

2020-2021

SUSTAINABILITY REPORT



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SUSTAINABILITY REPORT 2020-2021

ABOUT THE REPORT

In this, first **Sustainability Report of CarrefourSA**, we are sharing all our activities conducted for the **'Right Way to Live'** under our motto **'The Right Ones are at CarrefourSA'** with our stakeholders, starting with our customers, producers, entrepreneurs and society.

We have developed our unique sustainability approach under the guidance of exemplary practices of both Carrefour Group, largest retailer in Europe and second largest worldwide, and Sabancı Holding, one of the most prominent groups in Turkey. This approach considers the United Nations Sustainable Development Goals and it is the foundation of our business model as well.

This report, structured according to Global Reporting Initiative (GRI) Standards, focuses on all activities that reflect both our best performance and also our development areas in full transparency.



RIGHT WAY TO LIVE

Carrefour  SA

As we work toward our goals of understanding the needs and expectations of our customers with the Next-Generation Market vision and offering the right products at the right price with the right service sourced from the right suppliers, we integrate our **'Right Way to Live'** ethos into all our processes.



RIGHT WAY for Our People

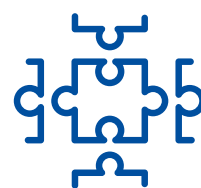
We value occupational health and safety and operate with the target of zero workplace accidents and occupational diseases.

We consider our human resource as our intellectual capital and promote organizational development to become the employer of choice and to offer equal opportunities.



RIGHT WAY for Our Customers

We care about the health of our customers, monitor the activities of our suppliers to ensure product safety and quality, and deliver the right products to our customers at accessible prices.



RIGHT WAY for All Our Stakeholders

We promote responsible production and support local suppliers and products.

We consider our suppliers as our partners and monitor and support the development of their sustainability performances.

We communicate with transparency, accountability and engagement in our stakeholder relations.



RIGHT WAY for the Environment

We embrace a zero waste approach and minimize waste generation, always striving to improve our recycling rates.

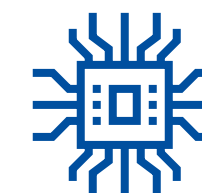
We follow the national and international agenda regarding the fight against climate change and work to reduce greenhouse gas emissions at every stage of our value chain starting with our stores.

We ensure that water is used efficiently.

We act diligently about our impact on biodiversity and plan our business models to protect local fauna and flora.

As we develop our products and services, we assess their impact across their lifecycle and exercise environmental sensibility.

We consider tackling food waste as an integral part of our corporate social responsibility and collaborate with our stakeholders to eliminate food waste.



RIGHT WAY for Innovation and Digitalization

We place digitalization and innovation at the core of our activities and encourage ideas and opinions on this matter.

Chairman's Message 102-14, 102-15



Esteemed Stakeholders,

With the first quarter of the 21st century almost over, we all see the rapid depletion of our planet's natural resources. At a time when global warming is felt significantly across the world and all institutions and states are voicing this problem, the food sector, like all other industries, must take specific actions. Given that food safety is at great risk and food waste is an undeniable problem of humankind, we acted quickly with the responsibility that our stakeholders would expect from a major food retailer in Turkey.

We embrace Sabancı Holding's sustainability vision, leverage Carrefour Group's long years of know-how on this topic, and reflect them on how we do business. We set our strategic targets in line with Sabancı Holding's "Carbon Net Zero" commitment for 2050 and Carrefour Group's "Food Transition" movement and started to move forward by also considering the priorities of our current stakeholders.

With the introduction of Paris Climate Agreement and Turkey's ratification, we are pleased to observe a heightened sensitivity about climate change and to see new developments taking

place. On the other hand, Green Deal has also entered our lives, requiring involved parties to take action. These two developments, which have consequences for all businesses, call for redefining how we work, how we invest and how we see our industry. As we address these topics, we also work on improving our processes and implementing new practices to develop our employees, as one of our key stakeholders, and to enhance their lives. We are aware of our responsibilities regarding these matters and committed to taking the necessary steps.

At CarrefourSA, we recognize how much value we add to the national economy with more than ten thousand employees, hundreds of suppliers, hundreds of thousands of customers, shareholders, and all their families. With this awareness, we define our sustainability agenda accurately, select our projects and set our targets carefully, and base all our activities on these pillars. We will drive our sustainability efforts forward because we understand the importance of food safety, the impact of customer experience, the development of our suppliers, and our responsibility toward our country

We launched the "Sabancı of New Generation" vision with the participation of all Sabancı Group companies and

took firm steps toward developing our employees. Furthermore, thousands of employees from all group companies actively participated in the "Republic Campaign" that Sabancı Holding started in 2021. Thanks to these efforts, we created positive impact in all locations where activities were organized. The active participation of CarrefourSA and its employees also made a difference.

In our first sustainability report, we declare our long-term commitment and determination. I am confident that this report will reaffirm our position in the sector and provide a guide for our sustainability efforts in the years to come.

On behalf of CarrefourSA Board of Directors and myself, I would like to thank all our colleagues for their dedication, all our suppliers and customers for their confidence in us, and all our partners for supporting us in our projects.

With warm regards,

Nusret Orhun Köstem
Chairman

CEO's Message 102-14, 102-15



Esteemed Stakeholders,

As we continue to implement globally recognized sustainable business models, we act with the “Right Way to Live” approach to do right by our customers, employees and the environment. Accordingly, we have accelerated our efforts in line with the increasing importance of sustainability and the growing sensitivities of all our stakeholders, and formed a Sustainability Committee. With this committee and its working groups, we develop projects, set targets and follow them through. We also promote these efforts through regular communication activities to ensure that sustainability is embraced by our entire organization.

Sabancı Holding's sustainability vision and Carrefour Group's long years of experience guide us in our sustainability activities as well.

We had our share of the challenges brought about by the pandemic in food retail like in all other sectors. As a responsible company aware of its role in serving the people, we stepped up to the plate and worked without interruption to ensure that our customers had access to safe and reliable food. We formed emergency response teams and worked tirelessly to ensure the health of our employees and customers. We are proud to note that we introduced many practices as a first in the food retail sector.

The C-mobile app that our employees use allowed us to remain in constant communication. The module of the app we developed for tracing contacts enabled us to quickly identify people who came into close contact with confirmed cases.

We launched several campaigns to protect the health of our customers throughout the pandemic. For instance, we defined discounts for healthcare workers, who fought at the frontlines during the pandemic and allocated special service hours for 65+ customers. We also used the audio systems in our stores to raise awareness among our customers and employees.

With the vaccine rollouts gaining momentum in early 2021, we quickly reached a vaccination rate of 99.9% by providing our employees with up-to-date and reliable information about the importance of vaccination.

We focused on gender equality as another topic that we are particularly sensitive about when it comes to sustainability issues. We promote female employment at all levels from store employees to executive roles. As a testament to this commitment, we became the first food retailer from Turkey to sign Women's Empowerment Principles (WEPs).

As we work to offer safe and healthy food to our customers, we also addressed the problem of food waste. In addition to reducing food waste through partnerships, we also prevented food waste through donations. Furthermore, together with our suppliers, we joined the 10x20x30 initiative implemented by the World Resources Institute, affirming our commitment.

We are all responsible for doing right for the environment and nature. Recognizing this responsibility, we implemented various projects in our markets and warehouses in line with the “Zero Waste” initiative. These zero-waste projects were developed in different formats and included the ‘Bring Your Own Cup’ model and the ‘Eco-Friendly Paper Plates’ in some aisles, to name a few examples.

On the other hand, we understand how agricultural, livestock and fishing processes, which are a part of our supply chain, impact biodiversity. With this awareness, we partnered with public institutions to promote the use of local seeds. In livestock, we operate with a supply chain controlled at each touchpoint from the farm to the aisle. This is an advantage that allows us to offer 100% locally grown red meat under veterinarian control and promote safe food. Specific to seafood, which involves a completely controlled process from production or fishing boats to the aisle, we carried out activities to raise awareness about responsible fishing.

We support transitioning to a low-carbon economy as part of tackling climate change. Accordingly, we run energy saving projects, optimize resource utilization by digitalizing processes, respond to CDP climate and water programs, and calculate Scope 1 and 2 emissions in this area.

We believe that a healthy and safe development model that respects the environment is the best growth strategy to follow. Therefore, we will continue to contribute even more to the sustainable growth of the retail sector by deepening our work in this area and lead the sector with our Right Way to Live vision.

I would like to thank all our colleagues for their efforts to bring our first sustainability report to life as a testament to our commitment and all our suppliers and business partners for supporting us on this path.

Sincerely,

Kutay Kartallıoğlu
CEO, CarrefourSA



CARREFOURSA

About CarrefourSA

Corporate Governance

Risk Management

**RIGHT WAY
TO LIVE**



Carrefour  SA

ABOUT CARREFOURSA

102-1, 102-2, 102-4, 102-5, 102-6, 102-7

CarrefourSA Carrefour Sabancı Ticaret Merkezi A.Ş. (“CarrefourSA”) was established in 1996 as a joint venture between Carrefour Group, a leading European retailer that introduced the hypermarket concept to the consumers in Turkey with a store opening in 1993 in Istanbul, and Sabancı Holding, a major Turkish conglomerate.

Following a growth strategy of both investments and acquisitions, CarrefourSA has opened several stores over the years and also acquired **Gima** and **Endi** supermarkets in 2005, strengthening its presence especially in Anatolia. The expansion continued with the acquisition of 12 stores from **Pınar** in 2009, 27 stores from Alpark in 2010, 26 stores from **İsmar** in 2015, and 29 stores from **1e1** stores. In 2015, 196 stores of **Kiler**, in which CarrefourSA held majority stake, were acquired. Following these major strides, CarrefourSA

launched its **e-commerce** operations in 2018 and started to grow in the online market segment. Since the introduction of the **Franchise** system in 2019, the number of stores operated by individual entrepreneurs has reached 72 as of year-end 2021.

With Sabancı Holding taking over the management control, a new strategy was set in many areas such as human resources, technological infrastructure and market concepts. As a result, four different store concepts were born: Hyper, Super, Gourmet, and Mini.

As of year-end 2021, CarrefourSA operates with 10,174 employees, 754 stores with a total retail space of 508 thousand m2 in 40 cities, 12 warehouses and an online market on **carrefoursa.com**, delivering 50 thousand types of products to more than 500 thousand customers daily.

