



Sustainability Principles Compliance Statement

A. GENERAL PRINCIPLES

At ŞOK Marketler, environmental, social, and corporate governance matters are addressed by the Sustainability Board that directly reports to the CEO. The Board provides a direction to the strategic steps for the company so as to create value and raise awareness on sustainability while conducting efforts for decision-making processes aimed at disseminating the sustainability culture. The Board convenes at least twice during the year to plan sustainability efforts. It is in charge of identifying and effectively managing the risks and opportunities relating to environmental, social, and corporate governance issues; determining the sustainability strategy, objectives, policies, and roadmaps; taking an active role for the adoption and internalization of sustainability; and effective communication with stakeholders, among others.

In addition to the CEO and CFO, managers from the key departments, including Investor Relations, Sales and Operations, Commercial, Human Resources, Marketing, Quality, Construction, Investment, and Technical Procurement, play an active role on the Sustainability Board. The Working Group of Sustainability Board consists of executives and employees from the Quality Department, CEO office, and Loss Prevention units.

Efforts undertaken are regularly reported to the CEO, always within the timeframes stipulated for the public disclosure of annual reports.

ESG Key Performance Indicators (KPI) are provided on a comparative basis by years in the sustainability report.

Some environmental and social KPIs are monitored regularly and evaluated as per the benchmarks in the domestic and international industry.

ŞOK Marketler continuously works on improving its sustainability performance in business processes, products, and services through innovation, while taking successful steps to implement and integrate them with operational activities. As part of these efforts, we finalized the projects including Forward Planning and Demand Forecasting, Product Distribution Algorithm, Improved Order Suggestion System, and Automatic Invoice Closures. Enhancements are made on these projects every year as part of the business processes.

Goals and action for sustainability performance are disclosed to the public via sustainability and annual reports. The position, performance, and development of the company is explained to stakeholders in interim and annual reports, as well as via the presentations available on the company's corporate website.

ŞOK Marketler is in compliance with a substantial part of CMB's "Sustainability Principles Compliance Framework" on a voluntary basis, and this compliance is demonstrated in the publicly available Sustainability Reports published since 2018.

Under the "Sustainability Principles Compliance Framework," the following has not yet been implemented by the Company: the establishment of ESG policies; setting of and publicly announcing short and long term goals in alignment with the corporation's strategy and ESG policies; reporting of related efforts to the board; developing implementation and action

plans in line with short and long term goals; providing of information on its activities that are related with the United Nations (UN) 2030 Sustainable Development Goals; strategies and action to fight climate crisis; action taken to reduce third parties' greenhouse gas emissions; increasing the use of renewable energies; efforts aimed at the transition to zero or low carbon electricity; renewable energy generation and consumption data; whether or not its operations or activities are registered in a carbon pricing system; as well as studies on membership to international organizations. Efforts related to the principles cited above are ongoing. The plan is full implementation after the administrative, legal, and technical infrastructure works are completed in a manner to contribute to the effective management of the Company.

Utmost care is taken to observe transparency and reliability in the preparation of reports on corporate governance. All developments on priority matters are disclosed in an impartial manner in these reports and disclosures, following a balanced approach.

There is no lawsuit filed against the Company in relation to its environmental, social, and corporate governance activities.

Sustainability data has not been verified. It is planned to expand and secure the scope starting from the prioritized subjects in the coming years. Sustainability performance measurements are disclosed to the public via the Sustainability Report.



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B. ENVIRONMENTAL PRINCIPLES

Believing that its most important duty is to protect the natural capital that will be needed by future generations, ŞOK Marketler strives to become an ethical and environmentally friendly company by managing its environmental impacts. The Company's environmental priorities include reducing its carbon footprint, ensuring energy efficiency, treating waste and packaging effectively, managing water use, and protecting biodiversity.

Strategic activities aimed at increasing the value we create in environmental, social, and corporate governance areas are ongoing. All our teams, Sustainability Board and the Working Group, in particular, continue their efforts to raise our sustainability performance throughout the year. As for environmental performance, we focused on improvements for lower carbon emissions and the fight against climate change in operations under ISO 14001. Accordingly, an Environmental Policy and Integrated Management System Policy were developed and published on the corporate website of the Company. As part of these policies and activities, the Company seeks compliance with the laws on environmental management.

<https://kurumsal.sokmarket.com.tr/en/environmental-policy>

<https://kurumsal.sokmarket.com.tr/en/integrated-management-system-policy>

The scope, reporting period, data collection process, conditions of reporting, and relevant limitations of the environmental report under the Sustainability Report, prepared in line with Sustainability Principles, are explained in the same report. The Annual Report and sustainability report of the Company also describes the roles and responsibilities of the Sustainability Board, where sustainability matters are examined, as well as high-level executives serving at relevant committees.

<https://kurumsal.sokmarket.com.tr/uploads/20200727144834301.pdf>



ŞOK Marketler is a socially responsible company that strives to contribute to the resolution of social issues in Turkey and develops corporate social responsibility projects aimed at these issues. So as to meet the goals determined in this area, employees are encouraged to take part in social activities relating to the environment, health, education, and sports.

Efforts in connection with energy management, packaging, and waste management are aligned with the business model to address environmental issues, while targets are determined and strategies formulated in this area.

ŞOK Marketler has adopted the motto, "sustainability is our promise for future generations," which involves a holistic management approach. The motto adds to the performance of the Company in three areas - product, people, and the planet - which constitutes the basis of all relevant activities.

Accordingly, the Company's corporate goals are as follows:

Product – Inspire

To inspire customers to adopt a healthy diet and lifestyle, and also to make customer safety a focal point, while ensuring that products are delivered to customers at the highest standards and best prices.

People - Empower

To grow together with the community, by engaging in efforts that will contribute to social and economic development for employees and society, and embracing business models that improve social equality.

Planet-Restore

To restore environmental conditions for future generations by protecting natural resources and prioritizing energy efficiency and savings.

Activities developed to serve this approach also contribute to the achievement of Sustainable Development Goals.

ŞOK Marketler extends the quality and safety-driven approach not only in its own operations but also throughout the value chain of the Company.

