

SUSTAINABILITY PRINCIPLES COMPLIANCE STATEMENT

A. GENERAL PRINCIPLES

At ŞOK Marketler, environmental, social, and corporate governance matters are addressed by the Sustainability Committee that directly reports to the CEO. The Committee 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 Committee 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, Trade, Human Resources, Marketing, Quality, Construction, Investment, and Technical Procurement, play an active role on the Sustainability Committee. Established as a support structure for the Sustainability Committee in 2018, the Study Group implements the decisions taken at the Committee and is composed of managers and employees from the Quality, 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 (KPIs) 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 continues its 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. Within the scope of these activities, Advanced Planning and Demand Forecasting, Product Distribution Algorithm, Development of Order Suggestion System and Automatic Invoice Payment projects were completed. Improvements are made every year in the relevant projects within the scope of 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 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 of these efforts 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 the relevant reports under the Corporate Governance Principles. All developments on priority matters are disclosed in an impartial manner in these reports prepared and disclosures made, following a balanced approach.

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

Within the scope of its sustainability efforts in 2023, the Company received independent assurance services for environmental performance indicators such as energy and water consumption, greenhouse gas emissions and waste amount as well as social performance indicators such as number of employees by gender, category and working hours, OHS performance, number of subcontracted employees and training hours, and plans to expand the scope of these services in the coming years, starting from priority issues. The independent assurance statement is available in Annex-4 Independent Assurance Report section of the 2022 sustainability report. <https://kurumsal.sokmarket.com.tr/uploads/2023083118250751126.pdf> Sustainability performance measurements are disclosed to the public via the Sustainability Report.

SUSTAINABILITY PRINCIPLES COMPLIANCE STATEMENT

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.

ŞOK Marketler continues its strategic activities to increase the value produced in environmental, social, and corporate governance areas. All the teams, Sustainability Committee and the Study Group, in particular, continue their efforts to raise the sustainability performance throughout the year. On the environmental performance side, it was focused on improving the operations within the scope of ISO 14001 in order to reduce carbon emissions and fight against climate change. 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 Committee, where sustainability matters are examined, as well as high-level executives serving at relevant committees.

<https://kurumsal.sokmarket.com.tr/uploads/2023083118250751126.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, and use of water are managed in line with the business model, while targets are determined and strategies are developed in this regard.

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

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 sustainability activities.

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

Inspire

To inspire customers to adopt a healthy diet and lifestyle, and to make customer safety a focal point and ensure that products are delivered to customers at the highest standards with transparency and under attractive terms.

Empower Together

To empower 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.

Restore the World

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 and contribute to it through the products offered to its customers. The Company works with suppliers that meet national and international food safety, quality standards and Integrated Management Policy conditions to ensure that various products brought to customers on the shelves are safe and of high quality. 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 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 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.



In 2023, the Company made an environmental capital expenditure of approximately TL 335.2 million to improve its environmental performance. While approximately TL 148.3 million was allocated for energy efficiency projects, the following investments were also made: TL 94.2 million for replacement of fluorescents rated at 38.1 Wh with LED fluorescents rated at 15 Wh across 4,050 stores; TL 13.2 million for the cooling systems purchased to reduce the electricity consumption of cold storage rooms in 2 warehouses with high electricity consumption; TL 36.3 million for the replacement of 100 refrigerated cabinets that consumed too much electricity due to reaching the end of their useful economic life; TL 4.8 million for the replacement of 100 air conditioners that consumed too much electricity and were nearing the end of their useful economic life.

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. The current suppliers are audited twice a year or more

frequently 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 private label products in international food safety management certified facilities and controls the conformity of the products with the principles of customer 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.