As of December 31, 2021, the shareholding structure of CarrefourSA, publicly traded on Borsa Istanbul, is shown in the table below:

Shareholder	Share in Capital (TL)	Shares	Share in Capital (%)
Hacı Ömer Sabancı Holding	72,988,465.33	7,298,846,533	57.12
Carrefour Nederland BV	47,971,655.02	4,797,165,502	37.54
Free Float and Others	6,813,645.37	681,364,537	5.34
TOTAL	127,773,765.72	12,777,376,572	100.00



COLLABORATIONS102-12, 103-1, 103-2, 103-3

We partner with various institutions and organizations in line with the social and environmental priorities that concern CarrefourSA and Turkey, and actively participate in efforts to support the development of public policies and society.

ÇEVKO (Foundation for Environmental Protection and Packaging Waste Recovery)	We partner with ÇEVKO, in which we are a reserve Board member, on different projects and recycle paper and plastic packaging waste collected in our stores.
Darüşşafaka Society	The proceeds from the store sales of the bags designed by Darüşşafaka students are used for educational activities.
Sustainable Food Platform	As one of the first members of the platform, we take part in various working groups and carry out joint projects.
Sustainable Development Association	We actively participate in the Association’s work, especially on circular economy and sustainable agriculture.
Food Retailers Association	As a Board member of the Association, we frequently convene on various topics and attend joint meetings with different authorities.
HayKonFed	As part of the Animal Friends Movement, we donate surplus edible food, which HayKonFed volunteers deliver to street animals.
Basic Needs Association (TİDER)	The proceeds from the bags created by designer Raşit Bağzıbağlı are donated to the Association.
TOG	By selling stationery sets to benefit TOG during back-to-school periods, we have delivered stationery sets to students in need through TOG.
UNICEF	We have supported a UNICEF program to eradicate child labor in agriculture since 2015. We accommodate their face-to-face teams in our stores to communicate the projects to the customers, helping to gain more donors and supporting periodic projects.

MEMBERSHIPS ¹⁰²⁻¹³

Organization	Member Representing CarrefourSA
Foundation for Environmental Protection and Packaging Waste Recovery (ÇEVKO)	Tayfun Akusta
Turkish Food Safety Association (GGD)	Neşe Şenöz
Food Retailers Association (GPD)	Kutay Kartallıoğlu
Istanbul Chamber of Commerce (ITO)	Kutay Kartallıoğlu
Business Council for Sustainable Development	Naime Bahar Tura
Leading Executives Advancing Diversity (LEAD Network)	Asude Gündoğdu, Melis Karatay Ebin, Tuğçe Mert
Private Label Product Manufacturers and Suppliers Association (PLAT)	Ertan Nağış
Association for Empowering and Developing Female Leaders in Retail Through Networking	Naime Bahar Tura
Advertisers Association	Melis Karatay Ebin
Sales Network	Tayfun Akusta
Standard Pallet Association	Burçin Çelik
Sustainability Academy	Tayfun Akusta
CCI France Turquie	Kutay Kartallıoğlu
Turkish Industry & Business Association (TÜSİAD)	Kutay Kartallıoğlu
Corporate Communication Professionals Association of Turkey	Melis Karatay Ebin
Corporate Governance Association of Turkey	Tuğçe Mert
UFRAD	Sebastien Ponce
International Investors Association (YASED)	Bulut Batum, Tuğçe Mert

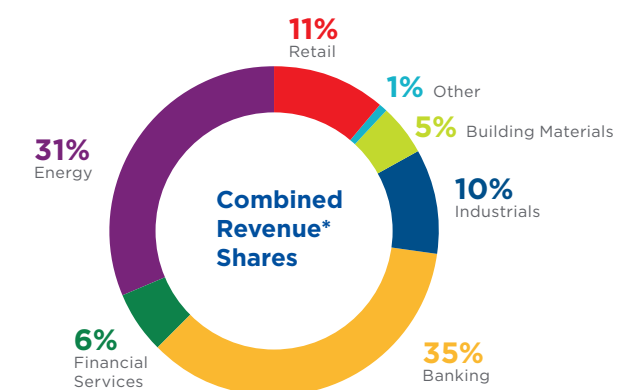
ABOUT
H.Ö. SABANCI HOLDING

Hacı Ömer Sabancı Holding A.Ş. (Sabancı Holding), Turkey's leading conglomerate, is a holding company engaged in a wide variety of business activities through its subsidiaries and affiliates, mainly in the banking, financial services, energy, industrials, building materials and retail sectors.

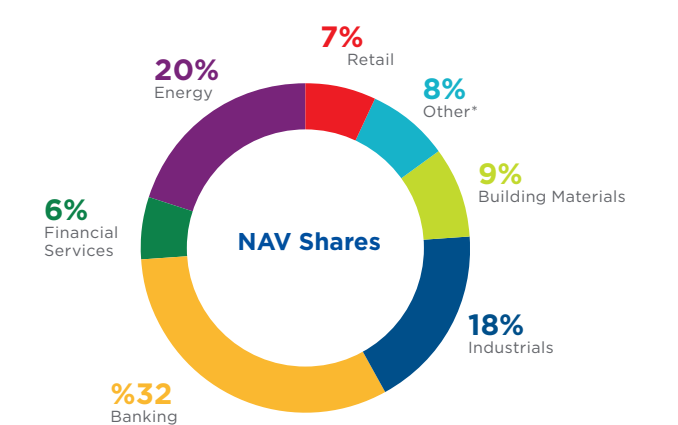
The objective of the Holding is to coordinate and support the finance, strategy, business development, legal, human capital and sustainability functions of Group companies to ensure that they operate profitably and sustainably with favorable competitive

conditions, and to set and monitor the corporate governance practices that apply across Sabancı Group.

As of year-end 2021, Sabancı Group companies operate in 13 countries and market their products in Europe, Middle East, Asia, North Africa, and Americas. Sabancı Holding's multinational business partners include prominent global companies such as Ageas, Bridgestone, Carrefour, E.ON, Heidelberg Cement, Marubeni, and Skoda.



*Excludes Holding dividend income



*Excludes cash

Sabancı Holding is registered with the Capital Markets Board and its shares have been listed in Borsa Istanbul since 1997. The Sabancı Family is collectively Sabancı Holding’s majority shareholder, while 49.11% of the Holding’s shares are publicly traded. Sabancı Holding’s own shares as well as the shares of its listed 11 subsidiaries constitute 6% of the total market capitalization of the Turkish equity market as of year-end 2021.

Banking
AKBANK

Customers	Branches
19.6 mn	711
Digital Customers	ATMs
6.6 mn	5,300+
Capital Adequacy Ratio	POS Terminals
21.1	+680K

Branches

711

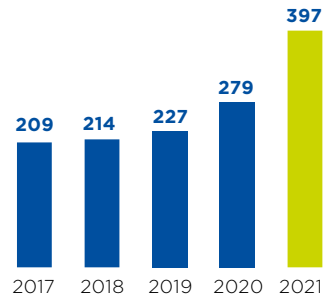
ATMs

5,300+

POS Terminals

+680K

Loans* (TL Bn)



Y/Y
42%

* Cash loans

Financial Services

AKSigorta

Market Share	Premium Production Growth
8.5%	33%
Customers	Assets Under Management Growth
3.9 mn	23%
Agencies	Return on Equity
3,500+	30%

AGE SA

Pension Market Share*	Premium Production Growth
18.5%**	52%
Life&Personal Accident Market Share	Assets Under Management Growth*
11%	43%
Customers	Return on Equity
2.4 mn	44%

* Excluding auto-enrollment ** Market Leader

Industrials

KORD SA

Production Facilities	R&D Patents
12	491
R&D Center	International Revenue Share
2	100%

BRI SA

Capacity	Countries
13.5 mn	87
Total Sales Points	Export Ratio
7,300	37%

TEMSA

Authorized Dealers
23
Authorized Services
31
Market Share
34%

TEMSA

Bus Sales Volume
651
Export Ratio
78%

Sabancı Group companies, leaders in their respective fields of operation, promote a culture of high performance and collaboration across their organizations and create added stakeholder value by upholding sustainability principles. In 2021, Sabancı Group posted TL 152 billion in combined revenues and TL 12 billion in consolidated net income.

Energy

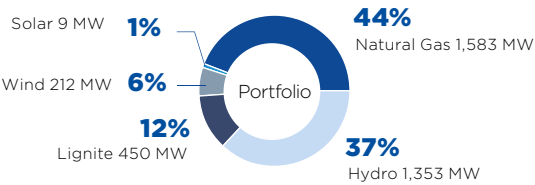
ENERJİ SA

Market Share	Customers
22%*	10.3 mn
Distribution Network	Distribution Area
21.6 mn people	109,663 km²
Regulated Asset Base	Distribution Cities
TL 11.2 bn	14

*Pazar Lideri

ENERJİ SA ÜRETİM

Installed Capacity	Market Share	On-going Investments
3,607 MW	5%*	715 MW



*Turkey's largest private sector energy generator

Building Materials

AKÇAN SA

Capacity
9.2 mn tons
Export Ratio
41%
Production Facilities
• 3 integrated plants
• 4 domestic terminals
• 2 ports

ÇİM SA

Capacity
6.9 mn tons
Export Ratio
54%
Production Facilities
• 5 integrated plants
• 1 grinding plants
• 2 international terminals

CIMSA SABANCI CEMENT BV

Capacity
850k tons
International Revenue Share
100%
Production Facilities
• 1 plant in Spain
• 1 grinding station in the USA
• 4 international terminals

Retail

Carrefour SA

Market Share
4%
Sales Area
508K m²
Visitors
137 mn
Online Sales Growth
130%
Stores
754

TEKNO SA

Market* Share
7%
Stores
198
Sales Area
102K m²
Increase in Turnover per m²
41%
Visitors
145 mn

*Panelmarket

Digital

SABANCIDx

Export to
20 Countries
Third Party Revenue Share
50%
Growth in Third Party Revenue Share
100%

ABOUT CARREFOUR GROUP

With a multi-format network of 13,894 stores in more than 30 countries, Carrefour Group is Europe's leading and the world's second largest food retailer. Carrefour opened its first market on June 15, 1963 in France, laying the foundation of modern retailing and introduced the hypermarket concept to Turkey in 1993.

