

Message from the CEO

GRI 102-14

Dear stakeholders,

For the last 65 years, we have been designing the future of retail by meeting all the needs of our customers to an extent beyond their imagination. And in doing so, we have been committed to acting responsibly, being sensitive and striving for efficiency. 10 years ago, we identified sustainability as our way of doing business. We upgraded our 'growth' concept, one of our main strategies, as 'sustainable growth'. Accordingly, we categorize our sustainability priorities and focus areas, namely environmental, social and economic, under 12 headings as part of our Migros Better Future Plan.

WE HAVE ACHIEVED AND EXCEEDED OUR CARBON EMISSION TARGET FOUR YEARS IN ADVANCE

As we combat climate change, which affects our cities, villages, land and even food, we further our efforts to make sure that the footprints of all Migros customers

are greener. We have achieved our 2023 target to reduce our carbon footprint, with a 26.6 percent decrease per square meter in carbon emissions in four years. We will accelerate this positive trend by expanding the use of our patented Migros Water Cooling System developed for our store coolers and by investing in next generation technologies.

EVERY AGRICULTURAL INVESTMENT ENLIGHTENS OUR FUTURE

At Migros, generating 77 percent of its turnover from agriculture, we are responsible to pass all the richness Anatolia, one of the most fertile lands in the world, has to offer down to future generations. We are aware of the cyclical effect of practices relating to eco-friendly agriculture, energy and water efficiency and food disposal prevention. Accordingly, we have become the only member of OP2B (One Planet Business for Biodiversity), a coalition aiming to protect cultivated biodiversity, representing



Turkey. While we support the coalition in ensuring sustainability and traceability in agricultural activities and livestock through our Good Agricultural Practices, we also contribute to its efforts to support the production of endangered local and original seeds and plants with our Anadolu Lezzetleri (Tastes of Anatolia) and Mirasımız Yerel Tohumlar (Our Heritage Local Seeds) projects.

However, one third of all foods produced globally is wasted. A quarter of the world's clean water resources are used in the production of these products. Reducing food waste equals efficiency in resource utilization and labor force. In line with the Sustainable Development Goals, we aim to halve the ratio of the tonnage of our food waste per tonnage of our food sales by 2030. We made a great progress towards our target by achieving a 17 percent reduction in 2019.

TURKEY LEARNS FROM THE WORLD AND THE WORLD FROM TURKEY

We will serve as Chair of the Retailer College of the Consumer Goods Forum (CGF), the umbrella company of the world's leading retailers and fast-moving consumer goods companies, for the next two years. This will allow for an in-depth analysis of the geographical aspects of

our region and our advanced practices, resulting in exemplary local practices for the whole world to follow suit. The retail scene in Turkey has just as much to learn from global practices as the global retail does from Turkey.

Our Migros Wellbeing Journey project, launched to raise awareness and lead behavioral change towards balanced nutrition, has introduced a different perspective to the world retail. We collaborated with KPMG Turkey to create the Balanced Nutrition Index (BNI) to gauge the efficacy of our project, which reached 1.53 million people by the end of 2019. The comparison between the index results of our customers, who changed their behavior towards balanced nutrition by participating in our project, recorded before the project and in December 2019 pointed to a permanent improvement of 5.2 points.

MAKING LIFE EASIER WITH DIGITAL INNOVATION AND ACCESS

Digitalization is positioned at the very center of our business as our strongest driving force towards sustainable growth. We improve our technological infrastructure to ensure correct processing and interpretation of data, speed and efficiency in our business

processes, uninterrupted communication with our stakeholders and the delivery of our products and services to customers through multiple channels. To this end, we launched the Migros Hemen (Migros Right Now) application last year, offering 30-minute delivery to customers. We have doubled the number of provinces we provide our Migros Sanal Market e-commerce services in. We also aim to expand our online service to all of Turkey in 2020. Moreover, we are now able to transfer money directly from the cash register without the need for a bank account and carry out invoice collection for over 170 companies. We have also completed the Istanbul Card – Money Card integration process.

WE EMPOWER OUR EMPLOYEES FOR THE FUTURE

Brands are as strong as their employees and their future depends on the competence and creativity of their employees. At Migros, we support the personal and professional development of our 45,000 employees by providing them with next generation trainings using the latest technologies to prepare them for the future. With our policies based on gender equality and equal opportunities, we support the active participation of women in business and plan career paths

without discrimination. We aim to increase our female manager ratio to 30 percent in 2024, up from 28 percent as of 2019.

With the Family Clubs we launched in our stores in collaboration with District Community Education Centers, we focus on women, youth and children. By contributing to the personal development of our customers, we aim to create a society that produces, adds value and self-improves. In just two years, we have helped provide Family Club members with 250,000 trainings in 92 different fields.

Please see our report for a detailed and transparent account of the projects we have launched as part of our Migros Better Future Plan and our progress. I would like to extend my heartfelt thanks to our customers, employees, producers, suppliers and farmers for giving us the strength to strive for being better and innovating for the better for 65 years and for empowering us to always outdo ourselves with each passing year.

Sincerely,

Ö. Özgür Tort
CEO