SUSTAINABILITY PRINCIPLES COMPLIANCE STATEMENT

Effective Communication in Operations: Call Management

Thanks to the Call Management System set-up on ŞOK NET, products with physical and organoleptic quality problems originating from the supplier are prevented from reaching customers. With this system, stores can easily report defective products to the Quality Department. The quality team performs product control following the calls, and the suppliers take the necessary actions to correct the product problems arising from production through the same system. 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, the Company 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. 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 the businesses and public institutions 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,

the Company makes investments to fight against the climate crisis, reduce carbon emissions, and increase energy efficiency, and develops effective water, waste, and packaging management practices to minimize the impact on the environment and natural resources.

Energy Management

Due to the negative impact of climate change, natural resources get scarce and ecosystems are damaged. As a result of this, productivity in agricultural activities decreases. The business world needs to take responsibility for the protection of natural capital to minimize the effects of climate change.

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. ŞOK Marketler strives to achieve the goal of creating a better world for all stakeholders with the effective environmental management, which is part of its corporate citizenship approach.

The basis of the environmental management approach are the impacts of this approach within the sector and the Environmental Policy adhered to under all circumstances. ŞOK Marketler entered the ISO 14001 certification process in 2018 in order to manage the environmental impacts of its activities in accordance with international standards, and awarded with ISO 14001 certification in 2019 specifically for the head office and stores.

Under the In-Store Energy Efficiency Project, launched in 2019 and adopted across 10,750 stores by the end of 2023, energy consumption per store was reduced by 12-15% on average thanks to Energy Efficient Stores.

In 2023, the Company made an environmental capital expenditure of approximately TL 335.2 million to improve its environmental performance. While approximately TL 148.3 million was allocated for energy efficiency projects, the following investments were also made: TL 94.2 million for replacement of fluorescents rated at 38.1 Wh with LED fluorescents rated at 15 Wh across 4,050 stores; TL 13.2 million for the cooling systems purchased to reduce the electricity consumption of cold storage rooms in 2 warehouses with high electricity consumption; TL 36.3 million for the replacement of 100 refrigerated cabinets that consumed too much electricity due to reaching the end of their useful economic life; TL 4.8 million for the replacement of 100 air conditioners that consumed too much electricity and were nearing the end of their useful economic life.

In 2023, within the scope of energy efficiency, efforts were made on the replacement of devices with high electricity consumption that completed their lifecycle in air conditioning and refrigerated cabinet systems.

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

The Company is not involved in any carbon pricing system for operational activities. During the reporting period, no carbon credit has been accumulated or purchased and no carbon pricing has been implemented.

Effective Waste Management and Environmental Sustainability

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.



Within the scope of the green world, use of under-desk garbage bins in office areas, including especially those in the head office, was eliminated, which reduced the use of plastic bags and the need to sort waste on-site. Waste separation bins for paper/cardboard, glass, metal, plastic, organic waste and other waste were placed in all floors, corridors and office areas. Locations of these waste separation bins were equipped with posters and information boards to facilitate separate collection of waste. Additionally, environmental awareness training was provided through Academy ŞOK.

In line with ŞOK Marketler's responsible production and consumption approach, waste generated in all stores is sorted. ŞOK Marketler also continues to pursue its goal of obtaining a Zero-Waste Certificate for stores and ensures recycling of packaging waste. By the end of the year, zero-waste certificates were obtained for 10,219 stores and 35 distribution centers across Turkey.

Under the lead of the zero-waste project, an investment of TL 930,000 was made for stores and distribution centers as part of environmental sustainability activities. Improvements were made to hazardous, non-hazardous and metal waste sites in five locations for testing purposes and understanding suitability of the sites. The Company also aimed to improve the waste sites in all locations to ensure suitability of the geographical structure and waste sites.

As part of a sustainable distribution system, the products to be sold in stores are gathered at distribution centers and delivered from warehouses to stores. In line with the central management's approach, waste is sent to recycling.

The TS EN ISO 14001 Environmental Management Systems audit was successfully completed. The aim is to raise awareness among all personnel with this standard, which is intended to reduce the use of natural resources and minimize the harmful impact on water, soil and air.