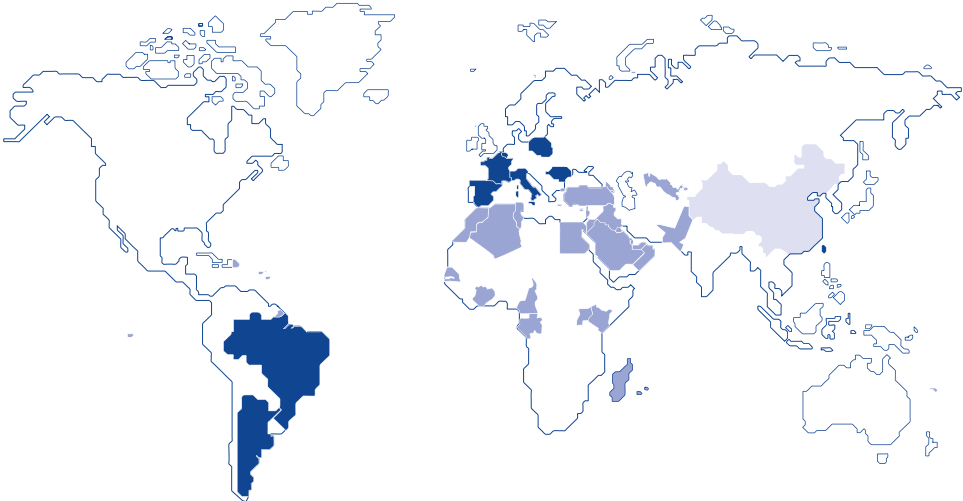
As of year-end 2021, the Group serves 80 million customers daily through its retail stores and e-commerce sites. With stores in more than 40 countries across the world, Carrefour Group manages operations in nine countries directly.

The Group's operations in Europe (France, Spain, Italy, Belgium, Poland, Romania), Latin America (Brazil, Argentina) and Taiwan, with a combined total of 319,565 employees, accounts for 77% of its consolidated gross revenues. Operations in other regions, including Turkey, are managed through local partners.

Carrefour Group grew by 3.2% in 2021 and recorded Euro 81.2 billion in gross sales while its operating income increased by 7.7% and reached Euro 2.3 billion.

Global sales network of 13.894 stores

Fransa*	Brazil
5,619	548
Belgium	Spain
792	1,474
Poland	Italy
955	1,489
Romania	Taiwan
365	342
Argentina	Other
605	1,705



● Direct Operations ● Local Partners/Franchisee ● China**

*Major cities
**According to the Carrefour China transfer agreement of 2019, stores will operate under the Carrefour brand during the transition period.

The performance of Carrefour Group, a global leader in sustainability, is assessed by various organizations and agencies every year. Carrefour Group, included in the Dow Jones Sustainability Index since 2017, became the leading French retailer for the fifth consecutive year and ranked among the top six global retailers in 2021.

Ratings agency/index	2020	2021
CDP	A-	A
OEKOM	Prime C+	Prime C+
DJSI - ROBECOSAM	73	72
MSCI	AA	A
VIGEO	67	64
CDP FOREST		
Palm Oil	B	B
Soy	B	B
Meat	B	B
Paper and Wood	B	B
CDP WATER	A-	A-

CORPORATE GOVERNANCE

CarrefourSA has committed to comply with the Corporate Governance Principles promulgated by the Capital Markets Board (CMB) and four principles of Corporate Governance based on Transparency, Fairness, Responsibility, and Accountability. We act diligently to comply with the principles specified in the CMB's Corporate Governance Communiqué. We publish relevant disclosures and our Corporate Governance Compliance Report on our corporate website and the Public Disclosure Platform (KAP).

CMB's Corporate Governance Principles	Full Compliance	Partial Compliance	Non-Compliance	Not Applicable
Mandatory	24	-	-	-
Non-mandatory	52	8	4	4

Board of Directors and Committees ^{102-18, 102-31}

The Board of Directors, the highest governing body, consists of 12 members as of 31.12.2021 and convenes at least four times a year.

BOARD OF DIRECTORS		TERM	
Name	Title	Start	End
Nusret Orhun Köstem	Chairman	01.07.2021	Ordinary General Assembly - 2023
Laurent Charles René Vallée	Vice Chairman	18.03.2021	Ordinary General Assembly - 2023
Zeynep Pelin Erkiralp	Member	18.03.2021	Ordinary General Assembly - 2023
Burak Turgut Orhun	Member	12.05.2021	Ordinary General Assembly - 2023
Emine Duygu Kırca	Member	18.03.2021	Ordinary General Assembly - 2023
Şerafettin Karakış	Member	18.03.2021	Ordinary General Assembly - 2023
David Murciano	Member	18.03.2021	Ordinary General Assembly - 2023
Guillaume Jacques Edgard Laffont de Colonges	Member	18.03.2021	Ordinary General Assembly - 2023
Bülent Bozdoğan	Independent Member	14.09.2021	Ordinary General Assembly - 2023
Mevlüt Aydemir	Independent Member	18.03.2021	Ordinary General Assembly - 2023
Haluk Bal	Independent Member	18.03.2021	Ordinary General Assembly - 2023
Atıl Saryal	Independent Member	18.03.2021	Ordinary General Assembly - 2023

Board of Directors has formed three committees in accordance with corporate governance principles, applicable regulations and company strategies:

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

Audit Committee

The objective of Audit Committee is to oversee the operation and effectiveness of the Company's accounting system, financial reporting, public disclosure of financial statements, independent audit, internal audit function and internal control system on behalf of the Board of Directors. The committee, which convenes at least four times a year, addresses topics such as reviewing the work of the independent audit firm, examining the financial statements and reviewing the internal audit activities in its meetings.

Name	Title	Elected on
Atıl Saryal	Chairman	19.03.2021
Bülent Bozdoğan	Member	14.09.2021
Haluk Bal	Member	19.03.2021
Mevlüt Aydemir	Member	19.03.2021

Corporate Governance Committee ¹⁰²⁻²¹

Corporate Governance Committee submits recommendations and proposals to the Board of Directors to ensure compliance with and implementation of CMB and other international

corporate governance principles, while managing the relations with stakeholders. Corporate Governance Committee is responsible for addressing requests/ complaints from shareholders, investors and other stakeholders, creating relevant action plans, and introducing improvements. In addition to overseeing stakeholder relations, the Corporate Governance Committee is also tasked with the duties of nomination and remuneration. The Committee convenes at least four times a year.

Name	Title	Elected on
Mevlüt Aydemir	Chairman	19.03.2021
Guillaume Jacques Edgard Laffont de Colonges	Member	19.03.2021
Şerafettin Karakiş	Member	19.03.2021

Early Detection of Risk Committee

Early Detection of Risk Committee is formed with the objective of anticipating all kinds of strategic, operational, financial and other risks that may threaten the company’s existence, development and continuity, implementing the necessary measures and remedies, and managing such risks. The Committee convenes at least six times a year.

Name	Title	Elected on
Bülent Bozdoğan	Chairman	14.09.2021
Haluk Bal	Member	19.03.2021
Emine Duygu Kirca	Member	19.03.2021

Appointment of the Board of Directors and Committees 102-24

Members are elected to the Board of Directors by the General Assembly in accordance with the provisions of the Turkish Commercial Code and the Capital Markets legislation. The Board members, who are all qualified as specified in the CMB’s Corporate Governance Principles, are professionals with extensive experience and expertise in their respective fields. The company is managed and represented by twelve members elected to the Board of Directors by the General Assembly. When a membership is vacated for any reason, the Board of Directors elects a new member and submits that member for approval at the first General Assembly meeting. The General Assembly may replace Board members when needed, at any time.

The Board of Directors forms committees with its own members. The duties and working principles of these committees are defined by the Board of Directors according to applicable legislation and disclosed to the public. Members with executive duties and the general manager do not serve on these committees.

Board of Directors – Structure and Duties 102-19, 102-22, 102-23, 102-25, 102-26, 102-28, 405-1

The Board of Directors fulfills the duties specified in the relevant provisions of the Capital Markets Law, Turkish Commercial Code, the Company’s Articles of Association, and the resolutions passed by the CarrefourSA General Assembly. The Board of Directors resolves on all high-level issues in line with the company’s strategic plans. The resolutions are typically approved with the aye votes of at least seven of the members attending the meeting. However, the aye votes of at least ten members may be sought when deciding on critical issues.

Our Board of Directors may delegate its representation power to the deputies who are also acting as board members and/or authorized members and/or managers who are not acting as board members, without prejudice to the quorum and majority rule specified in the Articles of Association. The Board convenes with at least eight members in attendance.

Board of Directors – Structure	2020	2021
Members	12	12
Independent Members	2	4
Female Members	1	2
Members with Executive Duties	0	0

The Board of Directors follows certain rules to avoid conflicts of interest. These rules are also included in the ‘Conflict of Interest Policy’ section of our Code of Ethics. In the event of a potential conflict of interest, the concerned Board member informs the Chairman before the meeting where the relevant issue would be discussed and explains the reasons for not taking part in the discussions and not voting on the relevant agenda item.

Board members assess the Board’s performance every year based on the criteria determined and communicated by CarrefourSA. Performance assessment of the Board of Directors is conducted in two stages:

- General Assessment: Every year, each member assesses the Board’s performance individually.
- Individual Assessment: The Chairman assesses the performance of each independent member and deputies of the Board of Directors specifically.

More information about the Board of Directors and its structure is provided in our annual reports: <https://yatirimciiliskileri.carrefoursa.com/tr-TR/finansal-raporlar/faaliyet-raporlari>

RISK MANAGEMENT 102-15, 102-30

Corporate Risk Policy

At CarrefourSA, we define “risk” as any opportunity or threat that the company may face and that may affect the company’s realization of its financial, strategic, operational and compliance targets.

CarrefourSA Risk Categories



Compliance Risks:

Risks related to changes in laws and regulations or regarding the compliance of regulations in our processes and operations with applicable legislation

Financial Risks:

Risks that may arise due to spikes in exchange rates and interest rates or uncertainties in cash flow plans

Strategic Risks:

Risks associated with high-level issues such as the company’s business model, strategic decisions, corporate governance practices or reputation

Operational Risks:

Supply, pricing, sales, efficiency, etc. risks that may arise due to various value chain processes

Our Corporate Risk Policy lays out the procedures regarding the assessment of the risks we may face due to the nature of our business within the scope of our Corporate Risk Management System, the timely communication of such risks to the company’s senior management, Early Detection of Risk Committee and the Board of Directors, and effective risk management to mitigate potential losses and take timely actions to turn risks into opportunities.