The Company works to inspire a healthy life by contributing to it through the products offered to customers. In order to guarantee the safety and quality of the products displayed to customers on the shelves, the Company works with suppliers who meet national and international food safety and quality standards as well as the terms of the Integrated Management Policy. The Company also contributes to suppliers' development by raising their working conditions to its own standards. ŞOK

Marketler partners with over 1,000 suppliers on average. Product safety and quality processes are managed in accordance with the Integrated Management System, certified with the ISO 9001: 2015 Quality System Management standard. The Company requires suppliers to obtain at least one of the certifications of BRC Global Standard for Food Safety and FSSC 22000 Food Safety System, and relevant audits are carried out accordingly. Existing suppliers are audited at least twice a year, while support is extended to help them improve their performance and address certain requirements as per the findings of these audits. The audits include inspections on compliance with the Ministry of Food, Agriculture and Livestock, Turkish Food Codex Legislation; halal food inspections; and inspections in other areas, depending on the type of product, such as weight, packaging, labeling, etc. Suppliers are divided into certain categories.





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Product Safety and Quality

For ŞOK Marketler, it is a priority to offer products that care for the health of millions of customers who shop in its stores and not compromise on national and international quality standards so as to ensure product safety from the farm to the table and to provide reliable products to customers.

Product safety and quality processes are managed in accordance with the Integrated Management System, certified with the ISO 9001: 2015 Quality System Management standard. The Company requires suppliers to obtain at least one of the certificates, such as BRC Global Standard for Food Safety and FSSC 22000 Food Safety System certifications; and relevant audits are carried out accordingly. Existing suppliers are audited twice a year and as needed. These audits also contribute to suppliers' performance development. Moreover, the audits include inspections on compliance with the Ministry of Food, Agriculture and Livestock Turkish Food Codex Legislation; halal food inspections; and in other areas, depending on the type of product, such as weight, packaging, labeling, etc. ŞOK Marketler manufactures all of its exclusive-branded products in international food safety management certified facilities and controls the conformity of the products with the principles of consumer health and safety.

In addition to audits conducted with suppliers, product safety checks are performed in the stores and warehouses, ensuring compliance with international quality standards.

Effective Communication in Operations: Call Management

Thanks to the Call Management system set-up on ŞOKNET, products with physical and organoleptic quality problems originating from the supplier are prevented from reaching customers. Through the system, stores easily report defective products to the Quality Department. After these calls, the quality team checks the relevant product, while suppliers also spot defects arising from production on the same system and take action to remedy such defects. Thanks to this system, the Company protects the health and safety of customers, reduces customer complaints and product disposal rates, and improves suppliers' quality and food safety systems.

For ŞOK Marketler, the sustainability of the business and leaving an inhabitable world for future generations is only possible with good and effective environmental management. The Company strives to minimize its environmental impact and improve its performance on a daily basis for a healthy world. Although it is not a member of an environmental foundation, ŞOK Marketler regularly attends the conferences, congresses, seminars, and similar events organized by non-governmental and professional organizations.

Natural resources and ecosystems are fundamental for the continuation of life as we know it. The severity of the

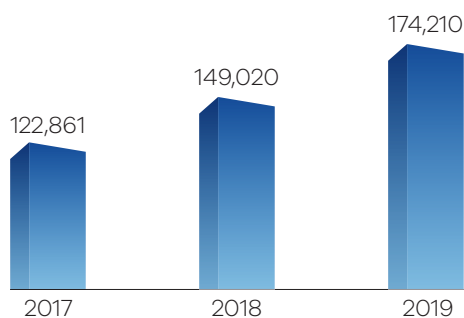
climate crisis, scarce natural resources, ever-rising environmental pollution, and an eroding biodiversity all bring along direct negative consequences for agricultural activity. Therefore, conservation of the natural capital requires all stakeholders, businesses, and public institutions, in particular, to take on responsibility. ŞOK Marketler evaluates the environmental impact of its operations and strives to manage this impact in the best manner to become an environmentally-sensitive and responsive company. In this regard, investments are made to fight against the climate crisis, reduce carbon emissions, and increase energy efficiency, while effective water, waste, and packaging management practices are developed to minimize the impact on the environment and natural resources.

Energy Management

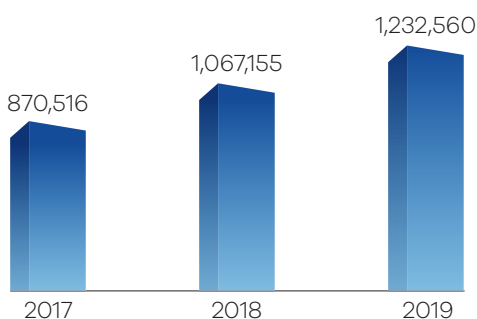
The impacts caused by climate change, the decrease in productivity in agricultural activities due to the diminution of natural resources, and the damaging of ecosystems require the professional world to take responsibility for the protection of natural capital. ŞOK Marketler values energy management to reduce its carbon footprint by managing its environmental impact and have effective resource management. Practices to reduce environmental impact play an important role in strengthening corporate perception and providing a competitive advantage. Effective environmental management, which is part of ŞOK Marketler's corporate citizenship approach, strives to achieve the goal of creating a better world for all stakeholders.

The basis of the environmental management approach is the impacts of this approach within the sector and the Environmental Policy adhered to under all circumstances. In order to manage the environmental impacts of the activities at global standards, ŞOK Marketler received an ISO 14001 certification both for the head office and stores in 2019 after successfully completing the ISO 14001 Certification process which started in 2018.

**Carbon Emissions
(Ton CO₂e)**



**Energy Consumption
(MWh)**



Under the In-Store Energy Efficiency Project, launched in 2019 and planned for full adoption across all stores by the end of 2021, energy consumption per store was reduced by 20% on average thanks to Energy Efficient Stores.

Efforts are ongoing for increased use of renewable energy and transition to zero or low carbon electricity.

We are not part of a carbon pricing system in operational activities. During the reporting period, no carbon credit has been accumulated or purchased and no carbon pricing has been implemented at the Company.