With the project "Carrying Fruit and Vegetables in Reusable Boxes," the Company aims to reduce packaging waste and its environmental impact, achieve standardization in product display, and make improvements in handling and transportation processes in line with its goals to minimize food waste and other types of waste.

One of the main goals of ŞOK Marketler is to ensure that the products it offers are produced under the most hygienic conditions and to offer these products to its customers under the most suitable conditions. To this end, the Company perform controls via regular audits, meetings, training sessions, e-mail information, and social media. Efforts are ongoing to reduce third parties' greenhouse gas emissions.

Branch Operations Control Managers undertake 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.

Deposit

The Deposit Management System is based on accepting return of containers of certain products after consumption/use which are sold by pre-collecting a certain amount of deposit as defined by the Ministry of Environment, Urbanization and Climate Change and providing refund of such pre-collected deposit amounts. The Deposit Management System is an effective tool used to collect materials

that are otherwise difficult to collect and could potentially lead to negative impact on the environment and human health upon turning into waste, and it helps create a successful collection system and increase the quantity of collection. Approximately 45 first-class beverages sold at ŞOK Marketler, which are put on the market by suppliers and need to be registered, have begun to be registered in the Deposit Management System. Negotiations were held with the Turkish Environment Agency (TÜÇA) and the Food Retailers Association (GDP) to ensure clean collection of empty returnable bottles of all glass, aluminum and PET beverage groups put on the market. Plans have been made to establish the necessary infrastructure to send empty reusable packages on deposit for recycling. Thanks to the savings and emission reductions resulting from the use of recycled materials, emission reductions resulting from disposal of packaging waste in regular landfills and reduced waste disposal costs of local governments, ŞOK Marketler contributes to the country's economy, increases employment opportunities, and assists in the efforts to reduce the amount of product containers thrown away by the customers/society, promotes direct participation of the society in waste separation/collection systems, and supports Turkey's global sustainable development actions by contributing to the prevention of environmental pollution caused by waste bottles.

SUSTAINABILITY PRINCIPLES COMPLIANCE STATEMENT

Water Management

ŞOK Marketler implements strategies to reduce water consumption at every point of operation. The Company's practices in the field of water conservation include promptly fixing leaks upon detection and raising awareness among employees about water consumption. Continuous training is given to ensure that employees understand the value of water and use it economically.

ŞOK Marketler focuses on raising awareness about water management both within its organization and among the society. The Company participates in events organized on sustainable water use and supports awareness campaigns on water saving.

ŞOK Marketler is aware that its efforts in the field of water management are part of its responsibility towards the environment and society. Based on this view, ŞOK Marketler will continue to build a more sustainable future by fulfilling its responsibility in conserving water resources and passing down a clean environment to future generations.

While ŞOK Marketler manages its activities within the framework of sustainability principles, it also maintains its commitment to minimizing its environmental impact and protecting the nature. The company aims to reduce its carbon footprint by making continuous improvements in the field of energy efficiencies. ŞOK Marketler is committed to minimizing its environmental impact by transitioning to renewable energy sources and implementing decisive strategies to monitor and reduce energy consumption.

ŞOK Marketler is focused on minimizing its waste by setting high standards in waste management. The company strives to reduce the effects of waste through practices such as recycling programs, waste separation systems and the use of recyclable materials along the supply chain.

ŞOK Marketler prioritizes use of environmentally friendly materials and low-waste packaging starting from the early design process of products. The Company tries to minimize the environmental impact of products throughout their life cycle and implement innovative solutions in this field.

C. SOCIAL PRINCIPLES

Human Rights and Employee Rights

Focusing on customer experience is critical to have a distinctive place in the highly competitive retail industry. The most important factor in the satisfaction of customers with their experience is competent and happy employees. The company aims to always provide a happy shopping experience to its more than 46 thousand employees and its customers both at its headquarters and at its more than 10 thousand stores across Turkey. It continuously invests in its employees and develops practices to boost their know-how, commitment, motivation, and happiness so as to reach this goal.