Risk Governance and Responsibilities

The **Board of Directors** is responsible for creating the settings needed for our risk management activities to be carried out adequately.

The **Early Detection of Risk Committee**, reporting to the Board of Directors, is formed to anticipate the risks that may jeopardize the existence, development and continuity of CarrefourSA, take the necessary measures regarding the identified risks and manage those risks. The committee reviews our risk management systems at least once a year.

The **General Manager** is responsible for executing effective risk management within CarrefourSA

and taking the necessary measures (implementing policies, determining a method for measuring and managing risks, establishing and monitoring relevant risk limits).

The **Internal Audit Directorate**, which reports directly to the Audit Committee and is structured independently from the executive body, conducts audits and audits in all units, sites and business areas where we operate to contribute to the growth, development and organization of CarrefourSA.

Risk Management Unit, which has an executive function, conducts studies and implements measures for the protection and security of the Company assets.

CMB and Reporting Unit, organized within the Finance department, contributes to external audit activities by conducting regular audits and controls about reporting issues.

Regarding effective risk management, **the managers of all business units** are responsible for anticipating the risks in a timely manner, communicating such

risks to Senior Management, determining and implementing necessary measures, and the results of these actions.

And finally, **all our employees** are also obligated to adopt our Risk Management Policy and ensure that it is implemented in their own areas of responsibility.

Risk Management System

The Corporate Risk Management system is a systematic and dynamic process designed to anticipate potential situations that may impact CarrefourSA and to manage risks in line with the determined risk appetite. The objective of the system is to create added value for our stakeholders in all aspects and to build an environment of continuous collaboration through effective management of the risk exposure.

Driven by the vision and mission of CarrefourSA and its strategic and corporate targets, we conduct one-on-one interviews, surveys and workshops with the relevant people within our organization to identify the potential threats and opportunities we may encounter on the path toward achieving our goals. Accordingly, we perform assessments in view of the four key risk categories and the external risks that may impact our operations (Economy and Policy, Customer Trends, Competition and Technological Development). After assessing the natural risks identified according to their impact and probability, the control mechanisms and the action plans, we finalize them through surveys and workshops and then create a risk inventory. We review this Inventory, which is expanded with the risk factors that the Executive Committee communicates, both dynamically and also systematically once a year.

The risks and risk parameters (risk-related parameters such as risk scores, key risk indicators, threshold values) are published on our Risk Inventory Portal after approval by our senior management. Our Key Risk Indicator (KRI) officers use the portal to monitor and control both the risks and related action plans.

- We review and update the company’s risk inventory and action plans in regular monthly meetings with KRI officers. The Risk Inventory Portal is then revised accordingly.
- We prepare a Risk Management Report every other month and submit it to the Early Detection of Risk Committee.

CarrefourSA Risk Inventory – Year-end 2021

Corporate Risks	
Critical Risks	13
High Risks	33
Medium Risks	15
Low Risks	6
Total Risks	67

- As of year-end 2021, 67 Corporate Risks, which we follow at the corporate level, are monitored with 150 Key Risk Indicators.
- The Early Detection of Risk Committee addresses the 13 critical risks (2 Strategic, 4 Financial, 3 Operational, and 4 Compliance) together with action plans and control mechanisms.

Climate Change Risks 201-2

Since climate change and related risks have a broad economic, social and environmental impact, these are addressed in multiple risk categories in our company.

Climate change has different levels of impact on different parts of the world. Similarly, its effects will vary by the regions in Turkey. The rise in average temperatures will lead to a decrease in water resources in Turkey, and consequently, cause losses in agriculture and result in food insecurities while extreme weather events such as floods and wild fires will increase, to name a few of the predictions about the impact of climate change.

The impact of climate change is already felt in the retail sector. Changes in climate patterns and extreme weather events are pushing agricultural

practices and technologies to adapt to the developments and seek new ways of sourcing, which all affect the global supply chain. Failure to implement sustainable agriculture and supply chain practices will most likely result in raw material supply shortages and eventually cause problems in the long-term supply of critical products. As such problems gain momentum, they inevitably impact the quality, price and availability of products more and more every year.

With the changing weather conditions, the stores, logistics systems and infrastructure will need to make adjustments while operational challenges will likely increase as well. Temperature changes may cause strains in the air conditioning investments. Rising sea levels and more extreme weather events can put retail and supply chain infrastructure in vulnerable areas at greater risk of natural disasters like floods and inevitably lead to higher costs due to property damages and increased insurance premiums. Disruptions in economy as a result of climate change are likely to have knock-on effects on consumer spending. Furthermore, climate change poses a threat to the health of workplaces and employees because high temperatures cause fatigue and various diseases. Meanwhile, consumer expectations and habits are evolving across the world and in Turkey. Even the stakeholder expectations regarding climate change may bring about significant risks and opportunities for companies.

For all these reasons, climate change has been identified as a material risk for CarrefourSA, and it has the potential to impact our company at varying levels. We manage climate change risks by mitigating the potential effects that may disrupt our products and services. The climate change risks are integrated into our risk management process.

We also tackle climate change by adopting a responsible purchasing and sourcing approach to reduce our environmental impact and engaging in activities to reduce energy consumption in our stores and warehouses, decrease HVAC system emissions, improve energy efficiency, and reduce CO₂ emissions in the logistics and transportation operations.

Business Continuity Approach

With the successful management of Business Continuity, we aim to provide products and services for customers, employees, suppliers and the public at predefined and acceptable levels of continuity as required by applicable laws, regulations, agreements, conventions, and global best practices and standards.

While managing Business Continuity, we primarily focus on ensuring service continuity while

performing critical business activities. Accordingly, we work to steadily improve operational processes and build an adequate infrastructure. As part of this process, we started to receive external professional consultancy in 2021. As a result, we identified the critical business processes with pilot departments and created a roadmap to define scenarios for potential process disruptions.

We assess all our processes according to specific standards, determine the limits of tolerating disruptions and downtime, and then create action plans. In other words, we measure our capacity to maintain services at an acceptable level following a disruption. Business continuity may be disrupted in events such as earthquakes, floods, lightning strikes, server crashes, resignation of critical staff and economic crises. Such factors may interrupt operations, resulting in property damage, governance failures, and communication losses. Readiness in such crises and ensuring continuity are among our material issues.

Business Continuity in IT Processes

On the IT side, we also implement Business Continuity plans that we regularly update to align with the changes in infrastructure, technology and human resources. We set recovery time targets and recovery levels based on business impact analyses of critical processes and systems to ensure that the system rooms, disaster recovery center and its systems are always ready. In addition to backing up systems, databases and servers at different times and intervals depending on their criticality levels and work plans, we also store them in different physical locations.

Furthermore, we implement various technical measures for the availability, security and integrity of the systems, monitor the systems proactively, and perform continuous checks to ensure that the measures function accurately and effectively.

Crisis Communications Plan

We take all necessary measures to manage CarrefourSA's reputation, financial standing, employee behavior and customer perception in the event of any internal or external crisis. With the crisis communications plan, we aim to resolve crises effectively by moving beyond reactive solutions and considering foreseeable risks and potential threats. Our Crisis Procedure, prepared by the Marketing and Corporate Communications Group, defines the actions and responsibilities in the event of a crisis as well as how to manage all communication channels, including social media and the press. The group also forms the relevant crisis committee based on the scope of the situation to follow through and report on the process.

Natural Risk Assessment	Probability			
Impact	1	2	3	4
1	Low	Low	Medium	Medium
2	Low	Medium	Medium	High
3	Medium	Medium	High	Critical
4	Medium	High	Critical	Critical



SUSTAINABILITY MANAGEMENT

Message from the Deputy General Manager of
Human Resources and Sustainability

Sustainability Approach

Sustainability Governance

Material Stakeholders and Issues

RIGHT WAY
TO LIVE



Carrefour  SA

A Message from the Deputy General Manager of Human Resources and Sustainability



Esteemed Stakeholders,

At CarrefourSA, the sustainability journey that we recently embarked on is moving ahead with confident steps. I take great pride in publishing this first sustainability report as a testament to our efforts.

Thanks to the hard work of our sustainability department and the sustainability committee, recently formed with managers from relevant departments, we made significant strides in a short time. The working groups that we formed also progressed on several topics.

We actively used the communication channels with our employees, as one of our key stakeholder groups, and regularly provided up-to-date information. With the surveys conducted and announcements communicated via C-mobile, the mobile app that our employees use, we connected with and listened to them. We also organized a “pulse keeping” activity carried out by the Field Human Resources Team at our locations to seek the opinions of our employees on the spot.

Furthermore, we partnered with our suppliers, another key stakeholder group, to launch projects while making

progress in both environmental and social sustainability topics. Our commitment to “10x20x30,” the initiative launched by the World Resources Institute to bring together 10 of the world’s biggest food retailers and providers to each engage with 20 of their priority suppliers to halve rates of food waste by 2030, is the best example of our efforts.

In line with our Quality Assurance approach, we engaged in activities to promote food safety and quality culture among our customers, suppliers and employees. As maintaining our health became even more important during the pandemic, we continued to perform regular hygiene audits at our suppliers and stores to ensure that we always deliver safe food and clean service to our customers. Furthermore, we conducted continuous environmental monitoring analyses for effective cleaning audits at our stores and took the necessary actions. Meanwhile, we also worked with accredited external laboratories to conduct product analyses according to legislative, quality and counterfeiting criteria. On the other hand, we procured the services of independent laboratories for taste tests to secure consumer approval for our private label products.

We carried out various activities and field work to raise awareness about occupational health and safety. Thanks to these efforts, we are pleased to see heightened awareness, which also reflected positively on our results. The case studies, OHS competitions, OHS surveys, department manuals and the audit module deployed on our C-mobile app all lead to enhanced awareness and better impact.

I want to thank our committee members for their commitment to our sustainability agenda, the working groups for ensuring that the projects were completed in a short time, CarrefourSA Executive Committee for following our sustainability agenda closely and guiding us all, and all my colleagues for their contributions to this report.