Packaging and Waste Management

To minimize the impact of its products and services on the environment, ŞOK Marketler pays special attention to packaging and waste management and prefers packaging made with environmentally friendly raw materials, aiming to reduce the materials used in packaging.

Overall Loss Prevention Committee undertakes active efforts to reduce waste by preventing food waste within the scope of achieving operational excellence by preventing any kind of loss in business processes.

The Company's project aimed at transporting fruit and vegetable products using reusable crates is intended to reduce, to a great extent, the amount of waste and cut the costs associated with the use of crates. The Company has begun to use special reusable crates that are disinfected in accordance with food safety

standards. These crates are beneficial in terms of reducing packaging waste and environmental impacts, achieving a standard in terms of product display, facilitating ergonomic carriage and transportation, and reducing cost.

Other environmental indicators, namely, greenhouse gas emissions, energy, air quality, energy management, water and wastewater management, and biodiversity, are among the areas of focus for the Company. Their environmental impacts and relevant information are disclosed in the sustainability report on an annual basis, with comparisons to the previous years. Standards, protocols, methodologies, and the details of the base year - which are all used for the data and calculations in reports - are also provided in the relevant year's sustainability report.

Efforts to set short- and long-term goals to reduce environmental impacts are ongoing though no goal has been announced up to date.

Strategies to fight against the climate crisis are examined in the relevant periods, and details of the action plan are provided in the sustainability report.

One of our primary objectives is to guarantee utmost hygiene in the production and offer the products under the most appropriate conditions. To this end, we perform controls via regular audits, meetings, training sessions, e-mail information, and social media. Works are ongoing to reduce third parties' greenhouse gas emissions.



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Water Management

Changing and dropping precipitation due to climate change, coupled with growing consumption and production, requires effective management of water sources. Failure to develop efficiency-focused policies to minimize the consumption of this vital natural source adds to the risk of drought in water-scarce parts of the world, while new risks arise in the regions where water is abundant. Water used in the stores and head office is connected to the grid. Practices are formulated to reduce consumption and increase efficiency for the purposes of water management. Use of water at the head office, stores, and warehouses are monitored, while employee awareness is raised via communications and statistical information on unnecessary use of water.

With a service network extending across Turkey, ŞOK Marketler attaches great importance to contributing to the socio-economic development of Turkey. The Company both empowers and grows stronger together with society, through business models directed towards improving social equality. Every initiative undertaken by the Company to improve employee satisfaction also helps create a stronger society.

C. SOCIAL PRINCIPLES

Human and Employee Rights

A focus on customer experience is critical to have a distinctive place in the highly-competitive retail industry. Competent and happy employees are key to ensure customers are satisfied with their shopping experience. At the Head Office and over 8,000 stores across Turkey, we aim to offer a happy shopping experience to customers with some 35,000 employees. We continuously invest in our employees and develop practices to boost their know-how, commitment, motivation, and happiness so as to reach this goal.

We stand against all forms of discrimination in line with ŞOK 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.). ŞOK Marketler Human Resources Policy is available and accessible from the Company's corporate website.

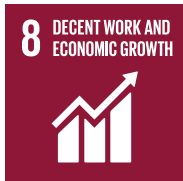
<https://kurumsal.sokmarket.com.tr/en/human-resources/our-hr-policy>

The Corporate Human Rights and Employee Rights Policy, which involves the Company's commitment to full compliance with the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey, and legal framework and laws governing human rights and labor in Turkey, has not been established yet.

Making a difference in a highly competitive retail industry centered on customer satisfaction is deeply connected with the satisfaction of employees – the Company's invaluable stakeholders. ŞOK Marketler strives to foster an equal, fair and healthy working environment, embracing diversity for employees' comfort and satisfaction, and offering training opportunities that allow employees to develop professionally within the sector.

In order to manage its team growing every year in the most effective way, ŞOK Marketler reviews and improves its human resources practices. The Company not only contributes to the employment of the country ceaselessly but also contributes to the national economy with the added value it creates. ŞOK Marketler is one large family, with some 35,000 employees who work in over 8,000 stores across 81 provinces. This family is expanding, with new employees every year.

Measures have been taken within the value chain to guarantee equal opportunities and minority rights for certain economically, environmentally, and socially vulnerable groups (low-income groups, women, etc.).



Accordingly, ŞOK Marketler attaches great importance that women join the workforce and return to their jobs after taking a break. With this perspective, the Company provides suitable working conditions for female employees to return to their jobs after having children. In the last three years, approximately 62% of employees who have been on maternity leave have returned to their jobs at ŞOK Marketler.

In addition, we support housewives with the project "Ben de Varım" aimed at women's empowerment in socioeconomic life. The project allows women to put their handmade cloth bags on sale in our stores.

Performance and Career Management

Employees can evaluate their performances, set future goals, and identify their fields of development only by means of effective performance management. In this context, ŞOK Marketler enhances the motivation and competence of its employees and strengthens their sense of belonging through its Performance Management System.

Determined by Yıldız Holding as an umbrella system, the Company implements the Performance Management System for all head office employees. Accordingly, employees' business results are evaluated in terms of targets and competencies.

The performance system consists of three main periods repeated annually: goal setting, mid-term assessment, and assessment period. The assessments include evaluations of employees' self-determined targets, as well as the responsibilities of their particular position.

Following an employee's self-assessment at the end of the year, they are also assessed by their first and second managers, completing the process. The performance of all employees is measured against a Company achievement coefficient.

ŞOK Marketler strives to be a preferred employer and invests in its employees' professional and personal development and well-being. In this way, employees are offered a career journey that will enable them to use their potential in the most effective way. This planning process is handled in a holistic manner together with performance management and training processes.





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Employee Development

Retail companies need to adapt quickly to rapid changes in shopping habits triggered by technological developments, customers' changing expectations and demands, and fierce competition in the sector. Therefore, the Company believes that adaptation to sector developments, progress towards strategic targets, and the advancement of exemplary practices is only possible through its employees' dedication and development.

The Company offers employees training, development, and career planning opportunities based on the principles of equal opportunity and fair management.

