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From day one, we have focused on creating value in the highly competitive retail industry for both our customers and our stakeholders. Over time, we became one of Turkey's fastest growing companies in terms of turnover.

With exemplary initiatives such as Fair Agriculture from Farm to Table, we are moving steadily forward to a productive and bright future.









Continuous growth for our country

Since its founding, ŞOK Marketler has demonstrated a steady growth performance. Even in times of tough market conditions, we never postpone our investments, and always strive to further strengthen the bond with our customers. We share our profits with society at large while continuously working to improve our financial performance. We provide new job opportunities to thousands of people and continue various efforts to add value to Turkey's economy.



Message from the CEO

We offer quality and affordable products to our customers in all 81 of Turkey's provinces while making ongoing investments and providing job opportunities.

Dear Stakeholders.

The Covid-19 pandemic has affected the entire world and increased our responsibilities as both institutions and individuals. Today, it is more important than ever to unite around sustainable development goals while applying these to all business processes and contributing to economic

While the pandemic persists, the world also faces other major risks, including climate change, extreme weather events, environmental problems and dwindling natural resources. The radical change and transformation we are going through also impact our ways of doing business, customer demands and consumer needs. As a company operating in one of the sectors where the most basic human needs are met, food and retail, ŞOK Marketler is committed to continuously improving its financial, environmental, and social impact in line with its sustainable growth taraet.

As one of Turkey's largest food retailers, we conducted our business operations and stood by our people during the pandemic. We prioritized the health and safety of our employees and customers and fulfilled our mission of providing uninterrupted services throughout the Covid-19 pandemic period.

From day one of the onset of Covid-19 cases globally, SOK Marketler started preparing for the outbreak. We swiftly implemented practices to safeguard the health of our employees, while taking action to ensure utmost hygiene at our retail stores. We configured our working model in light of emerging

developments around the disease. We coordinated our teams for emergencies and developed different response scenarios and procedures.

For example, we quickly introduced Cepte SOK's Home Delivery service to offer a fast and safe shopping experience to our customers. This special service helped meet the needs of those who lived alone, or were otherwise not allowed to leave home, and thus not able to do their shopping at physical

In 2020, despite the pandemic, SOK continued its investment spending and boosted its net sales by 33% year-on-year to TL 21.4 billion with its innovative customer-focused business model. We further improved our financial performance by implementing practices that will strengthen our society, the environment, and all stakeholders.

At SOK Marketler, we contributed to the UN Sustainable Development Goals of "Responsible Consumption and Production" and "Decent Work and Economic Growth" with our various activities and efforts aimed at ensuring the supply of quality and reliable products as well as supply chain efficiency.

We offer quality and affordable products to our customers in all 81 of Turkey's provinces while making ongoing investments and providing job opportunities. To meet the needs of customers at a single and nearest point, we opened 930 new stores in 2020 – climbing to a total of 8,145 ŞOK Marketler store locations. During the year, we hired nearly 6,000 employees, with our total workforce jumping to 35,665.

SOK Marketler aims to make its diverse product portfolio of auglity and reliable products accessible to everyone. Adopting a responsible supply chain management approach, we also contribute to the sustainable food chain

As a company operating in the food industry, ŞOK Marketler is well aware of the importance of the agricultural sector's development for the country's economy. With this perspective, we continuously improve our Fair Agriculture from Farm to Table initiative. Under this effort, we implement contracted agricultural practices and direct procurement methods, providing a procurement guarantee to protect farmers and promote production. ŞOK Marketler guarantees product quality and provides traceability for customers. We stand by farmers across all stages of agricultural production – from cultivation to harvest. Our end-to-end agricultural practices take place without the need for intermediaries. Directly communicating with farmers, we protect and support these key stakeholders.

"To meet the needs of customers at a single and nearest point, we opened 930 new stores in 2020 - climbing to a total of 8.145 **SOK Marketler store** locations."

Uğur Demirel CEO



SOK Marketler strives to ensure that the impact of its business activities is positive in all areas. We engage in efforts to provide social and economic development for our employees as well as society as a whole. We are also committed to improving social equality. ŞOK Marketler encourages women to actively participate in the economy by offering for sale in our stores the cloth bags they produce through the Count Me In initiative.

We place great importance on the happiness and professional and personal development of our employees. Our staff members are the most important stakeholders of our success and guarantors of high customer satisfaction. We add value to the development of our employees based on equality and diversity. In addition, we meet the qualified workforce needs of the sector with the trainings we provide. The socioeconomic level of women is a key development indicator of a country. In 2020, we increased the number of our female managers by 39% compared to the previous year. At SOK Marketler, we support women's employment and aim to expand the influence of women employees in corporate decision-making.

> Leaving a more livable world to future generations... At SOK Marketler, we remain committed to conducting all our business activities in line with this goal. I am delighted to share with you our Sustainability Report in which we present the value we have added to our stakeholders, in addition to our corporate sustainability performance. I would like to take this opportunity to thank all our colleagues and stakeholders for accompanying us on this journey to sustainable success.

Best regards,

Uğur Demirel CEO



About the Report

Şok Marketler Ticaret A.Ş. publishes the Sustainability Report for the period January 1 - December 31, 2020, in which we disclose all our efforts in the environmental, social and governance areas that we carry out in line with Yıldız Holding's This Is Our World sustainability approach.

We prepared our report in compliance with the 'Core' option of the Global Reporting Initiative (GRI) Standards and the Food Sector Supplement. Also included in the report are our efforts to contribute to the realization of the 2030 Sustainable Development Goals. Where necessary, we benchmarked our performance with previous years in the report.

You can send any of your questions, comments, or suggestions to surdurulebilirlik@sokmarket.com.tr



About Us

With 930 new stores opened in 2020 alone, we operate a total of 8,145 stores in 81 provinces, and 31 distribution centers with 35,665 employees. We continue to create value for our stakeholders





Please click to watch the "#FairAgriculture from Farm to Table" video.

Sok Marketler Ticaret A.S. is one of the fastestgrowing companies in terms of turnover and a leader in the Turkish food retail sector.

Striving to meet most of the needs of its customers from "one place and from the nearest point," ŞOK Marketler operates 8,145 stores across 81 provinces, and 31 distribution centers, with 35,665 employees. We are constantly expanding our store network. We opened 699 new stores in 2015, 1,000 in 2016, 1,100 in 2017, 1,000 in 2018, and 851 in 2019. Combining our extensive service network with mobile app services, ŞOK Marketler is still one of Turkey's most widespread food retail chains with 930 new stores opened in 2020.

Trading on Borsa Istanbul under the ticker SOKM since May 2018, ŞOK Marketler aims to provide the best service to its customers at all times with its unique business model, "everyday low price" policy, promotional campaigns, and guiding motto "\$OK Is More Than Enough."

Offering more than 1,700 different food and non-food products to its customers, SOK Marketler also provides a wide range of alternatives to meet consumer needs. We embrace longtime beloved brands - such as Mis, Piyale, Mintax, Evin, and Amigo – all of which hold a special place in consumers' memories as domestic brands from the past and offer them to our customers. We deliver these original, long-standing, nostalgic, and well-recognized brands to customers at affordable prices. We constantly enrich our product portfolio with national brands alongside our original house brands.

SOK Marketler leaves its mark on the industry for vegetables and dry food thanks to its initiative Fair Agriculture from Farm to Table. Procuring crops directly from the farmer, we make fresh, quality, and affordable vegetables, fruits, and dry foods available to customers. We also support farmers, managing all quality control processes end-to-end.

During the restrictions imposed due to the pandemic, we stepped in with "Cepte \$OK Home Delivery" service to facilitate customers' access to reliable products. Customers can now order online, without having to come to a store, at the same prices as our stores, and we deliver the products of their choice the same day.

Trading on Borsa Istanbul under the ticker SOKM since May 2018, ŞOK Marketler aims to provide the best service to its customers at all times with its unique business model, "everyday low price" policy, promotional campaigns, and guiding motto "ŞOK Is More Than Enough."

Detailed information about ŞOK Marketler is available on www.sokmarket.com.tr.

About Us

Despite the pandemic, we boosted our net sales by 33% year-on-year to TI 214 billion



We successfully navigated the pandemic thanks to our agile organization

After the onset of the coronavirus pandemic in Turkey in March 2020, ŞOK Marketler quickly implemented practices to protect the health of our employees and customers. In April, we established the Pandemic Board consisting of representatives from Human Resources, Administrative Affairs and Construction, Loss Prevention, Quality, Branch Management, Warehouse Management and OHS professionals. We continue to evaluate and navigate this challenging period comprehensively and proactively at weekly meetings.

Our top 3 priorities during the pandemic include:

Protecting the health of our employees and customers; ensuring a healthy product supply, and enhancing our online business, i.e. Cepte SOK project, by adding home delivery services to meet the customers' needs and contribute to growth.

We have implemented all necessary practices and actions as required by various government agencies to protect the health of our employees and customers.

Accordingly, we have taken all necessary protective measures at our stores and warehouses. We have closely monitored the health of our employees and their families and ensured that our stores and warehouses have remained in operation without lockdowns for guarantine purposes. Additionally, we have also switched to a remote work scheme for our company headquarters personnel; procured personal protective equipment such as masks, gloves and hand sanitizers to protect the health of our employees and customers; disinfected warehouses, stores and company headquarters, and formulated the protocols to be followed at stores and warehouses in case of a Covid-19 infection. To recognize their hard work, we have rewarded our employees with bonus payments.