Sincerely,

Naime Bahar Tura
Deputy General Manager of Human
Resources and Sustainability
Sustainability Committee Chair

SUSTAINABILITY APPROACH

We defined our sustainability approach in line with the vision, strategy and policies of CarrefourSA. As we worked toward achieving sustainable growth, we aimed to build an environment that promotes fairness, continuous development, engagement, high performance, and diversity for our employees. We launched projects to encourage reducing carbon emissions, plastics use and waste generation. In addition to engaging in various activities focused on healthy eating by ensuring food safety for a healthy society, we also conducted a sustainability awareness survey in 2020 to study our customers' perceptions in detail. The results of this survey showed that 52% of the respondents were well aware of sustainability-focused efforts, especially in regard to waste management. Furthermore, we partnered with NGOs and our suppliers on sustainability issues. In 2021, we also assessed our position in different processes with sustainability-focused industry benchmarks. Then, we submitted reports to CDP and also published quarterly sustainability newsletters to raise awareness across the organization.

We also introduced mechanisms to integrate sustainability into all business processes. As part of these efforts, we assigned executive responsibility for sustainability to the Deputy General Manager of Human Resources and formed working groups on climate change, food waste, water management, packaging management, private label product and supplier

management, gender and equal opportunity, innovation and digitalization, risk management and business continuity.

As we shaped our approach, we also had the opportunity to operate at an advantage compared to other companies:

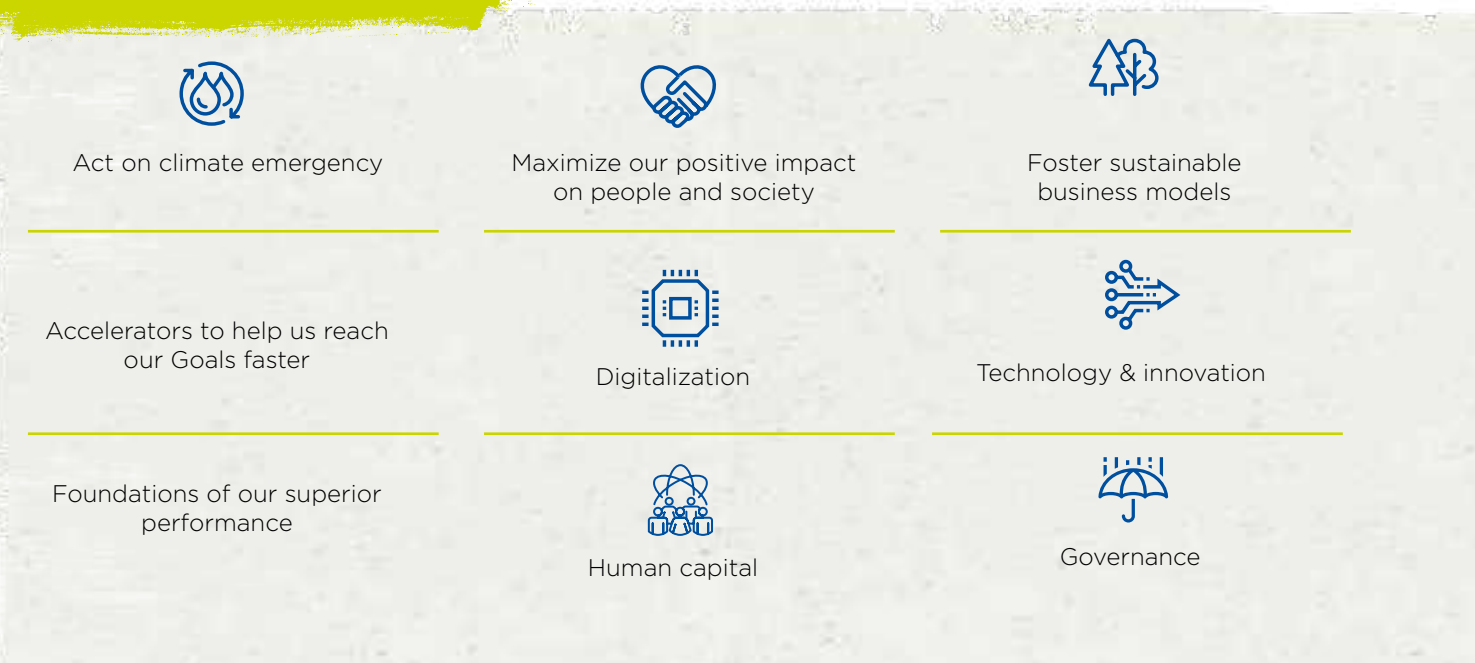
- As a priority, we focused on following the Sustainability Roadmap of Sabancı Group, our main shareholder and a major sustainability actor in Turkey.
- Furthermore, the food retailing approaches and practices of Carrefour Group, our other main shareholder and a global high performer in sustainability, guided us in the process.

We aim to drive our efforts with a constantly increasing performance and to set an example for our industry and our country.

Alignment with Sabancı Group's Sustainability Roadmap

In 2020, Sabancı Group started to work on designing a comprehensive program to make sustainability an integral part of its business model. After an organizational structure was created at the holding level, material issues were identified in consultation with more than 1,000 stakeholder representatives, including investors. Accordingly, **action** plans and

Sustainability Roadmap



long-term goals were determined. In the first quarter of 2021, a Sustainability Roadmap was created for the entire Group.

The three Main Pillars of this Roadmap, which informs CarrefourSA's sustainability strategy are:

1) Acting on Climate Emergency: In line with the Group's targets to achieve Net Zero Emissions by 2050 and Zero Waste, we develop actions for Energy Efficiency, Waste Prevention and CDP reporting at CarrefourSA. These actions are explained in detail in the 'Environmental Priorities' section of this report.

2) Maximizing Positive Impact on People and Society: We launch various projects and engage in partnerships to create sustainable long-term value for our stakeholders. Our impact on our stakeholders, in particular our employees and customers, is covered in the Economic Contribution, Civic Investments, Employee Development, and Customer Satisfaction sections of this report.

3) Fostering Sustainable Business Models: The third pillar is about further embedding the responsible investment approach into our business and creating environmental benefit by going beyond the 'do no harm' principle. Therefore, we implement Business Ethics practices, adopt a private label product approach, and develop business models that meet customer expectations, starting with Sustainable Farming, Fishing and Livestock.

We address digitalization in a separate category because we believe that it will facilitate our efforts to reach the targets in this Focus Area. We also implement innovative practices that contribute

to improving customer satisfaction. Furthermore, we disclose our activities related to our Human Resource and Corporate Governance practices, which ensure that we maintain and strengthen our performance, transparently in this report.

Carrefour Group's Sustainability Approach

Carrefour Group, a global leader in sustainability, has built its strategy (<https://www.carrefour.com/en/group/strategy>) on four pillars, one of which has the goal of making 'eating better' accessible to everyone. Accordingly, the Group has defined its Key Performance Indicators along with short- and long-term targets by working with relevant stakeholders.

The Food Transition Index, which includes key indicators, was created to assess performance, track progress toward goals and motivate the internal teams. This index, which helps steer the employees toward common strategic goals, is also used in assessing the performance of senior management. Starting in 2019, this index was used as a factor in determining remuneration for senior management, including the general manager, and constituted 20-25% of the long-term bonuses. And in 2021, this index was applied to the variable items in remuneration calculations.

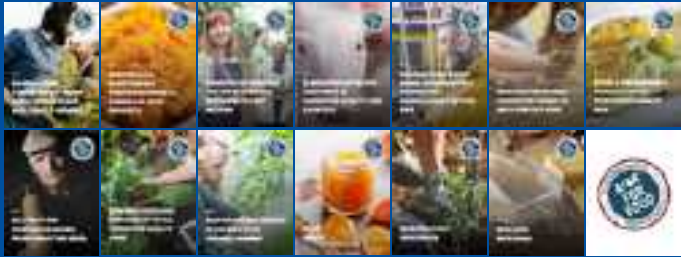
The Food Transition Index, which is disclosed transparently, is structured in four categories and the indicators and targets are reviewed annually. In 2021, 15 targets were met with an average of 111%, particularly as a result of reducing greenhouse gas emissions and packaging, employee engagement practices and delivering successful training programs.

Carrefour Group Food
Transition Index 2021

No	Category	Objective	2020	2021	2021 Score
PRODUCTS					106%
1	Sustainable Farming	15% of fresh food product sales generated by organic or agroecological products by 2025	-	5%	96%
2	Raw Materials	100% of sensitive raw materials must be covered by a risk reduction plan by 2025	-	54%	101%
3	Packaging	20,000 tons of packaging saved by 2025 (total since 2017)	6,212	11,068	119%
		100% reusable, recyclable or compostable packaging in 2025	44%	46%	
4	Animal Welfare	100% of the key objectives of our animal welfare policy implemented in all countries by 2025	-	62%	101%
5	Supplier Commitment	300 suppliers committed to the Food Transition Pact by 2025	26	114	114%
STORES					102%
6	Food Waste	50% reduction in food waste (vs. 2016)	-29%	-31%	93%
7	Waste	Recover 100% of waste by 2025	66%	68%	95%
8	CO ₂ Emissions	50% reduction in GHG emissions (scopes 1 and 2) by 2030, and 70% reduction by 2020 (vs. 2019)	-14%	-20%	116%
9	Partner Producers	45,000 local Partner Producers in 2025	36,277	38,580	103%
CUSTOMERS					112%
10	Food transition in stores	30-point improvement in the in-store customer survey on organic and local products, packaging and food waste reduction, health and nutrition by 2025	-	+8	120%
11	Act for Food Programme	80% of our customers believe that Carrefour helps them to eat healthier and more responsible food that remains affordable by 2022	77%	78%	104%
EMPLOYEES					123%
12	Employee Engagement	Minimum employee recommendation score of 75/ 100 awarded annually to Carrefour by its employees	80%	83%	132%
13	Gender Equality	35% of women executives (top 200) by 2025	22%	25%	103%
14	Training	At least 50% of employees undertake training every year	-	81%	161%
15	Disability	Employees with a disability to represent at least 4% of the total workforce by 2025	3.6%	3.4%	95%

Carrefour Group ‘Act for Food’ Programme

Carrefour Group launched the ‘Act for Food’ program in 2018 to respond to the latest global developments and achieve its respective goals. The Group focuses on developing practices targeting customer health and satisfaction, especially through fresh food and private label products and applications for suppliers.