Need-Based Training Sessions

The Company offers tailored training opportunities to employees, to enhance their professional and personal skills and support their career development.

Employees at the Head Office can also participate in training sessions across a wide range of fields. These courses cover topics such as leadership, communication, presentation techniques, time management, and problem-solving, all of which contribute to social skills development. Employees in managerial and other senior positions can participate in the leadership courses available in the same catalog.

Academy ŞOK

Keeping up with the digital transformation process, ŞOK Marketler has implemented the Academy ŞOK e-learning and development platform in the field of education. The Company has laid the foundations of a company culture that "learns from each other" by supporting the simultaneous development processes of all employees in its headquarters and stores through this platform. Academy ŞOK 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, the Company offers its 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.

Academy ŞOK aims to promote strong company culture and update employees in the most rapid and appropriate manner, making our operational processes more effective. Following a successful pilot stage, the platform was made available to all employees. 87% of the employees actively use Academy ŞOK which received the TEGEP (the Learning and Development Platform Association of Turkey) 2019 Learning and Development Award.

Human Resources Career Planning for Employees

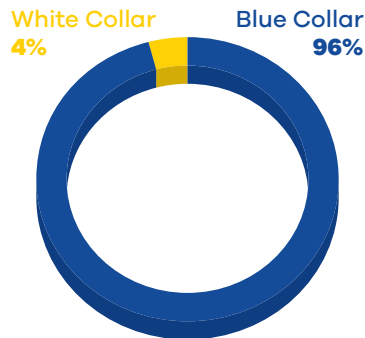
"Human Resources Career Planning" is conducted annually for the Head Office and branch offices. During this process, the Department analyzes employees' strengths and areas for improvement and creates a career 'road-map'; this data is recorded and referenced during the following assessment periods. Development tools, including coaching, mentoring, class training, rotation, and project ownership, are used in line with Human Resources processes, in this case, the 70-20-10 model.

In the Company's stores, "In-Store Human Resources Planning" is conducted four times a year. After each session, store managers identified as 'promotable' are assessed in a separate process. Using case studies, individual presentations, and Q&A sessions, the Company can identify candidates for promotion or provide them with self-development plans.

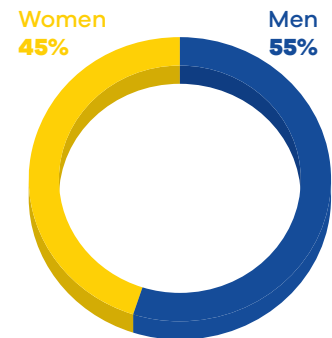
Leadership Development Program

ŞOK Marketler conducts the "Tactics Here" leadership development program for field executives, including regional executives, regional managers, and branch managers with critical positions for the operations to run smoothly. During this program, regional executives received four days, regional managers three days, and branch managers six days of classroom training. The program was extended to include training content for the development of eight leadership skills in the qualifications required for field executives. In addition, branch managers were offered a one-day coaching training session.

Employees by Category



Employees by Gender



Compensation Policy Based on Merit

The Company’s compensation system is managed by a common hierarchical structure, based on the content of the job. ŞOK Marketler pays an equal and competitive wage consistent with the market, according to annual market wage research reports, upon assessing employees’ performance through this system. As well, the Company provides employees with fringe benefits that vary in content based on their position.

Employees in managerial and other senior positions at the Head Office are awarded an annual performance bonus based on Performance Management System assessment results. A sales premium system is in place for encouraging the sales team members. Furthermore, the “Instant Reward” system in which employees who have a significant contribution to ŞOK Marketler are rewarded as soon as possible has been launched. Using the “Instant Reward” system, managers can nominate employees and, if the recommendation is appropriate, the employee is rewarded.

Employee Loyalty and Satisfaction

Events and special occasion celebrations, determined with dates announced to the head office and branch offices as per an annual internal communication calendar, play an important role in supporting employee loyalty.

Leadership Skills



Performance Assessment System





Sustainability Principles Compliance Statement



Occupational Health and Safety

Committed to providing a safe, healthy and peaceful work environment to its employees and a similar shopping experience to its customers, ŞOK Marketler pays regard to Occupational Health and Safety principles.

The Human Resources Director is the highest-ranking senior executive in charge of Occupational Health and Safety. The HR Director regularly submits reports directly to the CEO. The Company manages Occupational Health and Safety issues with a risk-based, systematic approach and operates in compliance with relevant legal regulations. There is no other separate Occupational Health and Safety Policy implemented at the Company.

The policy on the protection of personal data and data security has been established and disclosed to the public (<https://sokmarketyatirimciiliskileri.com/en/protection-of-personal-data>).

Code of Conduct constitutes the basis for our business processes and guides us in our relations with employees, customers, suppliers, business partners, shareholders, public institutions, the environment, and society. We provide our employees with a working environment where they feel safe, comfortable, and valued, and that fits the nature of the job performed.

In 2019, we amended our Ethical Principles in alignment with our sector and developed ŞOK Marketler A.Ş. Code of Conduct. Code of Conduct governs matters such as human rights and employee rights, the environment, health and safety, and data privacy while specifying the requirements to prevent behavior involving corruption, bribery, and payments to facilitate or accelerate business. Every year, we run training courses on the Code of Conduct for our employees. The Code of Conduct serves as a guiding light for us in our relations with all our stakeholders, first and foremost our contracted suppliers.

ŞOK Marketler Code of Conduct

Regulatory Compliance and Responsibilities

We conduct all activities and operations in Turkey and abroad in compliance with applicable laws and international law. We value accurate and timely communication in our relations with regulatory authorities. We conduct business in compliance with the laws, regulations, and professional standards, as well as the Yıldız Holding Code of Conduct.

Human and Employee Rights

We respect human rights, individual differences, and the personal traits of individuals. We are committed to providing equal opportunities to our employees and candidates who apply for a position in the Company. We protect the confidentiality of their personal information. We do not discriminate with regard to gender, race, religion, language, marital status, political opinion, age, and disability.

We provide our employees with a working environment where they feel safe, comfortable, and valued, and that fits the nature of the job performed.