We have enhanced our online business, i.e. Cepte SOK project, by adding home delivery services to meet the customers' needs and contribute to growth. Considering the increased demand from our customers during the pandemic, home delivery services have been introduced at an earlier date than was originally planned.

In order to ensure a healthy product supply, we have ensured that our stores and warehouses have remained in operation without lockdowns for guarantine purposes, and begun to work with alternative suppliers and brands to avoid any disruption in product vlagus.

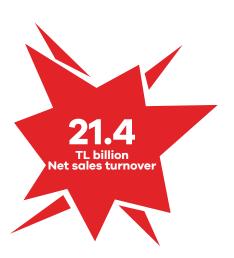
In addition, we provided Covid-19 Briefing and Personal Hygiene Trainings to all our employees via digital platforms. At our warehouse locations, in-person training was delivered by doctors while adhering to social distancing guidelines.

Vision

To be Turkev's leading modern food retailer, and the most preferred retail brand by our public, while continuing to create real value for our investors.

Mission

To provide our customers with the most convenient shopping experience and become the first choice for our staff and business partners with our distinctive business model, diversified range of quality products, affordable prices and advanced service understanding.

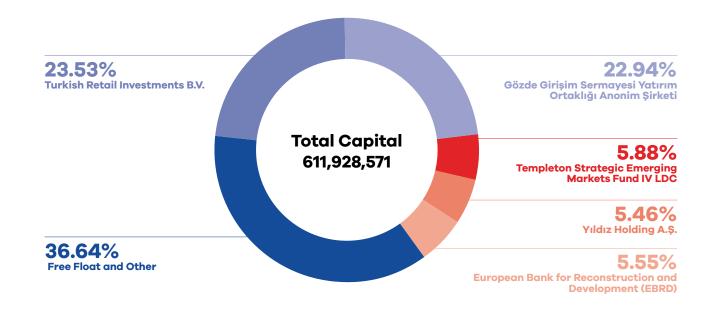


Shareholding Structure

ŞOK Marketler takes firm steps towards its targets and manages operations successfully with its strong shareholding structure.

Real and Legal Persons Having Either Right to Vote or 5% or More Shares in Capital

Name of the Shareholder	Share in Capital TL (December 31, 2020)	Shares (%)
Turkish Retail Investments B.V.	144,000,000	23.53%
Gözde Girişim Sermayesi Yatırım Ortaklığı Anonim Şirketi	140,400,327	22.94%
Templeton Strategic Emerging Markets Fund IV LDC	36,000,000	5.88%
European Bank for Reconstruction and Development (EBRD)	33,950,000	5.55%
Yıldız Holding A.Ş.	33,428,571	5.46%
Free Float and Other	224,149,673	36.64%
Total	611,928,571	100.00%



Maintaining a successful financial and operational performance in 2020, **ŞOK Marketler increased** its net sales to TL 21.4 billion with a 33% increase.

TL 21.4 billion Net sales revenue

> 33% increase in net sales revenues

8,145 stores and **31** distribution centers in **81** provinces

> 35,665 employees

More than **1,700** different products

> TL **2.1** billion **EBITDA**



Corporate Governance

\$OK Marketler's corporate governance approach is based on maximum compliance with the Capital Markets Board's Corporate Governance Principles and all applicable legal and regulatory requirements.

Our corporate governance approach - which is based on transparency, responsibility, and accountability – forms the basis of the trusting relationship we establish with our stakeholders. ŞOK Marketler's corporate governance approach is based on maximum compliance with the Capital Markets Board's Corporate Governance Principles and all applicable legal and regulatory requirements.

The Board of Directors consists of eight members, three of whom are independent. The Board is the highest body of the corporate governance structure. There are two female members on the Board of Directors. The Chair of the Board of Directors and the Executive General Manager are different persons. The Executive Committee consists of the General Manager and senior executives of the company.

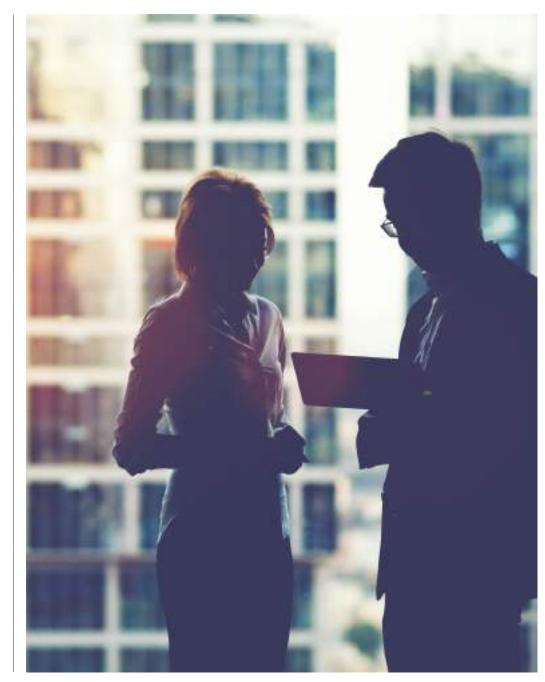
The Board of Directors convenes periodically depending on the activities of the company.

The following committees operate under the **Board of Directors:**

- Corporate Governance Committee
- · Early Detection of Risk Committee
- · Audit Committee

Various committees and boards report to the **Executive Committee, including:**

- · Trade Committee
- Investment Committee
- · Human Resources Committee
- · Supply Chain Committee
- Investor Relations Committee
- · Disciplinary Board
- Personal Data Protection Law Committee
- · Sustainability Committee
- Detailed information related to corporate governance is available via the investor relations website and the Annual Report 2020.



Ethical Principles

We organize ethical principles training sessions for our employees every year. Our ethical principles guide us in our relations with all our stakeholders including the agreements we make with our suppliers.



The ethical principles that form the basis of our business processes guide us on how to conduct relations with our employees, customers, suppliers, business partners, shareholders, and public enterprises, as well as our environment and society. We provide our employees with a work environment where they feel safe, peaceful, and valuable, and which is suitable for the quality of the work they conduct. Ethical Principles of Şok Marketler A.Ş. include subjects such as human and employee rights, environment, health and safety, data privacy, as well as necessary arrangements to prevent actions such as corruption, bribery, and facilitating or accelerating payments.

We organize ethical principles training sessions for our employees every year. Our ethical principles guide us in our relations with all our stakeholders including the agreements we make with our suppliers.

Stakeholders are able to notify us of violations against ethics, anti-bribery and anti-corruption rules to ŞOK Marketler Ethics Hotline (0 850 226 25 96) or by email to **bildirim@sokmarket.com.tr**. The identity of the notifying party is kept confidential and is only disclosed to responsible parties. The feedback received through the ethics hotline numbered 305 in 2020, including 208 calls related to working conditions, 69 related to irregularities, 12 related to recommendations and requests. and 16 related to other issues. All feedbacks received were communicated to the relevant units for examination and largely resolved.

There were no reported cases of corruption and bribery in 2020.

The received notifications are reviewed by the Disciplinary Board and necessary actions and precautions are taken in line with the resolutions of the Board. Necessary actions are taken against any attitude or behavior violating the Ethical Principles in line with the disciplinary procedure.



Please click here to access \$OK Marketler's Ethical Principles.

Risk Management

We evaluate business risks comprehensively and systematically with the Early Detection of Risk Committee.

As SOK Marketler, we handle all kinds of factors that could affect the reputation of our company, endanger its existence, damage the trust-based relationship we established with our stakeholders, i.e. any factor that could affect sustainability, with a risk management approach.

In this context, we evaluate any strategic, financial, operational, compliance and other risks that could affect SOK Marketler in a comprehensive and systematic manner. Although risks are generally managed based on departments, they are now understood holistically and evaluated on a corporate basis as per the evolvina management approach.

Reporting to the Board of Directors, the Early Detection of Risk Committee is responsible for the early detection of strategic, operational, financial, compliance and all other risks that may jeopardize the existence of the company and its business continuity; and to ensure and approve the suitable management of risks identified as being assessed within the framework of corporate risk taking limits. The Committee is further responsible for the prioritization of risks that exceed the corporate risk taking limits according to their impact and likelihood, the determination and implementation of the measures that must be taken regarding the risks identified, and the management of the risk.

In 2020, the Company, as part of risk management efforts, updated its risk inventory and identified 28 risks categorized under strategic, operational, financial, compliance and other risks, completed spot risk assessments, and prioritized risks based on their potential impact and likelihood to occur. In 2021, action plans will be formulated by conducting in-depth analyses of those prioritized risks through in-house workshops, and the progress of the planned actions will be reviewed at meetings by the Early Detection of Risk Committee.