At CarrefourSA, we make use of Carrefour Group’s Key Performance Indicators and Programs and align them with the dynamics in Turkey and stakeholder expectations.

CARREFOURSA
SUSTAINABILITY APPROACH

As a leading player in the Turkish food retailing industry, we are committed to being a sustainability pioneer with the responsibility that comes from serving approximately 500,000 people every day and with the recognition that all our stakeholders also have an impact. We consider economic, environmental and social aspects and strive to integrate continuous improvement in these issues into all our business processes.

Accordingly, we incorporate the following into our sustainability strategy:

- Our senior management leads us in ensuring compliance with our policies and promoting best practices.
- We regularly monitor our sustainability performance, identify development areas, and take necessary actions.
- We adopt sustainability as a way of doing business and apply this approach effectively to our decision-making processes.
- We work to instill the sustainability culture across our organization.
- We consider the United Nations Sustainable Development Goals in our activities and plan our actions to align with these goals.
- We fulfill legal requirements and other regulatory conditions related to environment, occupational health and safety, food safety, and compliance.
- We minimize waste generation and always strive to improve our recovery rates in line with our zero waste approach.
- We follow the national and international agenda on tackling climate change and work to reduce greenhouse gas emissions at every stage of our value chain starting with our stores.
- We make sure that water is used efficiently.
- We consider our impact on biodiversity and plan our business models to protect local fauna and flora.
- In developing our products and services, we take into account their impact throughout their life cycle and act with environmental sensibility.



- We value the health of our customers, closely monitor the activities of our suppliers for product safety and quality, and offer the right products at accessible prices.
- We regard food waste as a part of our corporate social responsibility and partner with stakeholders to eliminate it.
- We recognize the importance of occupational health and safety and aim for zero workplace accidents and occupational diseases in our operations.
- We regard our human resource as our intellectual capital and promote organizational development to become the employer of choice and to offer equal opportunity for all.
- We identify our environmental, social and governance risks with a proactive approach and employ prudent practices.
- We do not tolerate any form of bribery and corruption.
- We monitor and support the improvement of the sustainability performances of our suppliers that we regard as our business partners.
- We give priority to responsible production and support local manufacturers and products.
- We shape our activities around digitalization and innovation and encourage ideas and opinions on this matter.
- We maintain a transparent, accountable and engaging communication in our stakeholder relations.
- We protect the privacy, integrity and accessibility features of our information assets.

Sustainable Business Models

Following our sustainable agriculture, livestock and fishing strategy, we offer the 'right' products in our stores and directly contribute to sustainability of both different sectors and the national economy.



• We engage in **private label product** efforts to create economic value and also address it from a social and environmental perspective. We launch various programs to implement best practices in our industry by prioritizing customer satisfaction and health.



• Regarding **Sustainable Agriculture** practices, we monitor the production process in place by encouraging producers to use local seeds and share product information with our customers through the Traceable Safe Food Platform and the QR Code on vegetables.



• For **Sustainable Livestock**, we run the local livestock project and offer veterinarian-controlled red meat sourced from 100% local, known suppliers in our stores. This practice allows us to create business for local producers, ensure animal welfare, improve quality and efficiency, and sell at suitable prices.



• Regarding **Sustainable Fishing**, we monitor the supply chain from production to the aisle and work with approved farms. The audits and practices carried out in accordance with applicable legislation also enable us to contribute to sustainability of marine life.

Compliance with Sustainability Principles

We aim to comply fully with the Capital Markets Board's Sustainability Principles, with which we have captured compliance to a significant extent as a result of our efforts in recent years. In 2021, we achieved full compliance with 32 of the 60 principles and partial compliance with 25. More information about our compliance performance summarized below can be found at:

Type	Full compliance	Partial compliance	Non-compliance	Not applicable
General	3	8	-	1
Environmental	14	10	-	2
Social	11	5	-	-
Corporate Governance	4	2	-	-
Total	32	25	-	3

<https://yatirimciiliskileri.carrefoursa.com/tr-TR/kurumsal-yonetim/kurumsal-yonetimimiz/uyum-raporu>

SUSTAINABILITY GOVERNANCE102-18, 102-20, 102-32

At CarrefourSA, sustainability is a strategic priority. Therefore, we have built a governance structure to maximize the efficiency within our organization. The Sustainability Committee, which we formed in 2020, is composed of managers from relevant departments within CarrefourSA. The Committee, headed by the Deputy General Manager of Human Resources and Sustainability, reports to the Executive Committee at CarrefourSA. The Head of H&S, Quality Assurance, Environment and Sustainability is responsible for coordinating and monitoring the activities of the Committee and relevant secretarial work. As defined in the Duties and Working Principles document, the Committee is tasked with determining the sustainability strategy, targets, roadmaps and policies, ensuring internal integration, managing the associated risks, and developing and implementing projects. The Committee may also form sub-committees when a specific focus is needed.

In addition to heading the Committee, Deputy General Manager of Human Resources and Sustainability, also coordinates and monitors

sustainability-related processes. She plays a central role in sustainability communications carried out by our stakeholders, starting with Sabancı Holding and Carrefour Group.

Executive Committee, which is the senior governing body regarding sustainability topics, consists of the General Manager and Deputy General Managers. Executive Committee convenes every week to address strategic and tactical issues, set targets and make high level decisions. Sustainability goals are among the individual performance goals of our senior executives, including the General Manager.

This report has been prepared by the Sustainability Committee with external strategic consultancy and taken its final form based on feedback and approval by the Executive Committee and Board of Directors.

CarrefourSA Sustainability Committee

Member	Title
Ali Can Ertem	Head of E-Commerce
Asude Gündoğdu	Head of HR HQ Operations, Training and Organizational Development
Aytek Demirdelen	Head of Internal Audit
Elif Keskin	Risk Management Manager
Ertan Nağış	Head of Private Label Category
Gökhan Çakmak	Head of Customer Experience
Gürol Sungun	Head of Corporate Systems
Halit Nadir Gül	Head of Logistics
Hatice Kösalı	CMB, Investor Relations and Financial Services Manager
Kerem Daşdelen	Head of Technical Procurement and Maintenance
Melis Bozkurt	Head of Coordination of Sales
Melis Karatay Ebin	Head of Marketing and Corporate Communications
Naime Bahar Tura	Deputy General Manager of Human Resources and Sustainability
Neşe Şenöz	Quality Assurance Manager
Nur Sibel Öztürk	Head of CRM
Tayfun Akusta	Head of H&S, Quality Assurance, Environment and Sustainability
Tuncay Odabaş	Head of Food Category
Turgut Körtemur	Senior Sustainability Specialist
Vahit Onur Bayhan	Head of Non-Food Category

KEY STAKEHOLDERS AND MATERIAL ISSUES

Stakeholders and Engagement Platforms 102-40, 102-42, 102-43

All departments at CarrefourSA interact directly or indirectly with our stakeholders, i.e. the individuals and the organizations that may be impacted by our activities, products and services or that may affect our corporate strategy and goals. Therefore, we strive to learn about the expectations of all our stakeholders, starting with our employees, including those of our subcontractors, our customers, our suppliers and our main shareholders - Sabancı Holding and Carrefour Group - and respond accordingly. The stakeholder groups identified through our work with Sustainability Committee members and our engagement platforms are listed below:

Stakeholder	Engagement Platform
Carrefour Group	Senior Management Meetings (continuous), Project-based Meetings (as needed)
Employees	Employee Satisfaction Survey (every other year), Support Newsletter (monthly), Hello Summer Meeting (annual), Farewell Summer Meeting (annual), Townhall (multiple times a year), Sports and Wellness Festival (annual), 24/7 Support Line (continuous), Lean Leader Meetings and Briefings (continuous), Sustainability Newsletters (3-4 times a year), Sports Activities
Franchisee	Franchisee Meetings (annual), Meetings (continuous), Regional Manager Visits (continuous), Satisfaction Surveys (every year)
Shareholders	General Assembly Meetings (annual) Investor Relations Presentations, Website (cont), Annual Reports (quarterly), Sustainability Report (annual), Investor Relations Dep. Communication Channels (cont.)
Customers	Call Center and WhatsApp line (continuous), Social Media (continuous), carrefoursa.com (continuous), Assessments Surveys (continuous, with customers who opted in for communications), Net Promoter Score Survey (annual), Brand Health and Recognition Survey (continuous), Customer Reporting Line (continuous)
Public Institutions	Meetings with Ministries and Public Institutions (as needed for projects and specific topics)
Sabancı Holding	Sabancı Holding Audit Group Meetings (quarterly), Theme-based Task Force Activities (continuous)
Labor Union	OHS Committees (continuous), Meetings (continuous), Union and Employer Meetings (quarterly)
NGOs (General)	Meetings with NGOs and Partnerships for Different Projects (continuous)
Subcontractors	Process Meetings (regular)
Suppliers	Meetings with Law Firms (every other month), Meetings with the NPS company (as needed), Audits (continuous), Meetings with Advertising Agency (continuous), Meetings with Media Planning and Procurement Agency (continuous), Meetings with PR Agency (continuous), Meetings with Research and Data Providers (continuous)

Material Topics 102-29, 102-46, 102-47

We used several resources to identify CarrefourSA's Material Topics. In addition to studying our own economic, social and environmental impact, we analyzed the results of customer surveys and other tools where our stakeholders expressed their views. During the reporting period, we also reviewed the remarks and criticisms of different stakeholder groups and ensured that their expectations were included in the analyses. Furthermore, we researched the general industry trends and material issues and referred to studies by global organizations such as SASB. In the end, we identified 11 Corporate Material Issues, which aligned with the material issues of our brand partner Carrefour Group, and the material sustainability issues of Sabancı Group, our parent company. These 11 material issues reflect our own strategies and policies and also include the targets set by the Board of Directors.

Our material issues make up the backbone of this report and consist of topics including the activities, working groups and key performance indicators that we will define in the near future. To ensure consistency, we explained our performance in each issue with relevant indicators. In this process, we referenced to internationally recognized norms and parameters that are also used in Turkey to the extent possible and compared them with previous year data, creating the sustainability context. We aim to improve our performance in these areas year on year in line with stakeholder expectations, industry dynamics, and global standards. We are committed to disclosing our results and development areas transparently and share what measures we will take, or we will revise our targets.