ŞOK Marketler stands against all forms of discrimination in line with its 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 was made available to the public and all stakeholders via the corporate website of the Company.

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

A Corporate Human Rights and Employees Rights Policy committed to full compliance with the Universal Declaration of Human Rights, ILO conventions that Turkey is a party to, as well as the legal framework and legislation that govern human rights and working life in Turkey, has not yet been developed, and efforts in this regard are ongoing.

Believing that making a difference in a highly competitive retail industry centered on customer satisfaction is deeply connected with the satisfaction of employees, 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. Providing employment to 46,867 employees in its 10,725 stores located in 81 provinces of Turkey, ŞOK Marketler enlarges its family by creating new employment 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. At ŞOK Marketler, approximately 78% of employees who have been on maternity leave in the last three years returned to their jobs.

ŞOK Marketler implemented the "From Housewives to Employees" project in order to facilitate engagement of housewives in business life and to empower them socio-economically. This project aims to increase employment by enabling high school graduate housewives aged up to 50 years to work in stores in close proximity to their homes.

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. ŞOK Marketler not only increases the competencies and motivation of its employees, but also strengthens their sense of belonging through the Performance Management System it has put into practice.

ŞOK Marketler applies the Performance Management System to all its white-collar employees. Accordingly, employees' business results are evaluated based on their targets and competencies. As of 2023, head office employees began to use the OKR (Objectives and Key Results) methodology. On the other hand, white-collar employees in the field continue to use the Balance Scorecard approach in the Annual Performance System.

OKR is intended to support a high performance culture, promote a more agile approach in which targets are adapted according to changing conditions, and to increase communication and collaboration. This approach aims to strengthen internal relations within the Company by prioritizing employee-manager communication and feedback. OKR is viewed not only as a performance management tool, but also as a means of cultural change. ŞOK Marketler aims to implement the new generation performance system in new generation working models.

Taking great pride in being a company preferred by professionals, ŞOK Marketler supports its employees with long-term and accurate career planning. In this regard, employees are offered career journeys which allow them to unlock their potential in the most effective way. Career planning processes are handled in a holistic manner along with performance management and training processes.

Career Planning and Succession Plan

The Human Resources Career Planning process is carried out on a yearly basis to make the organization and human resources plans in advance, to prepare the ŞOK Marketler organization for the future, and to position the employees' talents and skills at the right time, in the right place and in the right way, in line with their career growth plans. In this context, meticulous succession plans are created for critical positions (managers and above).

Employee Development

The retail industry has to quickly adapt to technological developments and changes in customer habits. In an environment where customer expectations and demands are constantly changing, ŞOK Marketler believes that it can adapt to the changing conditions in the sector, focus on strategic goals and demonstrate exemplary practices only through dedication and development of its employees. Based on its understanding of equal opportunity and fair management, the Company aims to offer training, development and career planning opportunities to its employees.

Need-Based Training Sessions

ŞOK Marketler offers personalized training to each of its employees based on their competencies and job descriptions and continues to lead with innovations. All employees working in the head office have the opportunity to choose from a wide range of special training catalogs by focusing on their own competencies. These training programs are intended to not only develop general social skills, but also to strengthen individual competencies. Training programs on leadership, communication, effective presentation techniques, time management and problem solving are designed according to each employee's job description.

Senior managers have the opportunity to add value to their careers by integrating special leadership training in the same catalog into their duties and responsibilities. Thus, ŞOK Marketler aims to evaluate and develop the potential of each employee in the best way possible.

Academy ŞOK

ŞOK Marketler follows digital transformation processes meticulously and constantly re-defines its practices and services. Academy ŞOK, which has been implemented as per this vision, stands out as a prominent e-learning and development platform. Academy ŞOK supports development of all employees, including head office and store employees, and lays the foundation of a corporate culture in which "everyone learns from each other."

