Cd. No:12
34758, Atasehir, Istanbul, Turkey

Holds Statement No: **GHGEV 709258**

EMISSIONS DETAILS	
Reporting Year(s):	01/01/2018-31/12/2018
Date of Emissions Report:	14.05.2019
Scope 1 Emissions in tCO ₂ e	225.387
Scope 2 Emissions in tCO ₂ e	221.439
Scope 3 Emissions in tCO ₂ e	n/a
Total Reported Emissions in tCO ₂ e	446.826

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

OPINION - verified: BSI Group Eurasia Certification Services Inc has conducted a verification of the greenhouse gas data reported by *Migros Ticaret A.S.* in its Emissions Report dated 14th May 2019 and presented above. On the basis of the verification work undertaken (see Annex 1) these data are fairly stated.

OPINION - verified with comments: As a result of verification procedures, it is the opinion of BSI with limited assurance that: The Greenhouse Gas Emissions for the period from 01/01/2018 to 31/12/2018 is 444.435 tonnes of CO₂ equivalent. (materiality level is 5 %). No material misstatements in the selected base year Greenhouse Gas Emissions calculation for *Migros Ticaret A.S.* were revealed. Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2006.

Lead Verifier : *Furkan Sadıkoğlu*
 Technical Reviewer : *Mehmet Kumru*
 Signed on behalf of BSI Group Eurasia Certification Services Inc :
 Date of Opinion : 17.06.2019



ANNEX 1 - BASIS OF THE OPINION

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





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

A. Material Non-Conformances with Reporting Protocols etc and/or Material Mis-statement	
A1	
A2	
A3	
A4	
A5	
A6	
A7	
A8	
A9	
A10	

B. Other improvement opportunities (e.g. to aid information system robustness, transparency etc.)	
B1	
B2	
B3	
B4	
B5	
B6	
B7	
B8	
B9	
B10	




Carbon Footprint Verification
Verification Opinion Statement

This is to verify that:

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

Holds Statement No: **GHGEV 709258**

EMISSIONS DETAILS	
Reporting Year(s):	01/01/2018-31/12/2018
Date of Emissions Report:	14.05.2019
Scope 1 Emissions in tCO ₂ e	n/a
Scope 2 Emissions in tCO ₂ e	n/a
Scope 3 Emissions in tCO ₂ e	67.999
Total Reported Emissions in tCO ₂ e	67.999

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

OPINION - verified: BSI Group Eurasia Certification Services Inc has conducted a verification of the greenhouse gas data reported by *Migros Ticaret A.S.* in its Emissions Report dated 14th May 2019 and presented above. On the basis of the verification work undertaken (see Annex 1) these data are fairly stated.

OPINION - verified with comments: As a result of verification procedures, it is the opinion of BSI with limited assurance that: The Greenhouse Gas Emissions for the period from 01/01/2018 to 31/12/2018 is 67.999 tonnes of CO₂ equivalent (materiality level is 5%). No material misstatements in the selected base year Greenhouse Gas Emissions calculation for *Migros Ticaret A.S.* were revealed. Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2006.

Lead Verifier :	<i>Furkan Sadıkoğlu</i>
Technical Reviewer :	<i>Mehmet Kumru</i>
Signed on behalf of BSI Group Eurasia Certification Services Inc :	
Date of Opinion :	17.06.2019





ANNEX 1 - BASIS OF THE OPINION

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



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

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




Contact Information

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surdurulebilirlik@migros.com.tr

Report Consultant

EY
Climate Change and Sustainability Services

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