As ŞOK Marketler, we reject the use of child labor other than in those cases permitted by law. We do not work with any supplier or contractor that uses children as a means for labor. We utilize impartial methods and practices to measure our employees' performance and ensure, looking at their results, that they are offered opportunities for improvement in the related areas. We promote a system where solidarity and collaboration are fundamental, and achievements are shared, rather than tolerating a negative environment based on competition. We encourage off-time social activities that enrich our employees' social lives.

We consider it fundamental to stand in solidarity with employees and their families in extraordinary situations such as natural disasters.

Mobbing

Mobbing is defined as intimidation of employees by psychological violence, pressure, obstruction, and harassment. We develop measures to prevent mobbing attempts – which are

considered a crime in Turkish Criminal Law – that will protect our employees against such treatment. We care about protecting our employees' dignity and we do not tolerate any breach of their personal values or allow them to be terrorized by emotional attacks of any kind, including psychological pressure and harassment, from any person or organization.

Environment, Health and Safety

As an environment-friendly company, we conduct our activities in full compliance with environmental legislation. We work to prevent the pollution of air, water, and soil while implementing recycling and re-use processes to minimize the amount of waste. We develop methods to protect natural resources including energy and water conservation and undertake efforts for efficient use of energy and materials.

We identify risks for urgent environmental issues and take measures to minimize them. We provide employees and subcontractors with courses on environmental protection to raise their awareness. We observe all laws and regulations on occupational health and safety. We implement the principles of 'Risk Management' in order to create a safe and healthy working environment. We ensure and require that adequate personal protective equipment is used and that safety measures are taken.

We prohibit the use of alcohol and drugs at work, and/or in a manner to impact work performance, and we prohibit smoking in areas other than designated smoking areas.

We ensure that our employees are aware of their important responsibility and role in the implementation of corporate policies and regulations on workplace health and safety. We value the health of society and consumers as a retail company.

Our Responsibilities to Shareholders

We manage the resources and assets of our company with efficiency and foresight, in favor of the interests of our shareholders. We also consider shareholders' opinions in decision-making processes. We regulate our relations with them in the context of

financial discipline and transparency. Any share sales and purchase transactions regarding our public company are conducted in accordance with legal procedures.

We invest in areas that will boost our competitive power and generate high returns by taking into account sustainable profitability. Our announcements to the public and shareholders provide timely, accurate, and comprehensible information regarding our financial statements, strategies, investments, and risk profile within the scope of the applicable laws.

Political Activities

ŞOK Marketler does not engage in collaborative or supportive actions with political parties or groups acting for their interests and does not conduct activities on behalf of political parties. Any decisions by our employees to contribute to any political or social activity are entirely personal decisions. However, we request that our employees conduct their political activities outside working hours and that they do not solicit their colleagues regarding these topics. Furthermore, our employees are strictly prohibited from using the Company name, their position, their title, or the Company's resources for any political activities.

Social Responsibility, Volunteering, Donations and Sustainability

In line with our social awareness, we participate in projects to contribute to the development of society and we make donations. We require that our corporate donations and social support are carried out for projects, organizations, and institutions in compliance with our internal regulations, the Yıldız Holding Code of Conduct, and the Company's reputation. We do not provide donations for private accounts and for-profit organizations. We encourage employees to participate in social activities in fields such as environment, health, education, and sports, provided that their individual volunteering efforts are undertaken with their own resources, take place outside the workplace, and do not interfere with their work performance. We pursue human and social healthcare and protect the environment in our own activities and in the activities of our suppliers and business partners.



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Our Responsibilities to Third Parties

Relations with Public Organizations and Institutions

In conducting our activities and operations, we treat public institutions, organizations, civil society organizations, and political parties equally, without seeking interest. We avoid any relation, influence, and action that may interfere with making fair and impartial decisions regarding our activities. We do not provide any benefits of pecuniary and non-pecuniary value to public officials. We provide timely, accurate, correct, and comprehensive information to the public and our shareholders. We provide the public with any kind of information, including developments and changes, that might have an effect on the value of the investments traded in the capital markets, within the legally defined terms. We protect the confidentiality of insider information that has not yet been made public. We hold employees who are involved in bids, tender preparations, and negotiations accountable for the accuracy and truth of all their statements, correspondence, and declarations to relevant parties.

Relations with Suppliers and Business Partners

Honest and fair treatment in our relations with suppliers and business partners is always essential for us. We expect suppliers and business partners to comply with ŞOK Marketler's Code of Conduct and Working Principles, to share these values, and act accordingly. We make it mandatory for our suppliers and business partners to maintain compliance with laws and regulations, to respect their employees' rights, and to observe standards in fields such as environmental protection.

Relations with Customers and Consumers

The satisfaction and comfort of our customers is a top priority. We abstain from practices that are unfair or misleading in our relations with them. We handle customers' opinions, requests, and complaints and take them into account in our decisions. We promptly solve any and all supplier-related problems from the time of shipment to delivery and work to make sure product quality exceeds customers' expectations. We aim at providing the best service by focusing on changing customer and market needs.

Relations with Competitors and Compliance with Competition Laws

We are committed to acting in full compliance with applicable fair competition rules and applicable laws and regulations in effect in Turkey. We require our employees to comply with these laws and regulations. We do not deliver statements against our competitors and their directors and abstain from any remarks that may lead to speculations about them. We do not resort to unethical means to access information about other companies. We also have practices in place that prevent employees from resorting to such means. We prohibit employees from delivering remarks on information that shapes or impacts our competitive actions. Furthermore, we do not tolerate industrial espionage by our employees, nor bribery and/or theft.

Media Relations

We follow an open and transparent communication model with the media. We ensure that our corporate messages, information, and announcements do not mislead public opinion. We treat all media organizations equally

and impartially. We respond to the requests from the media regarding ŞOK Marketler's financial data or the industry in coordination with the Corporate Communication Department in charge of these matters. We forward inquiries and requests from the media to the relevant departments. We prefer to have written communications with the media.