SUSTAINABILITY PRINCIPLES COMPLIANCE STATEMENT

Academy ŞOK offers a user-friendly structure with easy to understand contents that can be accessed anytime, anywhere. Academy ŞOK platform can be accessed from any computer, tablet and smart mobile device, and gives employees the opportunity to take training on various subjects. Academy ŞOK offers training content on store processes as well as on other various subjects, such as basic management skills, and contributes to the career development of employees.

Academy ŞOK has powerful features such as the ability to reach all employees in the field, to offer position-based development opportunities, and to increase engagement through gamification. Academy ŞOK, which is also used as a social platform, was made available to all employees upon successful completion of a pilot project. Academy ŞOK received the TEGEP 2019 Learning and Development Award and is actively used by 93% of the Company employees. This success contributes significantly to the creation of a strong company culture by effectively supporting development paths specific to employees in the field. Academy ŞOK was awarded the Gold Award in both the Training category and the Training/Orientation category at the Stevie Awards in 2022.

Human Resources Career Planning for Employees

ŞOK Marketler carries out Human Resources Career Planning every year for its employees at the head office and branch offices. Employees' strengths and areas for improvement are analyzed and a career roadmap is created to provide resources for the next year. The Company also put into use development tools, covering processes such as coaching, mentoring, class training, rotation, and project ownership compatible with Human Resources processes, in this case, the 70-20-10 model.

On the other hand, Store Managers are determined based on their position in the monthly success ranking. Store Managers, who rank in the top 10% of all branch stores according to success, are included in the evaluation center application. After case studies, individual presentations, and Q&A sessions, the process is terminated and candidates for promotion are identified and self-development plans are provided for them.

Leadership Development Program

The leadership development program called "Taktik Burada" is carried out so that field managers, who are in critical positions, consisting of regional directors, regional managers and branch managers, can progress the operation smoothly. During this program, regional directors 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 managers. In addition, branch managers were offered a one-day coaching training session.

First Step Executive Leadership Program

The main goal of the First Step Executive Leadership Program is to provide trainees with guidance on how to develop their practical leadership skills. This program, which includes current leadership approaches, supports the careers of trainees by focusing on strengthening individual skills, team skills and business management skills. The First Step Executive Leadership Program offers a strategic knowledge set that includes up-to-date information in the field of management and the business world and prepares participants for future business trends.

The program focuses on developing effective communication and feedback skills. In this way, trainees can contribute to the creation of a reliable and collaborative working environment. The First Step Executive Leadership Program aims to increase leadership competencies by strengthening team management, goal-oriented management and motivation skills.

The program provides trainees with the ability to identify areas for improvement both on an individual and a team level and to set goals in these areas, and contributes to trainees' personal and professional progress. The First Step Executive Leadership Program, which provides a perspective that leads to collective success by equipping trainees with basic management competencies, supports trainees in demonstrating more effective and successful leadership both on an individual and team basis.

ŞOK Yellow Book Program

ŞOK Marketler developed the “ŞOK Yellow Book” program to adopt a corporate culture in which everyone learns from each other and to further strengthen this culture. This program is designed to create a common language by encouraging engagement of all field employees and to effectively reflect the corporate culture in the field work. The “ŞOK Yellow Book” program aims to create a community that learns from each other by emphasizing acquisition of basic knowledge as well as collaboration and knowledge sharing within teams.

In the “ŞOK Yellow Book” program, special roles and responsibilities are assigned to all managerial positions. Acting with the motto of “Learn While Teaching,” managers adopt the core values of the company culture and strive to transform these values into behavior by training their team on the identified training topics in order to incorporate these values. The management’s ownership of the process not only inspires employees, but also brings with it the responsibility of leading the development of a culture in which everyone learns from each other.

The “ŞOK Yellow Book” program aims to strengthen the culture of collaboration and solidarity among employees by encouraging information sharing. In this way, the transfer of knowledge is ensured and the opportunity to evolve into a stronger corporate structure is achieved by creating a culture of continuous learning from each other within the team.