SOK Marketler is aware of the critical role that risk management plays in terms of sustainability and has put in place a Crisis Action and Management Plan. A Crisis Action System has been established to manage emergencies and the potential crises that may occur when such emergencies cannot be resolved. Additionally, a Crisis Desk, Crisis Management Team, Emergency Teams-Firefighting, Search, Rescue and Evacuation Team as well as First-Aid Team- have been formed, and an Action Plan document has been developed. An Emergency Contact Board, SOK Crisis Management, Info Flowcharts and Crisis Management Instructions have been provided to, and posted at, shared areas in all stores and warehouses, and the personnel have been informed as required. For physical, personnel, systematic, financial, supplier and socioeconomic risks that are associated with natural disasters, the subgroups of risk have been determined and the actions to be taken when a risk occurs as well as the persons for taking such actions have been identified. Emergency drills have been conducted by using satellite phones and designated Crisis Management Center locations. Emergency drills are conducted at our warehouses every 6 months with the participation of instructors/specialists or fire stations. Fire suppression systems and fire extinguishers are inspected on an annual basis. Automatic fire suppression systems are being installed at electric boards and battery charging areas. Succession planning is done on a per warehouse basis to identify alternative sister locations, and the relevant training is given to the teams. Backup teams have been formed for the teams of each warehouse, and emergency plan and risk assessments have been carried out. An Earthquake Station has been built at our warehouse located in Esenvurt.

Under the Pandemic Management, a Pandemic Committee has been formed to monitor and eliminate any risk emerging during the pandemic, and the Committee has held weekly status review meetings to evaluate the latest developments. Furthermore, protocols to be followed at warehouses and stored in case of a possible Covid-19 infection have been individually formulated and announced.

Our top 3 priorities during the pandemic include protecting the health of our employees and customers; ensuring a healthy product supply, and enhancing our online business, i.e. Cepte ŞOK project, by adding home delivery services in order to meet the customers' needs and contribute to growth.

We have implemented all necessary practices and actions as required by various government agencies in order to protect the health of our employees and customers. Accordingly, we have taken all necessary protective measures at our stored and warehouses. We have closely monitored the health of our employees and their families and ensured that our stores and warehouses have remained in operation without lockdowns for augrantine purposes. Additionally, we have also switched to a remote work scheme for our company headquarters personnel; procured personal protective equipment such as masks, aloves and hand sanitizers to protect the health of our employees and customers; disinfected warehouses, stores and company headquarters, and formulated the protocols to be followed at stores and warehouses in case of a Covid-19 infection. To recognize their hard work, we have rewarded our employees with bonus payments.

We have enhanced our online business, i.e. Cepte SOK project, by adding home delivery services in order to meet the customers' needs and contribute to growth. Considering the increased demand from our customers due to the pandemic, home delivery services have been introduced at an earlier date than it was originally planned.

In order to ensure a healthy product supply, we have ensured that our stores and warehouses have remained in operation without lockdowns for augrantine purposes, and begun to work with alternative suppliers and brands to avoid any disruption in product supply.



Detailed information about the Risk Committee is available under the Annual Report 2020.

Sustainability Management

As SOK Marketler, we have a Sustainability Committee to shape our strategic investments that will be undertaken to increase the value generated in the areas of environmental, social, and corporate governance.

As ŞOK Marketler, we continued also this year to play a role in the sustainability transformation initiated by Yıldız Holding with the strategy of This is Our World, and to manage the environmental, social and economic impacts of our activities within this framework.

As ŞOK Marketler, we have a Sustainability Committee to shape our strategic investments that will be undertaken to increase the value generated in the areas of environmental. social, and corporate governance.

Sustainability Committee undertakes the responsibilities such as creating the sustainability strategy, goals, road maps and policies; to map the risks when it comes to environmental, social, and corporate governance, and manage them in a proactive manner; to designate sustainabilityrelated performance measures; to provide the employees with related information and make efforts aimed at internalizing relevant policies and to plan for efficient communication with stakeholders. The Board also maintains efforts to align the business processes to international standards such as ISO 14001, 9001. The Board meets at least twice a year to plan its work schedule.

In addition to the positions such as CEO and CFO, managers from critical departments of our company, such as Investor Relations, Sales and Operations, Trade, Human Resources, Quality, Construction Investment and Technical Procurement, are among the officials of the Sustainability Committee. Established as a support structure for the Sustainability Committee in 2018, the Study

Group implements the decisions taken in the Board and is composed of managers and employees from the Quality, CEO Office, and Loss Prevention Group Management units.

Sustainability Platform, of which Yıldız Holding's Chair of the Board of Directors is the main sponsor, contributes to our company for corporate reputation and risk management. The Platform also considers our sector's global agenda, mega trends, the maiden regulatory environment (including the UN Sustainable Development Goals), and ensures the main issues raised by all stakeholders to be managed efficiently within a strategic framework.



Sustainability and \$OK Marketler

SOK Marketler continuously improves its financial, environmental, and social impact in line with its sustainable growth objective.



Climate change, extreme weather events, environmental issues and limited natural resources are the prominent risks stated in the World Economic Forum 2021 Global Risks Report.1 Furthermore, the world is going through a very rapid and radical change with the Covid-19 pandemic that started in 2020. Many global trends such as digitalization and rapid urbanization are quickly impacting the world today. These major shifts are rapidly changing customer demands and expectations.

As a company operating in the food and retail sector, we continue to closely observe these changes and take responsive actions as deemed necessary.

* World Economic Forum (WEF), 2021, Global Risks Report \$OK Marketler continuously improves its financial, environmental, and social impacts in line with its sustainable growth objective. We implement practices that will strengthen our society, the environment and all stakeholders while improving our company performance.

We assess the latest sustainability issues with the members of the Sustainability Committee and the Working Group on an annual basis.

At \$OK Marketler, we embrace the concept: "Sustainability is our promise to future generations." This approach provides a holistic management perspective to our business processes and operations. In this way, we improve our performance within a three stage-perspective based on products, society, and the world.

Against this backdrop, \$OK Marketler's corporate goals include:

- Ensuring that our products are delivered to our customers at the highest standards and under transparent and favorable conditions in a customer safety-oriented manner while INSPIRING them to adopt a healthy eating and living style;
- EMPOWERING the community by engaging in efforts that will provide social and economic development for employees and the society and embracing business models that improve social equality;
- RESTORING environmental conditions for future generations by protecting natural resources and prioritizing energy efficiency and savings.

Stakeholder Communication

ŞOK Marketler communicates with NGOs and Professional Organizations through congresses, conferences, seminars, events and joint projects.

Stakeholder Group	Communication Method	Communication Frequency
Employees	Internal notification emails, ŞOK Academy, meetings, ŞOKNet (intranet system), surveys, social media, Sustainability Report	Continuously
Shareholders, Investors	Investor Relations department contacts, Annual Report, Sustainability Report, website, Public Disclosure Platform	Continuously
Customers	Website, Cepte \$OK, Communication Center, product catalogs, notification emails and short messages, social media, surveys, and meetings	Continuously
Suppliers	Audits, Chain (intranet system), B2B meetings, emails, social media	Continuously
Public Enterprises	Visits, Annual Report, Sustainability Report	At least once a month
Business Partners and Consultants	Joint projects	Continuously
Media	Press releases, press meetings, social media	Continuously
Non-Governmental Organizations and Professional Associations	Events such as congresses, conferences, seminars, etc. and joint projects	Continuously
Universities and Research Centers	Joint projects, conferences, training	Continuously
International Organizations	Events such as congresses, conferences, seminars, fairs, etc.	Continuously
International Certification Agencies	Visits (system monitoring audits)	At least once a year





Diverse and Accessible **Product** Management

We diversify our product portfolio with our brands and national brands, and we focus on making our products and services reachable and accessible throughout Turkey at our stores.





In line with our vision to become the most preferred modern food retail business in Turkey, we provide high-quality, diverse products, and affordable prices to our customers with our advanced service approach and provide them with the easiest, accessible shopping experience. As required by our customer-focused approach, we care about the needs of our customers with the products and services we offer. We diversify our product portfolio with our brands and national brands, and we focus on making our products and services reachable and accessible throughout Turkey at our stores.

We continue to bring the products of over 120 own brands such as Mis, Anadolu Mutfağı, Mintax, Bizim Vatan, Piyale and Evin, which are only available in SOK stores, to our customers, by embracing products all of which hold an affectionate place in consumers' memories as domestic brands from the past.

Product Range

We continuously diversify our product portfolio according to the changing demands and needs while providing affordable prices and high-quality products to our customers. Thanks to our different channels and rich product range, we make sure that our customers can obtain all the products they need from a single point.

We provide our customers with over 1,700 different products in food and non-food categories available in our portfolio. We are focused on providing a shopping experience from a single location and the nearest point. Additionally, we offer different product alternatives in line with the changing consumer needs in different seasons.

We continue to bring the products of over 120 own brands such as Mis, Anadolu Mutfağı, Mintax, Vatan, Piyale and Evin, which are only available in ŞOK stores, to our customers, by embracing products all of which hold an affectionate place in consumers' memories as domestic brands from the past.

We constantly enrich our product portfolio by offering the products of several national and international brands alongside its brands. We offer a product range with non-food products such as (nonfood items) kitchenware, cleaners, paper products and clothes, in addition to various food products including fresh fruits and vegetables.



Sustainability and ŞOK Marketler

Diverse and Accessible Product Management

Also in 2020, with the measures we took for the health of our employees and customers in all our stores, we continued to offer shopping opportunities with peace in mind during the pandemic.