Distinction of Corporate and Personal Interests

Definition of Conflict of Interest

A situation in which employees, family members, and close relatives benefit from commercial activities conducted with the suppliers of ŞOK Marketler is defined as a conflict of interest. We do not permit employees to work in the position of the Company's supplier. Similarly, neither their family members nor relatives may be suppliers of the company our employees are affiliated with. We prohibit employees from investing in, or lending money to, our suppliers in a manner that conflicts with corporate interests. Similarly, we do not allow our employees to benefit from special advantages and conditions provided by the supplier to the Company for their personal interests. We advise employees to consult Yıldız Holding's Ethical Board and their supervisors to determine whether actions of this nature constitute a conflict of interest.

Accepting or Giving Gifts or Benefits (Credit, Discount, etc.)

We prohibit employees from giving or receiving cash or redeemable gifts from ŞOK Marketler's suppliers that might have an impact on their impartiality and decisions. Our employees are rewarded with gifts through the internal reward system in place at the Company. Employees are obliged to comply with relevant corporate regulations on accepting and giving gifts.

Investments by Employees

We compel the employees of our public companies and their employees who have access to insider information to act in accordance with the Disclosure Policy and regulation of the relevant company. We prohibit our employees from investing in or lending money to the parent company or branch of any supplier affiliated with the Company without the permission of the Chair; or demanding profit from special benefits and conditions introduced to the Company for the suppliers or customers, for personal interest.

Purchase and Sales Policy of the Company's Equity Shares

We compel our employees to comply with legal regulations and the Company's internal procedures regarding the trading of Company equity shares to avoid any conflict of interest.

Duties Outside the Company

We expect our employees to comply with their employment agreements and loyalty rules. In accordance with the Company's regulations in force, we do not permit our full-time employees to work for any other organization outside our Company. We do not permit our employees to conduct activities directly or indirectly defined as "tradesman" or "artisan." Likewise, our employees are not permitted to be employed by competitors or companies that have business relations with the Company. We allow our part-time employees, or employees with consultant status, to conduct outside activities, with the exception of competitors, provided that they inform the management of the company they are affiliated with.

Participation by Employees as Speakers in Events

According to the Company information policy, appointed Company spokespersons/representatives may share information approved by the corporate communication and other relevant departments with the public. Any charges incurred due to any duty representing the Company, conducted in any kind of association, employer union, or similar non-governmental

organization shall be covered by the relevant organization. Any payments made by third parties to the employees of ŞOK Marketler in exchange for a seminar speaker fee or similar service shall also be covered by the relevant organization. With the exception of gifts with pecuniary value, our employees may accept symbolic mementos such as awards, shields, plaques, etc.

Relatives and Friends

Managers authorized for recruitment decisions may not hire their first-degree relatives and the relatives thereof. We require our employees to notify the Company in written form within one month in the case that any of their first-degree relatives are employed in critical positions by any competitor.

Representation and Entertainment

We have representation funds available for supplier entertainment and expenses for business meeting costs. We prefer representation costs to be used only in the relevant areas. We don't allow their transfer from one budget spending area to another. It is essential that all expenditures are documented by invoices; invoices from other entities may not be obtained for expenditures that are not invoiced. We require legally compliant notes of expenses where necessary. Non-deductible expenses are kept in non-deductible expense accounts and are recorded to the receivable accounts of the relevant companies. Business-related entertainment activities are carefully examined according to corporate standards and relevant internal regulations and are approved by the Company's senior management. Any entertainment expenses other than these are not permitted.

Insider Information

Our employees are prohibited from disclosing any publicly undisclosed information to third parties, either for their personal interest or for the interest of anyone outside the Company. It is strictly prohibited for any employee with access to insider information to profit and/or provide profit to third parties by using such

information (insider trading). Persons with access to insider information include the Chairman and the Members of the Board of Directors of the public company, managers (directors and senior management), auditors, those who may have access to insider information during the execution of their professions and duties, and those who directly or indirectly may have access to insider information because they are known to have contact with the persons mentioned above. We compel the employees of the publicly-held ŞOK Marketler, and our employees with access to corporate information, to comply with the obligations indicated in the relevant Communiqué of the Capital Markets Board and Company policies. Employees of ŞOK Marketler, other than those indicated above, may freely purchase and sell ŞOK Marketler equity shares, by assessing publicly disclosed information without any time limitation. The practices indicated above are also applied to first-degree relatives of the persons mentioned above, and any procedures conducted by first-degree relatives shall be considered to have been conducted by the persons mentioned above.

Anti-Money Laundering and Anti-Corruption

Any kind of aiding and abetting of a person committing a crime or breaking the law by means of legitimizing the sources of income or merchandise, providing direct or indirect profit using deceptive means and tools, participation in any process aimed at investment, or concealment or laundering of the resources obtained by means of such activities, are defined as money laundering. We compel our employees to take great care to fight against money laundering and corruption. For this purpose, our employees are obliged to comply with all provisions of the enforced laws, regulations, and Company policies. ŞOK Marketler is committed to fighting against money laundering activities and supporting efforts regarding the prevention of money laundering activities.



Sustainability Principles Compliance Statement

Protection of Company Assets and Data Confidentiality

Protection of Corporate Assets

Our employees are responsible for the proper use of all active assets and resources of the Group, including intellectual property rights, technology, computer hardware, and support, software, immovable properties, machinery and equipment, raw materials, company vehicles, and cash reserves. The equipment, systems, facilities, and assets of ŞOK Marketler may be used solely to execute the operations of the Company, or for purposes permitted by the management. Unless it is otherwise specified in the regulations published by the Company, Company assets may not be used by our employees for personal purposes or for the benefit of any person outside the Company. We expect our employees to use Company assets in compliance with corporate principles and regulations. We take preventive measures against the use of Company assets by unauthorized third parties or damage to Company assets.

Use of IT Resources

The IT resources of ŞOK Marketler contain all computer hardware owned, leased by, or leased to the company. The hardware in question covers any kind of software, PCs, laptops, network servers, internet access, intranet, and e-mail access devices. All IT resources of ŞOK Marketler, any information created, stored, or transmitted using these resources are the property of ŞOK Marketler. Our employees are required to use these resources properly and responsibly for work purposes in accordance with the laws and company regulations, and take necessary precautions to protect

these resources and prevent access by unauthorized third parties.