Manager Training Program

With the Manager Training Program launched in 2020, new university graduates or persons with 1 year of experience were selected through the evaluation center practices and included in the program in order to train regional managers. 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.

In 2023, 100 manager candidates were introduced into the system through Manager Training Programs. In order to strengthen the talented retail manager candidates pool that the sector needs, the Manager Training Program will continue to prepare new manager candidates for the sector in 2024.

Compensation Policy Based on Merit

The compensation system of ŞOK Marketler is managed by a common hierarchical structure, based on the content of the job. The company 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. 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.



Blue Collar
97%
White Collar
3%



Female
54%
Male
46%

SUSTAINABILITY PRINCIPLES COMPLIANCE STATEMENT

Occupational Health and Safety

The Branches Operations Control Group Director is the highest-ranking senior executive in charge of Occupational Health and Safety and 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.

Occupational Health and Safety issues are handled by 40 Branch Operation Managers directly reporting to the Branch Operations Control Directorate. An increased number of occupational safety field inspections and visits were performed in 2023. The Company places great importance to Occupational Health and Safety principles in order to provide a safe, healthy, and peaceful work environment to its employees and a similar shopping experience to its customers.

The board meetings at the hazardous class distribution centers and the less hazardous class fruit and vegetable enterprises were held in full with the participation of the Branch Operations Control Managers, deficiencies were eliminated, and occupational health and safety awareness was raised. During the board meetings, deficiencies requiring investment are centrally evaluated, and appropriate actions are planned by submitting them to the senior management for approval.

Under the leadership of Stock Control Managers, inventory counting plans are prepared and monitored in warehouses and stores and reported to the management. In this context, 171 inventory count controls were carried out in 42 warehouses, while 7,044 inventory count controls were carried out in 5,123 stores. Field inspections are actively carried out by branch operation control managers as part of active and dynamic processes. During the year, 476 inspections were carried out in warehouses, while a total of 13,241 inspections were carried out in 7,023 stores and a total of 190 inspections were carried out

in production facilities and fruit and vegetable warehouses, and the results of these inspections were reported to senior management.

Occupational safety and workplace physicians continued to provide classroom Occupational Health and Safety training to head office, distribution centers, fruit and vegetable warehouses, and production facilities in 2023, too. ŞOK Marketler employees received a total of 63,512 hours of Occupational Health and Safety training.

Training programs on Occupational Health and Safety, Safe Cepte ŞOK Vehicle Usage, Safe Pallet Truck Usage, Utility Knife Usage, Epidemics, and Emergencies are assigned to employees over our digital training platform in order to maintain their awareness on store risks and their progress is tracked.

Hazards and risks were analyzed and assessed in 1,719 stores, that are classified as less hazardous enterprises, and emergency plans were revised. While the identified deficiencies are corrected in order of priority, remote occupational health and safety training is also provided to employees in order to report such deficiencies and raise awareness.

In 2023, monthly inspections of the fire extinguishing systems at the stores and the fire extinguishing devices of 10,636 stores were completed through the ŞOK.net system.

TS EN ISO 45001 occupational health and safety management system audit was successfully completed. In this context, employees and subcontractor employees in the head office, distribution centers, stores, fruit and vegetable warehouses, and production facilities were included in the TS EN ISO 45001 occupational health and safety management system.

The Company continued its investments within the scope of OHS practices in distribution centers in order to eliminate risks on-site and reduce them to acceptable risk levels.

Employees who will participate in the physical inventory counts, which are carried out every quarter throughout the year, undergo special training and health examinations and participate in the inventory counts by obtaining a medical fitness certificate for working at height.

Within the year, practical exercises and trainings were performed by competent fire instructors at locations that fall within the scope of the legislation. After the earthquake, which caused great destruction and loss of lives, quick coordination was achieved with AFAD regarding the actions to be taken. During the second half of the year, AFAD awareness training was given to all warehouse and headquarters employees by AFAD trainers, and practical evacuation drills were carried out. Earthquake station points have been developed in all warehouses. Additionally, earthquake containers were put into operation for three warehouses with an investment of TL 241,000.

