

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