Customer Experience

As SOK Marketler, we aim to provide the best service to our customers at all times with our "Everyday low price" policy, our campaigns, and the "ŞOK Is More Than Enough" motto.

We always try to provide a comfortable shopping experience to meet the various expectations and needs of our customers in line with our advanced service approach. Our goal is to provide a comfortable and easy customer experience through different channels

Also in 2020, with the measures we took for the health of our employees and customers in all our stores, we continued to offer shopping opportunities with peace in mind during the pandemic.

We continue our efforts to enable our customers, who are the majority of our customer portfolio, to easily reach our stores. In 2020, we opened 930 new stores and increased our total number of stores to 8,145. With our broad and widespread store network, we ensure that our customers meet almost all their basic needs from a single location and a point closest to their home.

In addition to our broadened store network, our customers are able to find all the products they want in a comfortable shopping environment thanks to the renewed spacious and bright store concept, with sections that are better arranged and separated. By including affordable, yet high-quality products in our portfolio and offering promotions that provide advantages in different product groups, we improve the shopping experience of our customers, who are mostly individuals.

Despite the tough conditions brought by the pandemic in 2020, we managed to increase our "Daily Average Sales/Store" percentage by 19.4% and our "Daily Average Basket Amount/ Store" percentage by 42% in our stores completed two years (LFL).

With the home delivery feature added to the Cepte SOK application, we delivered the needs of all our customers to their

homes free of charge during the pandemic.



the Cepte SOK application, we delivered the needs of all our customers to their homes free of charge during the pandemic.

With the home delivery feature added to

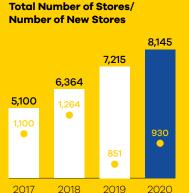
Cepte SOK Brings Us Much Closer to Our Customers

With the home delivery feature added to the Cepte ŞOK application, we delivered the needs of all our customers to their homes free of charge during the pandemic.

We swiftly deployed the "Cepte SOK Home Delivery" application to offer a guick and safe shopping experience and meet the needs of those neighbors who lived alone. were not allowed to leave home, and thus not able to do shopping. We deliver the products, that customers order through the Cepte SOK application, free of charge on the same day and also provide them with the opportunity to place orders via phone. Customers are also able to pay online or with a credit card/in cash at the door for their shopping. We employed a total of 264 people until the end of 2020 within the scope of the Cepte SOK application by making deliveries on the same day and at the desired time from among 8,145 stores of SOK Marketler across Turkey.

All existing products of SOK Marketler are available on Cepte SOK at store prices, from dairy products, delicatessen, breakfast supplies, and cooking ingredients to personal care, home and life categories. This is how consumers can easily and quickly access the broad and affordable product range, as well as SOK Marketler's brands Mis, Pivale, Evin, and Mintax, just as they are used to, on Cepte SOK with no delivery fee, as well.

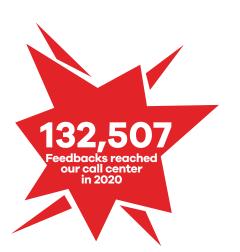
Customers are offered at the same prices as SOK Stores, and can see the most recent campaigns of stores under the "Advantages of the Week" and "Campaigns" sections.



Sustainability and ŞOK Marketler

Diverse and Accessible Product Management

With the Bill Payment system, our customers can pay their telephone, electricity, water and gas bills seven days a week in 81 provinces, from the cash registers in ŞOK stores.





Easy Payment with SOK islem

With the SOK Islem service we launched in 2019, we started to perform money transfers to all bank accounts and credit cards at stores seven days a week, and continue to provide customers with the opportunity to pay their utility bills.

We regularly receive customer opinions regarding our products and services to manage the customer experience in the most effective way and to provide a better service.



With the Bill Payment system, our customers can pay their telephone, electricity, water and gas bills seven days a week in 81 provinces. from the cash registers in ŞOK stores. They can also transfer money to credit cards and all bank accounts again seven days a week. Thus, our customers can save time by making money transfers and paying their bills during their shopping.

Customer Satisfaction Survey

We regularly receive customer opinions regarding our products and services to manage the customer experience in the most effective way and to provide a better service. Within the scope of the Brand Health Survey conducted since 2014, we monitor our brand image in the eves of customers for both SOK and its competitors. We continue to maintain our position as the third brand that comes to mind in the sector, we obtained in 2020.

We also allow our customers to share their opinions and recommendations. We receive feedback through the ŞOK Marketler Customer Services call center at 0850 808 00 00 and email address musterihizmetleri@ sokmarket.com.tr. As of June 2020, we manage our Customer Services activities together with Turkcell Global Bilgi, within the framework of Information Security and KVKK (Law on Protection of Personal Data) policy. In 2020, we received 132,507 feedbacks in our call center. We continue to improve our business by receiving this feedbacks.

Sustainability and ŞOK Marketler

Supply Chain Management

We manage our supply chain in the most effective way possible to maintain our operational excellence and to keep the same quality-price balance level while we extend our service network





As ŞOK Marketler, we position supply chain management among the priority areas in achieving our sustainable growth goals. In this context, we focus on efficiency, digitalization in the supply chain, and cooperation with suppliers and our business partners. We analyze the risks in the supply chain to use our resources in the most efficient way and control these risks by managing them with a centralized system.

We increased the number of our stores to 8,145 in 81 provinces with the fastest growth in the food retail sector in the last 5 years. We manage our supply chain in the most effective way possible to maintain our operational excellence and to keep the same quality-price balance level while we extend our service network. Within the scope of the Supply Chain Policy, we select suppliers who comply with our social and corporate principles and who meet our auality standards and we offer safe, high-quality, and healthy products according to customer needs through collaborative efforts

By increasing the number of our distribution centers from 27 to 31 in 2020, we contributed to reducing our carbon footprint arising from transportation as well as distributing our products more quickly and efficiently.

We consider the supply chain as extending from producers to the end consumers within a holistic process. By increasing the number of our distribution centers from 27 to 31 in 2020, we contributed to reducing our carbon footprint arising from transportation as well as distributing our products more quickly and efficiently.

The Supply Chain Director, being the senior manager responsible for the supply chain management, reports directly to our CEO. Moreover, we centralized business processes with the Central Supply Unit since 2017 to improve operational efficiency. This ensured supply management performance with a fully centralized system, instead of the warehouse order system. The supply chain management used to be performed separately via distribution centers and is now performed by the Central Supply Unit in a more systematic way with fewer employees. The new system decreases daily stock level and guarantees product availability and more effective seasonal planning.

Within the scope of digitalization, we completed the Advanced Planning and Demand Estimation, Product Distribution Algorithm, Order Recommendation System Development and Automatic Invoice Closing projects and we conduct developments in these projects within the scope of the business processes every year.



Please click here to access \$OK Marketler Integrated Management Policy.

Supply Chain Management

With our "Fair Agriculture From Farm to Table" Project, we protect farmers, support local production and offer our customers auality and fresh produce everyday.



"Fair Agriculture from Farm to Table"

We operate in the food sector, and therefore carrying agriculture to the future is a primary duty for our company. With this in mind, we continuously improve our "Fair Agriculture from Farm to Table" Project. As part of the project, we implement contracted agricultural practices and direct procurement methods, providing a procurement guarantee to protect farmers and promote production.

We adopt the right agricultural practices from farm to table both for produce like citrus, potatoes, cauliflowers, and cabbage and products such as rice, olive and tomato paste. In the 2020 produce season, we purchased 89 types of products, including vegetables, fruits, flowers and dried products, from 381 companies and 144 producers.

We constantly expand the scope of support we provided to agriculture and farmers through projects we launched and strategic partnerships.

We stand by farmers in all stages of agricultural production, from cultivation to harvest. Directly communicating with farmers, we protect and support them.

Thanks to the project, we ensure that our farmers receive the money for their product with cash purchase, without loss of late interest or agent deductions. In addition, with the opportunity to make planned production, we make them feel safe and focus on quality and efficiency. We support production costs with the option of early payment in return for a letter of guarantee.



100% of our original branded products are produced at premises with international food safety management certifications.

Safe and Quality Products

We always consider the health of millions of customers shopping in our stores among our top priorities. In order to ensure product safety from farm to table and provide reliable products to our customers, we work with suppliers that meet the conditions in our Integrated Management Policy without compromising national and international quality standards. We improve the working conditions of our suppliers to our standards, thus contributing to their development.

We manage the product safety and quality processes in line with our Integrated Management System including the ISO 9001:2015 Quality System Management standard. We request our suppliers to obtain at least one of the certificates among the BRC International Food Safety Standard and FSSC 22000 Food Safety System and conduct any relevant audit processes. We audit existing suppliers at least twice a year and support them in their identified needs to increase their performance. Moreover, the audits we conduct include compliance with the Ministry of Food, Agriculture and Husbandry's Turkish Food Codex Legislation, as well as inspections on halal food issues and some other areas depending on the type of product: weight, packaging, labeling, etc. We also classify our suppliers by certain categories.

Our audits are never limited to suppliers only; we also audit our operations. The stores and warehouses are also subject to audits. We conduct a minimum yearly audit also for the suppliers which provide exclusive SOK Marketler products. 100% of these special products are produced at premises with international food safety management certification and checked in terms of whether they satisfy consumer health and safety requirements.