Within the scope of Vocational Qualification in Industrial Transportation, industrial transportation certification applications were submitted for 105 employees operating forklifts, reach trucks and battery-powered transpallets, and relevant records were created. 88 employees successfully completed the process and were certified. Certification processes continue with the aim of making the personnel more qualified.

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 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.

SUSTAINABILITY PRINCIPLES COMPLIANCE STATEMENT

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 employment decisions may not hire their first-degree relatives and their relatives. 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 Chair 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. The 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, ŞOK.net (intranet system), surveys, social media, the Sustainability Report, and annual report.

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.

SUSTAINABILITY PRINCIPLES COMPLIANCE STATEMENT

Stakeholder Group	Method of Communication	Communication Frequency
Employees	Internal notification emails, ŞOK Academy, meetings, ŞOK.net (intranet system), surveys, social media, sustainability report	Continuously
Shareholders, Investors	The Investor Relations department's communications, annual report, sustainability re-port, website, Public Disclosure Platform, conference attendance, other meetings and webcasts	Continuously
Customers	Website, Cepte ŞOK, 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 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 and Profes-sional 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

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, private label products, and convenient shopping experience. ŞOK Marketler fully renovated the store concept and diversified its product range in 2015 and opened 674* new stores in 2023, increasing the total number of stores in 81 provinces to 10,725 stores.

ŞOK Marketler's product portfolio, which determines the prices of its products to suit every budget and contributes to the purchasing power of its customers with various promotions, consists of both national and private label products. The company delivers fresh fruits and vegetables to its customers at affordable prices thanks to its direct supply method.

Featuring a store design that creates a pleasant atmosphere for customers and provides them with a convenient shopping experience, ŞOK Marketler offers customers 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.

"Cepte ŞOK" application, from which it is possible to make orders both from the application, from the website and over the phone in 81 provinces,

will increase the current customer experience with an understanding of operational excellence. The company aims to offer its customers a comfortable and easy experience through different channels. 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 to support agriculture, which is one of the sectors most affected by the pandemic, continue with this project. Thanks to the vertical integration in agricultural products, ŞOK Marketler is able to produce the raw materials it produces in-house instead of supplying them from other manufacturers, thus contributing to the budgets of its customers by offering quality products at the right prices.

* During the period from 01 January to 31 December 2023, 674 new stores were opened. This represents a net increase of 444 in the number of stores, including the 230 stores which were closed due to the earthquake.

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 managing consumer expectations. In this context, it is among the priority issues that customers communicate their requests, opinions and expectations through ŞOK communication channels. Responding to customer feedback through the call center of ŞOK Marketler Customer Services at 0850 808 00 00, the company quickly takes actions regarding customer complaints.

Aiming to manage the customer experience in the most effective way, ŞOK Marketler conducts customer satisfaction surveys in order to follow changing customer trends and respond them in a timely manner. In this way, ŞOK Marketler aims to continuously review its stores in terms of product, fruits and vegetables aisle, personnel's service quality, store physical and Cepte ŞOK service, and to increase customer satisfaction by continuously improving these areas.

The company discloses the international reporting standards it has adopted to the public through the Sustainability Report and the Annual Reports and Audit Reports published quarterly.

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

In line with the article 17 of the Capital Markets Law dated December 6, 2012 and numbered 6362, and Corporate Governance Communiqué (II-17.1) released on January 3, 2014, compliance with specified Corporate Governance Principles have become mandatory for companies traded on Borsa Istanbul (BIST) by Capital Markets Board (CMB). In this regard, it has been accepted that the provisions stipulated by the CMB to be mandatory should be complied with; work continues to ensure compliance with other principles specified in the Communiqué, which are not mandatory.

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 "ŞOK'ta Ben de Varım/Count Me In" 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.