Confidential Information and Principles of Protection of Confidential Information

The scope of the confidential information of ŞOK Marketler includes, but is not limited to, the following:

“Commercial information, technical data, financial data, production data, customer information, personal information, product information, equipment and application information, technical formulas and drawings, system and program information, purchase information, engineering information, regulations, work plans and all information not disclosed to the public.” This information is not defined as confidential but is confidential. While performing their duties, our employees protect all confidential information/ documents they have access to. The confidential information they access is used only for the benefit of the work they conduct for the Company, within the framework of legal and ethical rules. Our employees are strictly prohibited from disclosing any publicly undisclosed information to third parties for personal gain or for the benefit of anyone outside the Company.

Even when our employees terminate their employment, they are strictly prohibited from directly or indirectly using or allowing the use of any confidential information or documents of the Company that are indicated above, either in writing or verbally, for personal gain or for the benefit of third parties, without the written permission of the Company.

We expect our employees to pay utmost attention to matters of data confidentiality and security while using any kind of IT resources and electronic communication tools. We expect our employees to comply with the Company’s policies and instructions without exception, and to take the necessary precautions to prevent access by unauthorized parties to confidential information or any leakage of confidential information.

Intellectual Property Rights

The scope of the “Intellectual Property Rights” of ŞOK Marketler includes, but is not limited to, the following:

“Intellectual rights of ŞOK Marketler such as brands, patents, databases, printed communication materials, processes, advertisements, product packages, labels and plans (marketing, production, technique), product designs, know-how and any information, including any kind of innovations written, invented, developed, produced or implemented by employees.”

Any commercial/financial rights of intellectual properties generated by our employees during their employment and execution of their duties using Company resources, such as products, designs, programs, etc., are the property of the Company and no person or party may make any claims against the Company regarding this matter.

We expect our employees to be aware that any correspondence, written material, documents or records, special process information, regulations, and the Company’s private workflow information – confidential or not confidential – are the property of Yıldız Holding and its affiliated companies and must remain within the Company.

We stipulate that our employees comply with all rules and laws regarding software licenses, patents, and copyrights and, in order to enable them to conduct their work, we legally supply all necessary software and copyrights. Employees may not use our account illegally.

Product and Service Quality

We act in accordance with the legislation of the countries where we conduct our activities and contribute to the establishment of legal regulations aimed at providing product quality and consumer wellbeing.

We conduct our activities in accordance with such international quality standards as ISO 90001,14000, and 450001, and implement all our quality certificates together with our employees. We provide our customers with easily accessible high-quality products and strong brands, along with the best service.

Abuse and Irregularity

We abstain from bribery, deception, or any other unethical conduct in the countries and business areas where we conduct activities.

In business relations where our employees are responsible, we compel our employees to act in accordance with relevant laws or regulations, to avoid deliberate partnerships with parties that violate such laws and regulations, and to abstain from any means that are deceptive, dishonest, or unethical.

We prohibit our employees from using their authority for their personal gain and/or for the benefit of their relatives, and from exercising their agency beyond the due care expected of them, which could cause harm to ŞOK Marketler.

We do not permit our employees to gain any direct or indirect personal profit from any purchase and sale activities, transactions, and agreements to which ŞOK Marketler is a party.

We expect our employees to immediately notify their managers and/or the Yıldız Holding Ethical Board in the case of any irregularities of such nature in any business relations.

Accuracy in Records and Financial Reporting

Accurate and Complete Bookkeeping

It is essential at ŞOK Marketler that all records are kept in accordance with the legislation. The documents of commercial and financial transactions must reflect the real situation. No payment used outside its intended purpose shall be made or approved.

Presenting Accurate Information and Financial Reports to All Necessary Parties

In all their services and transactions, ŞOK Marketler provides accurate, complete, and timely information transfer to all investors, customers, suppliers, and official authorities in accordance with the legislation.

Advertising and Promotion

ŞOK Marketler does not give deceptive or misleading advertising or make false statements in their sales and marketing activities. Our advertising does not contain any gender, religion, or race discrimination or any elements of individual humiliation and violence.

Compliance Responsibility and Notification of Violations

If and when the ŞOK Marketler employees need guidance with respect to the Code of Conduct and Working Principles, they should consult the relevant ethical conduct guide, a senior manager, the relevant human resources manager, and the Ethics Committee (bildirim@sokmarket.com.tr).

Employees are required to report any action or situation they consider to be in violation of ethical rules, as follows: In writing, to ŞOK Marketler's CEO, or to the Ethics Board via e-mail (bildirim@sokmarket.com.tr). Although signed notifications of ethical violations are preferred, anonymous notifications of ethical violations are also taken into consideration. The evaluation of violations is conducted by the Ethics Board. The opinion of the relevant support department (Legal, Audit, HR, etc.) is solicited when necessary. All notifications are kept confidential. Notifications are reviewed by the Ethics Board and appropriate actions/measures are taken in accordance with the Board's decision. ŞOK Marketler is committed to protecting the rights of employees who submit reports to the Ethics Board. Retaliation against employees who report ethical violations is prohibited, and necessary actions are taken against persons who attempt to retaliate. We expect our employees to adopt attitudes in accordance with an awareness of their responsibilities and work ethics, and to act in line with the meaning and the purpose of the Code of Conduct.

Employees are notified of Environmental, Social, and Corporate Governance policies and practices via internal informative e-mails, Academy ŞOK, meetings, ŞOKNET (intranet system), surveys, social media, the Sustainability Report, and annual report.





Sustainability Principles Compliance Statement

Stakeholders, International Standards and Initiatives

ŞOK Marketler conducts sustainability activities by considering the needs and priorities of all stakeholders including but not limited to employees, customers, suppliers, service providers, public institutions, shareholders, society, and non-governmental organizations. Efforts conducted with Stakeholder Groups are summarized in the table below.