Supply Chain Management

100% of our original branded products are produced at premises with international food safety management certifications.



We conduct audits for product safety with suppliers as well as the stores and warehouses and develop processes complying with international quality standards.

In 2020, we provided 28 hours of training to our 89 suppliers in different fields such as business continuity and Food Safety Training, Turkish Food Codex Food Labeling and Consumer Information Guide Training, and Allergen Training during the Pandemic. In addition to the food safety audits, we investigated the level of environmental awareness of our suppliers with the Supplier Environmental Management System Evaluation Survey.

While supporting the development of local producers, we both protect regional products and reduce our carbon footprint arising from transportation.

Call Management

Thanks to the ŞOKNet Call Management system, we prevent products with supplierrelated quality issues from reaching customers. Any defective products reported by the stores to the Call Management system are tracked by the quality team and product checks are conducted. By identifying product issues, the necessary procedures and actions are carried out. Thanks to this system; in collaboration with the quality team, our stores protect the health and safety of customers, decrease customer complaints and product disposal rates, and develop the quality security systems of the suppliers. We ensure higher customer satisfaction and save on costs and time with the SOKNet Call Management.

Local Supply

As a domestic food retailer, we prioritize local supply to render our supply chain sustainable and contribute to the local economy. By supplying our products from domestic suppliers, we not only support the development of the local producers but also protect regional products. Working with domestic suppliers also helps us reduce our carbon footprint arising from transportation.

Logistics Management

We take transparency and traceability principles as the basis throughout the entire supply chain. We check our logistics operations with a centralized and holistic system. We can perform stock control by monitoring the process from end to end including product receipt, storage, addressing, collection, shipment and returns with the Corporate Resource Planning system and manage our resources effectively. Within the scope of the system, we optimize processes with in-warehouse routing and store shipment routing works.

People Empower



As one of Turkey's most widespread food retail chains, ŞOK Marketler works in interaction with many stakeholder groups. We adopt a business model that supports social and economic development across our entire value chain. We aim to become stronger together in conjunction with the societies where we operate. Each investment we make to generate social value and support social equality also helps to create a strong social structure, especially for the development of our employees.

We contribute to Decent Work and Economic Growth and Quality Education, two of the Sustainable Development Goals, with our practices aimed towards developing our employees.





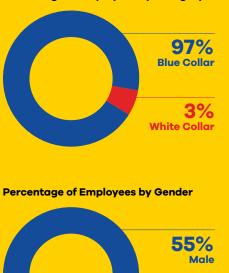
We increased the number of female managers by 39% in 2020 compared to the previous year.

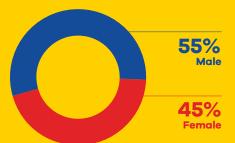


As ŞOK Marketler, we believe that our most valuable asset is our employees, and act with an approach that puts people at the center and aims to create long-term value for our employees.

We are aware of the impact of our employees on the long-term success of our company and the satisfaction of our customers. We aim to become stronger and continue our growth in a sustainable way with our happy, qualified and expert employees. For this reason, we offer them a healthy and safe work environment, where we give career and development opportunities and aim to continuously increase employee satisfaction and loyalty.

We are focused on providing our employees a dynamic work environment that is just, healthy and that cares for equality and diversity and is powered by inclusion. We invest in employee development to ensure that they continue to improve with the new opportunities offered by the digitalizing world throughout their professional career. As we continue our





growth every year with our business model that contributes to social equality and our competent employees, we contribute to the national economy with the added value we create.

We stand against all forms of discrimination in line with SOK Marketler Human Resources Policy, which covers equal opportunities in recruitment, impacts of supply and value chains, a workforce based on fairness, improved working standards, women's employment, and inclusion (namely, no discrimination on the grounds of gender, religious belief, language, race, ethnic origin, age, disability status, refugee status, etc.).

As ŞOK Marketler, we employed 35,655 people in 2020. Our blue-collar employees make up 97% of our human resources.

We stand up against all kinds of discrimination with the ŞOK Marketler Human Resources Policy that we developed to manage the human resources processes. We support women's employment and aim to increase the percentage of women in decision-making positions. Contributing to the empowerment of women through their participation in socio-economic life, and supporting women who have taken a break from business life in returning to working life, are among our gender equality goals. In this context, we increased the number of female managers by 39% in 2020 compared to the previous year. According to this, 45% of our total employees are women. 69% of the women employees returned to work after maternity leave.



Please click here to access SOK Marketler Human Resources Policy.



We implement a fair assessment system based on performance, experience, behavior and competencies and support all employees in achieving their career targets.



Employee Development

Global trends such as digitalization, changing customer expectations, increasing competition and the disappearance of intermediation continue to shape our industry. In order to manage the impact of these trends on our industry and adapt to change, we prioritize investment in human resources and manage talents in the most accurate way and with the highest contribution to the company. We enable our employees to discover career opportunities and provide personal and professional development training.

With a management approach that takes equality and diversity as a basis and makes use of the innovative opportunities offered by technology and digitalization, we provide training, personal and professional development and career planning opportunities to our employees for their self-development and aim to improve the skills of our employees. We implement a fair assessment system based on performance, experience, behavior and competencies and support all employees in achieving their career targets.

Trainings

Employee development is of great importance to increase the competence of our employees and customer satisfaction. In this context, we design trainings taking into account performance evaluation, career plans, job and position-specific development needs. The trainings we offer not only increase the competence of ŞOK Marketler but also contribute to the development of a qualified workforce in the sector.

Employees working in the head office can participate in a broad range of catalog training programs towards developing professional skills such as leadership.



In 2020, we provided approximately three hours of training per employee through Academy SOK, our digital training platform.

communication, presentation techniques, and time management. Employees at managerial and higher positions, on the other hand, can benefit from the leadership training sessions of the same cataloa.

In 2019, we migrated training programs for store employees to Academy ŞOK and began to offer training at this digital training platform. Compared to classroom training activities, this digital platform allows us to provide a higher number of employees with training. A total of 113,593 hours of training was aiven in 2020.

2020 trainings	2019	2020
Total training hours to employees (excluding OHS trainings)	58,160	113,593
Annual average training hours per employee	1.26	3.18

Orientation training sessions helping new employees to adapt to the workplace in a faster and easier way are also available on the ŞOK Academy platform.



Academy SOK

Academy SOK is designed as a user-friendly platform removing the time and place restrictions with high accessibility as well as easy and understandable content. Thanks to the application, we offer our employees the opportunity to participate in training on many subjects such as store processes and basic management on a platform that they can access via computers, tablets, and all smart mobile devices.

With these features, the Platform offers a decrease in costs and increase in efficiency, compared to traditional in-class trainings. We offer a system infrastructure that supports e-learning tools in addition to easily comprehendible content on a user-friendly platform. Our employees can access training sessions ranging from store processes to fundamental management knowledge via computers, tablets and smart mobile devices.

SOK Academy was awarded the "Best" award under the Best Digital **Development Training/** Program category at the **Learning and Development** Awards held by Training and Development Platform Association (TEGEP) in 2019.



A training library regarding technical and managerial skills needed by blue collar employees in business processes is also available on the SOK Academy platform. Employees can easily access the professional knowledge they need for business processes thanks to these training sessions.

Orientation training sessions helping new employees to adapt to the workplace in a faster and easier way are also available on the ŞOK Academy platform. We expect all our store employees to complete their orientation training on the ŞOK Academy platform.

SOK Academy was awarded the "Best" award under the Best Digital Development Training/ Program category at the Learning and Development Awards held by Training and Development Platform Association (TEGEP) in 2019.

In 2020, we focused on online training with the pandemic, and for our white-collar employees, we used the LinkedIn Learning module instead of in-class training. With the LinkedIn Learning algorithm, we made training suggestions to the employees in line with their experiences. At the same time, we provided employees with the opportunity to access a large number of trainings with its large library.

We assess our employees annually in three basic steps: goal setting, midterm evaluation and evaluation period.



Performance Management

We implement Yıldız Holding Performance Management System that promotes development as a framework system for all our employees in our head office and supports our employees to increase their motivation and competence through this system. Within this framework, we take the results of completed work, as well as the related targets and competency as a basis. In this context, we assess our employees annually in three basic steps: goal setting, mid-term evaluation and evaluation period. After our employees complete their self-evaluations at the end of the year, they are also assessed by their first and second managers. Then the process is completed. We analyze the results of the assessments, as well as the performances of all employees by comparing them with the company's success co-efficient.

We apply an Instant Reward system to provide real-time basis support to our employees who have made remarkable contributions to \$OK Marketler.

We break down the main goals of the company into individual goals evenly on the system to contribute to the high-performance culture. We also evaluate the competencies of our employees with a 360-degree evaluation within the scope of the competencies we have determined in the system. Based on these evaluations, we offer a planned career journey to our employees in line with the Human Resources Planning efforts by using the knowledge, skills and competencies set for positions.

Remuneration Based on Qualification and Performance

In line with the market salary research studies we conduct every year, we implement a remuneration system that is competitive and market-compatible and is based on egalitarian foundations. Furthermore, we provide side benefits according to the positions of the employees. We reward our managers and more senior-level employees with annual performance bonus payments based on Performance Management Evaluation outcomes. In addition, we implement a sales bonus to ensure continuous high performance by sales team members. We apply an Instant Reward system to provide real-time basis support to our employees who have made remarkable contributions to SOK Marketler. In this system, our managers can nominate candidates and after an evaluation process, we reward those candidates considered to be successful.