Our Contribution to UN Global Sustainable Development Goals

Material Topic	Targets	Relevant SDG
Economic Contribution	To create economic value for our stakeholders.	    
Food Waste	To eliminate the economic impact of food waste across the entire Food Chain.	   
Business Ethics	To shape our way of doing business and relationships with all stakeholders around our Code of Ethics.	  
Employee Satisfaction and Development	To create ultimate employee satisfaction by providing the best work environment and to support their continuous development.	
Occupational Health and Safety	To provide a safe working environment.	
Gender Equality and Equal Opportunity	To never tolerate any gender-based discrimination and to offer equal opportunity by exercising fairness in all transactions and practices.	  
Responsible Supply Chain	To ensure the economic, social and environmental development of the supply chain with Sustainable Business Models and Policies while ensuring its continuity.	    
Customer Satisfaction	To deliver excellent customer experience in all processes, starting with in Health and Safety, and to measure customer satisfaction continuously to improve it across all channels.	
Digitalization	To achieve digital transformation across the value chain to ensure that the existing processes are more effective and efficient, fast, accessible, and most importantly, customer focused.	
Climate Change	To manage our Energy and Water Consumption and Carbon Footprint accurately, and raise awareness among all stakeholders.	
Waste Management	To prevent, reduce, reuse, recycle or dispose of waste without harming the environment with the 'Waste Pyramid' approach.	 



ECONOMIC RESPONSIBILITY

Economic Contribution

Food Waste

Business Ethics

RIGHT WAY
TO LIVE



Carrefour  SA

ECONOMIC RESPONSIBILITY

We are a publicly traded company, hence our sustainability is dependent on economic success. Considering our shareholders, investors, employees, suppliers and other business partners, we have a significant economic impact, including the prevention of waste in the food chain, and a responsibility to act ethically.

Creating sustainable economic value for our stakeholders is one of our material issues. Accordingly, we focus on growth and efficiency to create sustainable value and economy of scale. In addition to increasing the number of our stores, we grow through franchising and e-commerce systems while also engaging more actively in exports.

We follow the principle of accurate inventory management to minimize waste in the food chain

and aim to reintroduce food waste into production, thus preventing economic loss. We also take part in various local and international initiatives and donate food waste fit for consumption.

As part of our economic responsibility, we operate with ethical values. Our Code of Ethics, based on the principles of honesty and integrity, guides us in all our decisions and activities. As required in our Code of Ethics, which aligns with the Universal Declaration of Human Rights, we always respect human rights in all our decisions and activities under all circumstances and expect all our stakeholders to uphold the same approach.

KEY PERFORMANCE INDICATORS		2020	2021
Economic Contribution	Revenues (TL million)	7,915	9,368
	Loss Before Tax (%)	-3.4	-4.8
	Retail Space (000 m2)	525	508
	m2 Sales (000 TL/m2)	15.5	18.4
	Number of Employees (Total)	12,980	12,274
	Direct Employment	11,032	10,174
	Indirect Employment	1,948	2,100
	Recruited İŞKUR Interns	668	690
	Local Sourcing Ratio (%)	100	100
	Exports (TL million)	3	8
	Number of Stores	699	754
	Number of Franchises	24	72
	Number of Warehouses	10	12
Ethics	Ethics Training Completion Rate (%)	63	61
	Number of Ethics Investigations	231	462
	Number of Employee Contract Terminations as a result of Ethics Investigations	149	174
	Ratio of Employees Covered by Collective Bargaining Agreement (%)	69	69
Food Waste	Food Waste (tons)	7,763	7,855
	Ratio of the Economic Value of Food Waste to Revenues (%)	0.47	0.36
	Preserve Your Food Campaign	-	Launched
	WRI 10x20x30 Project	-	Launched
	Food Recovered for Resale (tons)	-	1

ECONOMIC CONTRIBUTION

ECONOMIC CONTRIBUTION APPROACH 103-1, 103-2, 103-3

As a publicly traded company, CarrefourSA strives to create sustainable economic value for its stakeholders. With these efforts, the company aims to:

- Deliver return on investments in line with partner and shareholder expectations,
- Provide competitive compensation and benefits to its employees,
- Ensure equitable earnings and opportunities for its franchises,
- Implement a fair pricing policy for its suppliers,
- Contribute to the economic growth of its partners,
- Fulfill its legal financial obligations, including taxes, completely and on time,
- Make a meaningful contribution to the social needs of the country especially in its impact.

ECONOMIC VALUE CREATION 102-7, 201-1

We focus on growth and efficiency to create sustainable value and economy of scale. Our successful growth is fueled by the success captured in our franchising and e-commerce businesses. We aim to respond to expectations by maintaining the momentum of this economic growth.

Key Financial Indicators	2020	2021
Revenues (TL million)	7,915	9,368
Gross Profit (TL million)	2,113	2,579
Gross Profit Margin (%)	26.7	27.5
Loss Before Tax (TL million)	-272	-447
Loss Before Tax Margin (%)	-3.4	-4.8
Current Ratio	0.56	0.59
Liquidity Ratio	0.28	0.25

Key Operational Indicators	2020	2021
Number of Stores (total)	699	754
Mini	228	256
Super	389	367
Hyper	30	28
Gourmet	28	31
Franchise	24	72
Number of Stores offering E-commerce	54	57
Retail Space (000 m²)	525	508
Sales per m² (000 TL/m²)	15.5	18.4

CONTRIBUTION TO EMPLOYMENT 102-8

At CarrefourSA, we not only contribute significantly to the economy but also make a wide social impact through the jobs we create. We currently operate with more than ten thousand employees and over two thousand people employed by our partners.

CarrefourSA Employees

Direct Employment	2020	2021
Number of Employees	11,032	10,174

Employees of Subcontractors and Business Partners

Service	2020	2021
Cleaning	718	513
Security	348	254
Service-Valet	40	29
Employee Meals	96	92
Logistics Warehouses	600	738
E-commerce Warehouse	13	34
Franchises (*)	133	440
Total	1,948	2,100

(*): Franchise employee figures as of month-end January, 2022.

We receive SSI incentives for the jobs we create. 201-4

Incentive	2020	2021
SSI Incentive (TL million)	52.7	57.4

Nearly half of our employees are based in Istanbul, where our Head Office is also located. With extensive operations in different regions across the country and a local recruitment policy, we contribute to regional economies as well.

Employees by Region

Region	2020	2021
Istanbul	5,312	4,989
Aegean – Mediterranean	2,995	3,004
Central Anatolia, Black Sea, Eastern and South-eastern Anatolia	1,719	1,223
Marmara	1,007	959
Total	11,032	10,174

Local Recruitment

At CarrefourSA, we encourage local recruitment. When we open new stores or whenever new employees are requested by existing stores, we prioritize applications through İŞKUR Employment offices or candidates residing in the respective store locations. Regarding employment for our seasonal stores, we prefer candidates located in those regions. Considering the requirements of specific stores, we contact the respective provincial İŞKUR and Employment offices and also participate in job fairs.

İŞKUR Intern Recruitment	2020	2021
Interns accepted through the İŞKUR On-the-Job Training Program	1,086	945
Interns recruited after the İŞKUR On-the-Job Training Program	668	690

LOCAL SOURCING 102-9, 204-1

At CarrefourSA, we source nearly 100% of the products we sell from local suppliers. Furthermore, we aim to provide guidance on using the right seeds by contacting the producers directly and therefore not going through intermediaries to support local farming, ensure quality standards and create a price advantage. Due to legal and accounting requirements, we go through cooperatives when purchasing from producers. Regarding fresh fruit and vegetable sourcing, we aim to increase the rate of direct purchases from agricultural cooperatives from 12% in 2021 to 20% in 2022.

Purchasing	2020	2021
Number of suppliers	4,208	4,137
Local Supplier Ratio (%)	99.7	99.7
Payments to Suppliers (cost of sales) (TL million)	5,802	6,788
Local Sourcing Rate (%)	100	100

INDIRECT ECONOMIC CONTRIBUTIONS 203-2

CarrefourSA contributes indirectly to the national economy as well. Supporting local small businesses with the additional customer potential that our stores create in their locations and helping suppliers grow, thereby supporting business partners and their employees are some examples of this indirect contribution:

- **Economic Value for Suppliers:** Our suppliers are the essential element of our value chain. We contribute significantly to their economic sustainability and therefore to job creation.
- **Economic Value for Local Constructors/Suppliers:** When we open new stores and renovate existing stores, we prefer to work with local suppliers, manufacturers, and constructors in the respective cities and districts and select them from among teams with previous experience in the social conditions of the location. With this practice, our investments also contribute positively to the local economy. Every year, we renovate nearly 150 - 200 stores in varying scales in line with our strategic targets.
- **Creating Value with Sustainable Business Models:** We support farmers with our sustainable agriculture practices, farmers with our livestock activities and fish farms with our fishing activities.
- **Franchising Model:** We support entrepreneurs with our franchising system, enabling them and their employees to do business with the assurance of the CarrefourSA brand.

PAYMENTS TO THE STATE 201-1

Like all commercial enterprises, we have a responsibility towards the state to fulfill our tax and other legal obligations completely and on time. As part of our operations in this area, calculations pertaining to Corporate Tax Returns and Provisional Tax Returns are concurrently reviewed and assessed by Sabancı Holding Financial Affairs Department teams. Additionally, we procure consultancy services from independent audit firms when external opinions and advice are needed. We impose various controls and restrictions within the organization to calculate all taxes (including VAT of products) accurately and to ensure that only authorized individuals may intervene. In 2020 and 2021, TL 434 million and TL 563 million, respectively, were paid to the state, including all taxes and fines.

CONTRIBUTING TO EXPORTS

Our export activities, albeit relatively small compared to our overall operations, are growing steadily and rapidly. We export a portfolio consisting of mainly food items and 70% private label products to TRNC, Poland, Georgia, and France. We anticipate that Jordan, Uzbekistan and Italy will soon be added to our export markets. As a result, we indirectly support our local producers in their contribution to exports and national economy.