Stakeholder Group	Communication Method	Communication Frequency
Employees	Internal informative e-mails, Academy ŞOK, meetings, ŞOKNET (intranet system), surveys, social media, sustainability report	Continuously
Shareholders, Investors	The Investor Relations department's communications, annual report, sustainability report, website, Public Disclosure Platform, conference attendance, other meetings and webcasts	Continuously
Customers	Website, Cepte ŞOK, communication center, product catalogs, informative e-mails, and short messages, surveys, meetings	Continuously
Suppliers	Audits, Zincir (intranet system), B2B meetings, e-mails, social media	Continuously
Public Institutions	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, Professional Organizations	Congresses, conferences, seminars, other similar events, and joint projects	Continuously
Universities and Research Centers	Joint projects, conferences, training	Continuously
International Certification Agencies	Visits (system monitoring audits)	At least once a year

Focusing on customer satisfaction across all operations, ŞOK Marketler aims to provide a comfortable and easy shopping experience in stores across 81 provinces of Turkey, as well as on its online channel. The Company closely follows consumer trends in Turkey and designs its stores taking into consideration five fundamental factors: proximity, price, product variety, exclusive brands, and convenient shopping experience. ŞOK Marketler fully renovated the store concept and diversified its product range in 2015, and opened 930 new stores in 2020, increasing the total number of stores in 81 provinces to 8,145 stores.

ŞOK Marketler determines the prices of its products so that they are affordable for every budget and contributes to the purchasing power of its customers with various promotions. Fairly priced fresh vegetables and fruits are also supplied to customers directly.

Featuring a store design that creates a pleasant atmosphere for customers and provides them with a convenient shopping experience, ŞOK Marketler offers shoppers the opportunity to purchase almost all of their basic needs from the ŞOK store closest to their homes.

Renovated shops, with wide and bright corridors and regular shelves in which products are separated by categories, offer customers the opportunity to easily find all the products they seek in a comfortable shopping environment. Along with the opportunity to purchase quality products at an affordable price, customers also benefit from promotions that offer advantages

in various product groups. Activities that have been carried out to improve the shopping experience also positively affect the number of sales transactions.

The focus of the Company is to enhance the shopping experience with innovative and digital solutions in parallel with customers' rapidly changing expectations and needs. ŞOK Marketler launched its online shopping service with its mobile application, Cepte ŞOK, a first in its field. With products that are suitable for all budgets, the Company aims to be accessible in all regions of Turkey. "Click and collect," which was launched two years ago as part of Cepte ŞOK, was enhanced with a "home delivery" feature to address the needs of those customers, who lived alone, were prohibited to leave home and thus not able to do shopping during Covid-19. A feature ŞOK Marketler had been working on for the past year, "home delivery" has been quickly introduced during the pandemic. With Cepte ŞOK, users' orders are delivered to their door free of charge on the same day upon online payment of ordered products on the app. ŞOK Marketler constantly expands the scope of support provided to agriculture and farmers through projects launched and strategic partnerships. Under the project, "Fair Agriculture from Farm to Table," ŞOK Marketler implements subcontracted agricultural practices and direct procurement methods, providing a procurement guarantee to protect farmers and promote production. Efforts are ongoing to support farmers through procurement guarantees and contribute to consumers' purchasing power as part of the project, "Fair Agriculture from Farm to Table."

Customer Relations Management

While carrying out research in order to create a better shopping experience, ŞOK Marketler also establishes dedicated communication channels with its customers by taking into account consumer expectations. It is among the Company's priorities to encourage customers to use these communication channels to share requests, opinions, and expectations.

The Company receives and responds to customer feedback via the Call Center of Customer Services at 0850 808 00 00 and takes action to handle customer complaints.

ŞOK Marketler listens to customer feedback about products and services in order to manage the shopping experience in the most effective way. In this context, the Company conducts customer satisfaction surveys to follow and respond to evolving customer trends in a timely manner. ŞOK Marketler evaluates its stores regularly with respect to areas such as product, fruit and vegetable department, personnel service quality, and the physical condition of the store. In this regard, "Mystery Shopper Surveys" are performed. Furthermore, in the 2020 Brand Health Tracking Survey conducted among consumers to evaluate a brand image, ŞOK Marketler maintained its leading rank, with the second-highest level of TOM (Top of Mind) among retailers.

The international reporting standards adopted by the Company are communicated via the Sustainability Report, Annual Report, and the quarterly CMB Report.

Currently, the Company is not a signatory or member of international organizations or principles, nor has it adopted international principles.

ŞOK Marketler releases Sustainability Reports on a voluntary basis since 2018 and has been listed on Borsa Istanbul's Sustainability Index since 2019.

D. CORPORATE GOVERNANCE PRINCIPLES

Pursuant to Article 17 of the Capital Market Law No: 6362, dated December 6, 2012, and II-17.1 Corporate Governance Communiqué released on January 3, 2014, issuance of a "Corporate Governance Principles Compliance Report" and compliance with specified Corporate Governance Principles have become mandatory for companies traded on Borsa Istanbul

(BIST). Accordingly, the Company has resolved that the requirements imposed by the CMB be strictly followed, and necessary efforts are undertaken to guarantee compliance with other principles described in those Communiqués.

Although full compliance with non-mandatory Corporate Governance Principles is a target, it has not yet been achieved due to difficulties regarding implementation of some principles and some principles failing to align with the existing structure of the market and the Company.

The principles that have not been implemented yet have not resulted in a conflict of interest among stakeholders up today. However, they are being worked on and the plan is to adopt them upon the completion of the administrative, legal and technical infrastructure works that would contribute to the Company's effective management.

Sustainability, the environmental impact of operations, and principles to this end are taken into account while establishing the corporate governance strategy.

As provided for in the Corporate Governance Principles, the Company takes necessary measures to comply with principles regarding stakeholders and strengthen communication with them.

ŞOK Marketler conducts social responsibility projects such as "Ben de Varım," while performing activities to raise awareness via different platforms.

The Company substantially complies with international sustainability standards, while continues efforts aimed at membership in related initiatives and contributions to these activities.

Thanks to the Code of Conduct developed, ŞOK Marketler is engaged in efforts related to Anti-Corruption and Anti Bribery, as well as tax integrity.