Every year we prepare Human Resources Career Planning for all our employees working in the head office and branch directorates through a collaboration with the Human Resources Department of Yıldız Holding.

Career Management

We support the continuous development of our employees with our career management approach, in line with their needs and requests. We ensure that our employees realize their potential by utilizing our current workforce in the best way possible, and apply career management integrated with performance management and training processes to make long-term and accurate career plans.

In this respect, every year we prepare Human Resources Career Planning for all our employees working in the head office and branch directorates through a collaboration with the Human Resources Department of Yıldız Holding. We create career maps based on the strengths and potential areas of development thanks to this planning. In addition to this, we determine the efforts to support employee development with the 70-20-10 model, which is a human resources process. We realize development plans with every development tool focusing on needs (coaching, mentoring, in-class training, rotation, project responsibility, etc.).

With our Regional Office Manager Evaluation Center practice, we perform the processes of an election, preparation and appointment of the most suitable and qualified internal candidates to the Regional Office Manager positions in strict compliance with the applicable standards. We measure competencies and determine development areas for candidates during the promotion process to senior positions. We give feedback to the branches in line with the evaluations we make at the Head Office. This way we create a pool of qualified Regional Office Manager candidates across the country, in line with the current and future need for Regional Office Managers and contribute to making rapid and correct decisions



In our stores, we conduct **Store Human Resources** Planning on a quarterly basis.

In our stores, we also conduct Store Human Resources Planning on a quarterly basis. This planning helps to determine promotable store managers, and after case studies, individual presentations and question-answer sessions we decide on candidates for promotion and provide them with development plans.

Manager Training Program

In 2020, we implemented the Manager training program. In order to train regional managers, we selected new university graduates or people with 1 year of experience through evaluation center applications and included them in the manager training program.

Manager candidates participated in a 6-month orientation program in stores. We appointed as Regional Managers those who completed the training process among the candidates who served as a Store sales representative, Store assistant manager and store manager, respectively.

Through our ongoing investments in human resources, we aim to make a difference in the sector with our happy workforce while providing a happy shopping experience for every single customer.



Employee Satisfaction and Loyalty

We provide our employees with a work environment where they feel safe, at peace and valued and which is suitable for the quality of the work they conduct while supporting employee satisfaction, motivation and loyalty. In line with this mission, we aim to become the first choice of our business partners and employees. Through our ongoing investments in human resources, we aim to make a difference in the sector with our happy workforce while providing a happy shopping experience for every single customer.

In line with our goal to be among the most preferred companies in terms of working conditions and social opportunities, we regularly monitor the satisfaction and loyalty levels of our employees with our Employee Satisfaction Survey.

In line with our goal to be among the most preferred companies in terms of working conditions and social opportunities, we regularly monitor the satisfaction and loyalty levels of our employees with our Employee Satisfaction Survey. Our employee satisfaction increased by 7 points and employee loyalty by 12 points according to the results of the survey conducted in 2017 with a participation rate of 77% from our employees, compared to the survey conducted in 2015. As our actions to improve the 2017 results are currently ongoing, we will repeat this research next year to measure the improvement.

Through our ongoing investments in human resources, we aim to make a difference in the sector with our happy workforce while providing a happy shopping experience for every single customer.





Occupational Health and Safety

It is among our greatest responsibilities to ensure that our employees work in a healthy and safe work environment. We fully comply with the occupational health and safety (OHS) rules in our head office, offices, distribution centers and stores within the framework of laws and regulations, and make improvements every year in line with the Zero Work Accident goal. Our Loss Prevention Group Management reports directly to our CEO on a regular basis as the most senior of directors when it comes to occupational health and safety issues.

We comply with the relevant legislation in terms of occupational health and safety, managed with a risk-based and systematic approach. To ensure the continuity of our ISO 45001; 9001 and 45001 Integrated Management system, we aim to comply with the legal and standard requirements in all our activities, to meet the expectations of our stakeholders and our customers, to encourage active participation of our employees and provide a transparent communication environment, to increase

We take action in any matter we consider as a threat to the health of our employees and take necessary steps to improve our occupational health and safety performance.

employee satisfaction, to continuously improve the effectiveness and performance of our Integrated Management System, to provide a safe and healthy working environment in line with the goal of zero work accidents. We aim to obtain the ISO 45001 certificate for our two warehouses and our head office in 2021 and to increase that number later.

We take action in any matter we consider as a threat to the health of our employees and take necessary steps to improve our occupational health and safety performance. By using different methods to manage the occupational health and safety risks, we prepare Risk Assessment Reports for every location. In 2020, we conducted field visits with OHS professionals to minimize the risks of nearly 2800 stores. We perform detailed analyses regarding accidents, near misses and related statistics, and take measures to prevent similar cases. We conduct evaluations in various areas such as types and breakdown of accidents, positions of affected employees, place, date and time of the accidents and near-miss statistics. In 2020, back and waist disorders were among the most common types of accidents.

We organize training sessions for our employees to prevent accidents, support the formation of an occupational health and safety corporate culture and comply with the legal legislation. During the reporting period, we provided a total of 26,570 hours of training, of which 2.640 hours of formal education to our distribution centers employees, 2,152 hours of formal education to our store employees, 21,788 hours of distance education in total. Furthermore, we shared the OHS awareness kit. and informative documents with our employees working in the Head Office. In order to improve the conditions for office ergonomics, we placed equipment such as computer stands and backrests.

Corporate Social Responsibility

In 2020, we supported 452 homemakers and sold 7,500 bags under the Count Me In project.

Acting with social sensitivity, we aim to contribute to the resolution process of social issues in Turkey and develop projects to act in these matters with corporate social responsibility. We encourage our employees to participate in social activities regarding the environment, health, education and sports.

Count Me In

Supporting the socio-economic development of women is one of the building blocks for social development. In 2019, we started to support homemakers to earn economic income from their handicrafts with our Count Me In project. Homemakers can put the cloth bags they produce for sale in our stores. As ŞOK Marketler within the framework of the non-profit project, we do not generate any income, we support homemakers to earn an economic income from their labor. In 2020, we supported 452 homemakers and sold 7,500 bags.





Environmental Impact

We completed the ISO 14001 Environmental Management System Standard certification process, which we commenced in 2018, to manage this impact systematically.





As a result of the increasing impacts of climate change, effective agricultural areas are getting narrower. According to the World Resources Institute (WRI), it is predicted that 40% of the world's agricultural lands will face water stress by 2040. In the presence of this situation, which poses a risk for the sustainability of agricultural activities, we are aware of our responsibilities as a company that provides a large part of its turnover from food. We accordingly make investments to decrease our carbon emissions and increase energy efficiency to combat the climate crisis, and we aim to reduce our impact. on the environment and natural resources by developing effective water, waste and packaging management practices.

Planet-Restore discourse within the scope of This is Our World sustainability approach of Yıldız Holding, of which we are a subsidiary, guides us to reduce our environmental impact. In the light of this discourse, we determine the impacts of our work on the environment.

* World Resources Institute (WRI), 2019, Sulamalı Tarım Arazilerinin Ücte Biri Su Stresi ile Karsı Karsıva

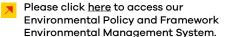
Planet-Restore discourse within the scope of This is **Our World sustainability** approach of Yıldız Holding, of which we are a subsidiary, guides us to reduce our environmental impact. In the light of this discourse, we determine the impacts of our work on the environment.

Our Environmental Policy form the basis of our environmental management approach. Having been created based on our impacts in the sector, our Environmental Policy enables us to approach practices for reducing our environmental impact with a holistic viewpoint. In addition to this, the Policy has an important place in terms of consolidating our corporate perception and achieving competitive advantage. Thanks to our environmental management approach, we aim to provide long-term value for all our stakeholders in line with national and international management standards.

As a company operating in the retail sector, our main environmental impacts are carbon emissions arising from logistics, energy consumption in warehouses and markets, and packaging waste. We completed the ISO 14001 Environmental Management System Standard certification process, which we commenced in 2018, to manage this impact systematically. We conduct audits in this area every year on a regular basis. We aim to manage all of our stores with this certificate.

In 2020, we made an environmental investment expenditure of approximately TL 10 million to improve our environmental performance. We allocated around TL 7.4 million for energy efficiency projects and spent TL 400 thousand on investment for the placement of energy regulating and consumption reducing systems to the compressor groups in cold chambers of the storage with high power consumption.

We prepared an Integrated Management Policy to use natural resources efficiently to leave them for future generations. We commit to adhering to this policy in all of our processes.



Please click here to access the Integrated Management Policy.

Climate Change and Energy **Management**

As part of the Stores Energy Efficiency Project, we decreased energy consumption by 20% per store.

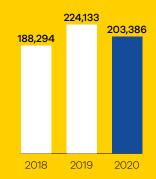


By focusing on our major environmental impacts in the retail industry in which we operate, we work to reduce greenhouse gas emissions arising from logistics and operations and to provide energy efficiency in our operations. In 2020, we improved the infrastructure in air conditioning and lighting systems within the scope of energy efficiency and continued our route optimization efforts.

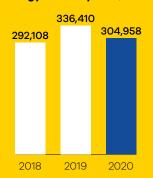
As part of the Store Energy Efficiency Project, there is equipment that provides efficiency in our 6.142 stores. Therefore, we saved nearly TL 19 million in 2020 by automating applications such as turning on-off the store equipment, air-conditioner temperature control, active consumption and reactive tracking. As part of the Stores Energy Efficiency Project, we decreased energy consumption by 20% per store.

Our total energy consumption in 2020 was around 304,958 MWh. Our Scope 1 and Scope 2 emissions are around 174,210 metric tons of CO₂ in total.

Carbon Emissions (ton CO₂)



Energy Consumption (thousand KWh)



We aim to decrease our energy costs and environmental footprint with the extension of this project to all our stores. We budgeted the installation of the system in our 2,000 old and 1.000 new stores for 2021.

In 2020, we also agreed to monitor generator fuel usage in stores and to catch price advantage. In 90% of our stores, we can track the consumption of each store by purchasing fuel via a smart key fob. Through the same system, we can also take administrative actions such as closing/unlocking fuel purchases, limit management, key fob cancellation, invoice reporting, etc.

Our total energy consumption in 2020 was around 304,958 MWh. Our Scope 1 and Scope 2 emissions are around 203,386 metric tons of CO₂ in total.

Again in 2020, thanks to the savings measures taken and the training of the personnel related to these measures, we reduced the amount of electricity used per employee from 900 kWh to 294 kWh, resulting in a decrease of 68%.

We completed the transition to LED luminaires in lighting in our 6,142 stores. In 2021, we plan to switch to LED luminaires in 200 more old and 1000 new stores.



Packaging and Waste **Management**

At ŞOK Marketler, we consider waste and packaging management as our fundamental responsibility to decrease the environmental pollution. We aim to decrease air pollutants, as well as solid waste caused by our activities to minimize our environmental impact.



If efficient resource usage and recycling policies are not applied, pressure on natural resources will gradually increase and environmental pollution will continue to increase rapidly every year, especially due to plastic waste. Around 12.7 million metric tons of plastics are dumped into the oceans every year.* If this trend continues, it is expected to have more plastic than fish in the oceans by 2050.**

At SOK Marketler, we consider waste and packaging management as our fundamental responsibility to decrease the environmental pollution. We aim to decrease air pollutants, as well as solid waste caused by our activities to minimize our environmental impact.

The Overall Loss Prevention Committee shows efforts to decrease our food waste by preventing any kind of loss caused by our business processes to ensure operational excellence. At the weekly Executive Committee meetings, issues related to food loss and actions taken or to be taken are discussed in detail.

Playing an essential role in reducing our wasterelated environmental impact, the project entitled Carrying Fruit and Vegetables in Reusable Boxes is setting an example in our sector. With this project, we aim to significantly decrease our waste and reduce the costs related to the use of boxes by carrying fruit and vegetables in reusable special plastic boxes, instead of singleuse plastic or cardboard boxes. We broadened the scope of the project, which we expect to see its impact grow as the increase in demand for fruit and vegetables grows in the upcoming years, to cover all our stores and storage areas.

As part of the project, we began to use approx. 10 million recyclable, reusable boxes to ship almost all of our fruit and vegetable products in 2020. These boxes can be reused and are disinfected after each use. Therefore, the use of these recyclable boxes allows us to eliminate the potential environmental impact of single-use boxes. These boxes also help us reduce food waste by keeping the products fresh thanks to their good ventilation properties.

* Plastic waste that go from land into oceans

** New plastic economy

We avoided cardboard or plastic box waste by shipping almost all of our fruit and vegetable products in approximately ten million recyclable, reusable boxes.

With the use of the special reusable boxes (after disinfection to meet food safety standards) within the scope of the project, we extend our goals to include the decrease of waste packaging and environmental impacts, product display standardization, ergonomic transport and transportation facilitation and decreasing of

We make digital developments on our Enterprise Resource Planning (ERP) system and track inventory at our stores and storage to monitor the positive environmental performance of the project. We prevented nearly 10 million pieces of cardboard or plastic box waste in 2020 within the scope of this project.

Additionally, to prevent the single-use plastics in the Head Office, we first ceased the use of plastic bottled waters in common areas such as meeting rooms and kitchens and provided glass products to all of our employees for their personal use.

According to the Zero Waste Regulation published in the Official Gazette on 12 July 2019, Chain stores were obliged to install the relevant systems and obtain the Zero Waste certificate until 31.12.2020. Within the framework of this regulation, we created an integrated environmental information system record of our 6,500 stores. We obtained zero waste certificates from our 21 warehouses. And we already obtained zero waste certificates from more than 1000 of our stores. With the practices we initiated, we ensured that wastes are effectively collected separately at the source, and made a more effective contribution to recycling

For the establishment and effective and efficient implementation of a zero waste management system in warehouses and stores, we identified, listed and procured all the equipment that will be needed, taking into account each unit in the warehouses and stores (offices, cafeteria, infirmary, etc.). After its supply was completed, we carried out practical training and briefing activities for the target audiences before the implementation. We placed the relevant storage equipment to points where our employees can easily reach, at convenient intervals. Information posters designed according to the equipment were hung over the equipment so that they can be easily seen. In the storage equipment and promotional materials, attention was paid to the color scale. We also placed waste storage boxes in all our stores.

Water Management

We develop practices that decrease consumption and increase efficiency to manage our water consumption.

The changing and decreasing precipitation regimes due to climate change, as well as the rise in consumption and production increase the need for effective water resource management with each passing day. The fact that no practices are being developed to decrease consumption or increase efficiency in water resources, which are among the most important natural resources, not only increases the risk in regions with water scarcity but also produces new risks in regions with an abundance of water. We develop practices that decrease consumption and increase efficiency to manage our water consumption. We track water consumption at all our stores and storages and especially at our head office, and inform our employees about unnecessary water consumption with warnings and statistical data.



Environmental Performance Indicators

Energy Consumption 1 (GJ)	2018	2019	2020
Buildings fuel and electricity	1,065,311	1,230,663	1,164,828
Purchased electricity	1,051,595	1,211,080	1,097,852
Gas & LPG	6,695	11,665	21,073
Generator (diesel)	7,021	7,918	45,903
Vehicle fuel	58,623	62,913	39,772
Diesel	56,779	61,017	38,724
Gasoline	1,844	1,897	1,048
CNG	0	0	0
Subcontractor Diesel	0	0	0
Total	1,123,934	1,293,577	1,204,600
Renewable Energy	0	0	0
Renewable Energy (Electricity)	0	0	0
Sold Energy	0	0	0
Total Net Energy Consumption	1,123,934	1,293,577	1,204,600

Greenhouse Gas Emissions (ton CO ₂ -equivalent)	2018	2019	2020
Scope 1 Total	40,309.6	51,310.0	57,933.4
CO ₂	40,237.6	51,231.8	57,863.8
CH ₄	9.3	10.7	20.1
N ₂ O	62.8	67.5	49.5
Scope 2 Total	147,985.1	172,823.7	145,452.8
CO ₂	147,517.6	172,241.0	144,925.7
CH ₄	53.6	59.3	47.4
N ₂ O	413.9	523.5	479.7
Scope 3 Total	0.0	0.0	0.0
CO ₂	0.0	0.0	0.0
CH ₄	0.0	0.0	0.0
N_2O	0.0	0.0	0.0
Total	188,294.7	224,133.8	203,386.2
CO ₂	187,755.1	223,472.8	202,789.5
CH ₄	62.9	70.0	67.5
N_2O	476.7	591.0	529.2

¹ The lower heating values and TOE conversion co-efficient of the energy resources used were taken from the tables available in the "Regulation on Increasing Efficiency in the Use of Energy Resources and Energy" published in Official Gazette No. 28097 dated October 27, 2011.

Environmental Performance Indicators

Water consumption	2018	2019	2020
Total water consumption - City water - (m³)	366,230	448,580	533,512
Waste (metric ton)	2018	2019	2020
Polyethylene terephthalate (PET)	1,388	2,627	2,502.2
Polyethylene (PE)	1,990	3,376	3,686.0
Polyvinylchloride (PVC)	33	292	223.5
Polypropylene (PP)	1,894	3,356	3,317.6
Polystyrene (PS)	288	162	226.5
Paper - cardboard	7,083	15,713	44,343.3
Steel - tin	976	824	830.4
Aluminum	143	261	185.8
Glass	3,638	3,862	7,216.1
Plastic-based composite	130	148	115.7
Paper & Cardboard-based composite	1,999	1,846	3,607.8
Metal-based composite	33	191	31.7
Wood	18	0	0
Total	19,613	32,657	66,286

		2018		2019		2020
Number of Employees by Gender	Women	Men	Women	Men	Women	Me
Employees	11,921	15,161	13,491	16,213	16,002	19,66
Total		27,082		45,891		35,665
Number of Employees by Employment Type and Category	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time
White Collar	926	0	176	845	203	950
Blue Collar	26,007	149	13,315	15,368	15,799	18,710
Number of Employees by Seniority	Women	Men	Women	Men	Women	Mei
0-5 years	11,093	13,484	12,396	14,021	14,559	16,838
5-10 Years	664	1,328	907	1,738	1,198	2,119
10 years and over	164	349	188	454	245	626
Maternity Leave	Women	Men	Women	Men	Women	Mei
Number of Employees on Maternity Leave	1,117	0	532	881	540	95
Number of Employees Returning to Work after the End of the Maternity Leave	1,095	0	422	881	374	88:
Number of New Employees by Gender and Age	Women	Men	Women	Men	Women	Mer
Younger than 30	8,968	9,553	10,399	10,526	10,653	13,400
Aged between 31-49 Years	1,328	1,890	1,321	1,756	1,582	2,220
Over the Age of 50	3	22	5	11	3	1
Number of Newly Hired Employees	10,299	11,465	11,725	12,293	12,217	15,65
Number of Employees Resigning by Gender and Age	Women	Men	Women	Men	Women	Mei
Younger than 30	7,685	7,954	5,819	6,751	8,405	10,296
Aged between 31-49 Years	414	934	948	1,445	1,503	2,09
Over the Age of 50	0	0	3	29	3	2
Number of Employees Resigning	8,099	8,888	6,770	8,225	9,911	12,41
Performance Evaluation	Women	Men	Women	Men	Women	Mei
Number of Employees Subject to Regular Performance Evaluation	110	371	97	258	109	283

Social Performance Indicators

Employee Training	2018	2019	2020
Total Training Hours	245,088	58,160	113,593
Total OHS Training	12,521	464	4,792

_	20	018	20	019	20)20
Number of Subcontractor Employees by Gender	Women	Men	Women	Men	Women	Men
Subcontractor Employees	6	20	5	22	6	25
Total		26	:	27	;	31

	201	8	201	9	202	0
Number of Subcontractor Employees by Category	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time
Subcontractor Employees	23	3	24	3	29	2

OHS Performance*	2020
Number of accidents	582
Number of incidents resulting in death	0
Occupational diseases ratio	0
Time lost due to accident	6,396
Accident frequency rate (IR)**	3.14
Occupational diseases ratio (ODR)***	0
Lost day rate (LDR)****	34.42
Absenteeism rate****	0.13

- Occupational Health and Safety performance is reported only for 2020 due to changes in data collection processes.
- Accident frequency rate: Total number of accidents / (Total hours worked-Lost hours) *1,000,000;
- *** Occupational diseases ratio (ODR): Number of occupational diseases * 200,000 / Total hours worked;
- **** Lost Day Rate: Total number of lost days * 1,000,00,000 / Total hours worked;
- ***** Absenteeism rate (AR) is calculated by using the formulas Lost business hours / Total hours worked.

GRI Standards	Indicator	Page Number and/or Link	Reason of Omission
GRI 101: Foundation 2016			
GRI 102: General Disclosure	es 2016		
	Corporate Profile		
	102-1	8	
	102-2	9, 10	
	102-3	https://sokmarketyatirimciiliskileri.com/en/contact 9, 10	
	102-4	9, 10	
	102-5	https://sokmarketyatirimciiliskileri.com/en/share-information	
	102-6	10, 11	
	102-7	10, 11	
	102-8	42, 43	
	102-9	23, 24, 25	
	102-10	There are no significant organizational changes.	
	102-11	16, 17	
GRI 102:	102-12	18	
General Disclosures 2016	102-13	18	
	Strategy		
	102-14	7	
	102-15	15, 16	
	Ethics and Integri	ty	
	102-16	13, 14	
	Governance		
	102-18	13, 14, 16	
	102-19	16	
	102-20	16	
	102-21	22	
	102-22	13	
	102-23	13	

GRI Standards	Indicator	Page Number and/or Link	Reason of Omission
	102-24	http://faaliyetraporlari.sokmarketyatirimciiliskileri.com/2020/en/home.html	
	102-25	http://faaliyetraporlari.sokmarketyatirimciiliskileri.com/2020/en/home.html	
	102-35	https://sokmarketyatirimciiliskileri.com/en/remuneration-policy	
	Stakeholder Analysis		
	102-40	18	
	102-41	No employee is covered by the collective labor agreement.	
	102-42	18	
	102-43	16, 17	
	102-44	16, 17	
GRI 102:	Reporting		
General Disclosures 2016	102-45	http://faaliyetraporlari.sokmarketyatirimciiliskileri.com/2020/en/home.html	
	102-46	8	
	102-47	17	
	102-48	9, 10	
	102-49	17	
	102-50	January 1, 2020 - December 31, 2020	
	102-51	Sustainability Report 2019	
	102-52	Annual	
	102-53	8	
	102-54	8	
	102-55	44	
	102-56	No assurance sought for this report.	

GRI 200: Economic Standard Series	Indicator	Page Number and/or Link	Reason of Omission
Economic Performance			
	103-1	11	=
GRI 103: Governance Approach 2016	103-2	11	=
7.pp//0001/12010	103-3	11	=
GRI 201: Economic	201-1	http://faaliyetraporlari.sokmarketyatirimciiliskileri.com/2020/en/home.html	
Performance 2016	201-3	http://faaliyetraporlari.sokmarketyatirimciiliskileri.com/2020/en/home.html	
Procurement Practices			
	103-1	23, 24, 25	=
GRI 103: Governance Approach 2016	103-2	23, 24, 25	-
7.pp. 00011 2020	103-3	23, 24, 25	-
GRI 204: Procurement Practices 2016	204-1	23, 24, 25	-
GRI 300: Environmental Standard Series			
Energy			
	103-1	36, 37	=
GRI 103: Governance Approach 2016	103-2	36, 37	-
7.pp//0001/12010	103-3	36, 37, 38	-
ODI 000 Francis 0016	302-1	40	=
GRI 302: Energy 2016	302-4	40	
Water and Wastewater			
	103-1	39	=
GRI 103: Governance Approach 2016	103-2	39	-
	103-3	39	=
GRI 302: Water and Wastewater 2016	303-3	41	-

GRI 300: Environmental Standard Series	Indicator	Page Number and/or Link	Reason of Omission
Emissions			
	103-1	36, 37	-
GRI 103: Governance Approach 2016	103-2	36, 37	-
	103-3	36, 37, 40	-
GRI 305: Emissions 2016	305-1	40	-
GRI 305: Emissions 2016	305-2	40	-
Waste			
	103-1	38	-
GRI 103: Governance Approach 2016	103-2	38	-
7.ppi 00011 2020	103-3	38	-
GRI 306: Waste 2016	306-2	41	-
Supplier Assessment in Line with Environmental Criteria			
	103-1	23, 24, 25	-
GRI 103: Governance Approach 2016	103-2	23, 24, 25	-
Approdon 2010	103-3	23, 24, 25	-
GRI 308: Supplier Assessment in Line with Environmental Criteria 2016	308-1	23, 24, 25	-
GRI 400: Social Standard Se	ries		
Employment			
	103-1	27, 28	-
GRI 103: Governance Approach 2016	103-2	27, 28	-
Approdon 2010	103-3	27, 28	-
	401-1	42	-
GRI 401: Employment 2016	401-3	42	-

GRI 400: Social Standard Series	Indicator	Page Number and/or Link	Reason of Omission
Labor/Management Relations			
GRI 103: Governance Approach 2016	103-1	27, 28	-
	103-2	27, 28	-
	103-3	27, 28	-
GRI 402: Labor/ Management Relations	402-1	Minimum legal notice period is provided to employees prior to the implementation of significant operational changes that could - substantially affect them.	
Occupational Health and Safety			
GRI 103: Governance Approach 2016	103-1	33	=
	103-2	33	-
	103-3	33	-
GRI 403: Occupational Health and Safety 2016	403-1	33, 43	-
	403-5	33, 43	=
	403-9	43	-
	403-10	43	-
Training and Education			
GRI 103: Governance Approach 2016	103-1	28, 29	-
	103-2	28, 29	-
	103-3	28, 29	-
GRI 404: Training and Education 2016	404-1	28, 29, 43	-
	404-2	28, 29	-
	404-3	28, 29, 42	-
Equal Opportunity and Diversity			
GRI 103: Governance Approach 2016	103-1	27	-
	103-2	27	-
	103-3	27	-
GRI 405: Equal Opportunity and Diversity 2016	405-1	13 -	

GRI 400: Social Standard Series	Indicator	Page Number and/or Link	Reason of Omission
Local Communities			
GRI 103: Governance Approach 2016	103-1	34	-
	103-2	34	-
	103-3	34	-
GRI 413: Local Communities 2016	413-1	34	-
Customer Health and Safety			
GRI 103: Governance Approach 2016	103-1	20, 21, 22	-
	103-2	20, 21, 22	-
	103-3	20, 21, 22	-
GRI 416: Customer Health and Safety	416-1	20, 21, 22	-
Topics that are not Covered	by the GRI Stand	ards	
Responsible Production and Fair Trade			
GRI 103: Governance Approach 2016	103-1	20, 21	-
	103-2	20, 21	-
	103-3	20, 21	-
Customer Experience			
GRI 103: Governance Approach 2016	103-1	20, 21	-
	103-2	20, 21	-
	103-3	20, 21	-
Food Waste/Loss			
GRI 103: Governance Approach 2016	103-1	38	-
	103-2	38	-
	103-3	38	-



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