Export Revenues	2020	2021
TL Million	3	8



SUPPORTING WOMEN ENTREPRENEURS

As of year-end 2021, our franchise system has 13 female business owners and managers. We also support the initiatives of female producers in Turkey, giving them an opportunity to reach customers through our aisles:

- **Female Producers Market:** To set an example for the sector, we have hosted the 'Female Producers Market' with partnering businesses founded by female producers on March 8 for the last three years at our hypermarket in İstinye, İstanbul. This market offers women producers the opportunity to promote their products personally and improve their products based on the feedback they receive during their direct engagement with the customers.
- **"Yeniden Biz" (Us Again) Platform:** We partner with this platform to support women who want to return to professional life. The platform offers training programs for female employees to help them advance in their careers.

CIVIC INVESTMENTS AND SOCIAL SUPPORTS 201-1, 203-1

We engage in various activities in line with our environmental and civic sensibilities.

- As part of the **"Sabancı Republic Campaign"** that Sabancı Holding launched to mark the 98th anniversary of the Republic of Turkey with the participation of volunteers from its subsidiaries, CarrefourSA partnered with Çevko Foundation for a coastal clean-up event on Büyükdada, collaborated with HayKonFed to donate food to stray animals, and worked with TOG to organize school support activities.
- We support the **'Preserve Your Food, Protect Your Table'** campaign, run by the Turkish Ministry of Agriculture and Forestry in cooperation with United Nations Food and Agriculture Organization (FAO) and raise awareness among our employees and customers.
- We have partnered with **Basic Needs Association (TİDER)**, an NGO that works for fairness and



equality in people's access to basic needs, for nine years. Through this partnership, we support people living in underserved areas by providing systematic food and basic needs aid. In 2021, we supplied 600 tons of products to Destek (Support) Market.

- We donate edible post-consumer food waste for stray animals as part of the "Friends Movement" project, made possible in cooperation with **HayKonFed**. With this partnership, we deliver food products, which are discarded as waste in all our markets in 40 cities of Turkey but are not harmful for animal health (subject to the cold chain), through HayKonFed volunteers for stray animals.
- We have supported **UNICEF's Farm to School project** since 2015. By donating to UNICEF's efforts to reintroduce adolescents at risk of child labor into the education system, we contributed to returning 62 adolescents and youth to school through vocational training in 2021.
- We donate the proceeds from the sales of **recycled cloth bags** to Darüşşafaka, TİDER, and HayKonFed.
- As part of the **Children Design Project**, we partner with Darüşşafaka Society and offer the cloth bags, featuring designs by the students of Darüşşafaka Educational Institutions, for sale at select CarrefourSA stores across Turkey. All proceeds from the sales of these bags are donated to Darüşşafaka because we believe that a welfare society can only be possible with educated individuals.
- **Donations:** Our donations amounted to TL 792 thousand in 2020 and TL 889 thousand in 2021.

Stakeholder Opinion



At Darüşşafaka Society, Turkey's first NGO in the field of education, we have operated with the mission of "equal opportunity in education" since 1863. As part of this mission, we offer quality education to talented children without one or both parents and without sufficient financial means, changing the lives of children, who are the future of our country, through education. At Darüşşafaka Educational Institutions, we currently offer full scholarship, boarding and English-focused education for nearly 1,000 students, who successfully pass the entrance exams. All of these are made possible with the donations of individuals, institutions and organizations that have supported us for 159 years.

CarrefourSA is an important corporate donor that supports Darüşşafaka Society. In 2015, we partnered with CarrefourSA for a different type of social responsibility project to leverage our students' creativity for making products. CarrefourSA started to sell shopping bags, featuring designs by our students, in all its markets across Turkey. More than 23,000 bags with our students' designs were sold in 2021 alone. The proceeds from the sales of these bags create funds for education and also allow us to tap into the creativity of our students with products featuring their designs.

Beyond this meaningful social responsibility project, CarrefourSA always stands by the students at Darüşşafaka, helping our mission of "equal opportunity in education" with its contributions.

Oğuz Güleç

Chair of the Board of Directors
Darüşşafaka Society

ACTIVITIES CREATING ECONOMIC VALUE

We engage in various activities such as the Franchising System, E-commerce, Operator Model, and Lean Management to maintain and increase of the economic value we create.

Franchising System

We launched the franchising system in 2019 to support CarrefourSA's economic growth targets. For this purpose, we adapted the proven franchising system that Carrefour Group has applied for years to the dynamics of our country. We aim to expand our franchise network, which consists of 72 stores as of year-end 2021, by adding 160 stores in 2022.

Franchisees	2020	2021
New Stores	24	70
Transferred Stores	-	2
Total	24	72

With the franchising system, we aim for these stores to contribute to our revenues and profitability through economy of scale while meeting franchisee's financial expectations. Accordingly, we apply a business model that works with a win-win formula and meets the expectations of both parties. We plan to grow the system, which involved mini and supermarket concepts to date, with new formats and expand to more regions starting in 2022.

We also aim for the franchisees to adhere to the reputation and standards of CarrefourSA without compromise. To achieve this, we support our franchisees with training programs, especially on human resources, logistics, marketing, advertising and social media. We also follow protocols and conduct audits regarding hygiene, quality, food safety and occupational health and safety. The key obligations of the franchisees toward their employees are included in our agreements. To ensure that the system functions as designed, we maintain regular contact with our franchisees, monitoring their profitability and performing satisfaction surveys. As of 2022, we are also in the process of developing a web-based portal and mobile app for online tracking of orders, current accounts and payments.

E-Commerce Applications

The e-commerce operations that CarrefourSA launched in 2005 have gained momentum in recent years, especially with the activities since 2018. As of year-end 2021, we operate with 404 employees in 57 stores in 22 provinces, catering to online customers via carrefoursa.com. Empowered by our broad

product offering, and the ultra-fresh produce variety and quality as key factors in grocery shopping, combined with our brand strength, our e-commerce volume accounts for an increasing higher share in CarrefourSA's total revenues. Driven by the impact of the pandemic, online sales continue to gain more prominence in our country like the rest of the world. We aim to further expand the scope of this service across more regions in the years to come.

Operator Model

We developed the Operator Model to assign some of our product departments to another legal entity in areas in which we do not particularly specialize and in provinces and regions with limited suppliers and logistical means. This is how we manage product groups, including nuts, meat, fresh produce and bakery at such locations. With this model, which allows us to support local initiatives while benefiting from their expertise, we partnered with 145 operators in 671 stores as of year-end 2021. Some of these businesses operate in multiple stores and in some cases we partner with several operators in different categories in a single store.

Lean Management

Lean Management refers to an approach developed to prevent all kinds of waste and loss in the operational processes, accelerate the flow, and continuously improve and enhance the value definition based on customer demand and expectations. We embrace the Lean Management approach to disseminate practices at CarrefourSA



and to enable our employees identify processes without added value and thereby increase efficiency. As a result, we also contribute directly to sustainable profitability.

In order to develop a model that matches CarrefourSA's understanding of retail and the intended 'Lean Store' approach, we partnered with the Lean Institute Association, defined the lean management concepts that would work for us and aligned them with our internal resources. We assigned Lean Leaders – mostly store managers – in each store and introduced these practices in 304 stores by providing 1,518 man-hours of training. We used the following five tools to implement these practices:

- **5S (sort, set, shine, standardize, sustain):** This method is used to create order and facilitate locating what is searched while making it easier to identify problems.
- **Standard Operating Procedures:** These are documents that specify how tasks should be performed in accordance with the organization's expectations and needs.
- **Visual Communications:** Using visual communication tools to share all relevant follow-up actions and details on a single panel to ensure that the entire team is informed.
- **Smart Targets and Indicators:** The key performance indicators developed to ensure retail targets are achieved.
- **Kaizen:** The lean management concept that refers to continuous improvement.

Already in the first year of this practice, we began to measure the results by conducting 512 assessments in 304 stores. Accordingly, we observed the following improvements:

- 78 stores improved their results above the Success Level (80 points and above).
- 121 stores scored on the Development Level (60-79 points).
- 199 stores remained below the Development Level (below 60 points).

For 2022, we aim to:

- Implement the practice in further 378 stores,
- Repeat the training at stores with scores below the development level,
- Elevate development level in all stores.

FOOD WASTE

FOOD WASTE APPROACH

We have direct impact in terms of the economic value of food waste created in the food chain. We embrace the principle of accurate inventory management to minimize food waste and aim to reintroduce the food waste into production to prevent economic loss. We support our communities by donating surplus edible food and work with various stakeholders to ensure that the donated food is delivered to those in need.

In managing food waste, we begin by raising awareness among our stakeholders, starting with our employees, suppliers, and customers. Our objective is to create lasting change in consumption habits by encouraging our customers to adopt waste-prevention measures.

Food Waste	2020	2021
Food Waste (tons)	7,763	7,855
Revenue Loss (TL million)	36.9	33.8
Waste/Revenue Ratio (%)	0.47	0.36

PROGRAMS FOR MANAGING FOOD WASTE

Protect Your Food Campaign

The 'Protect Your Food, Preserve Your Table' campaign was launched in 2020 by the Turkish Ministry of Agriculture and Forestry in cooperation with United Nations Food and Agriculture Organization (FAO). It aims to develop national policies and actions to reduce food waste and losses.

We support this campaign because it aligns our material issues. Accordingly, we started by sharing the campaign with all our employees to raise awareness. In June 2021, we sponsored the 'Protect Your Food Cuisine' event organized by the Manisa Provincial Directorate of Agriculture and Forestry by providing Carrefour-branded products. We also launched a project titled 'Use the Leftovers' and presented recipes made with ripe fruits or vegetables in our 'Lezzet Arası' restaurants to promote waste prevention. We also communicated practical tips by sharing recipes such as a ripe banana ice cream, a soup made with leftover vegetables and a winter tea made with fruit peels.

We already sell products nearing expiry at discounted prices. In 2022, we will also start selling ripe fruits and vegetables in our stores. We also created informative content with tips about the right way of storing food and keeping produce fresh longer. On the consumer communications side, we have plans to affix the Preserve Your Food logo on the products and refer to the right storage conditions and food

safety recommendations such as 'first in, first out' to reduce food waste.

10x20x30 Project

We have joined the "10x20x30" initiative introduced by the World Resources Institute (WRI) and committed to engaging with 20 of our priority suppliers to halve rates of food loss and waste by 2030. For this purpose, we are targeting, measuring and acting on food waste. Our goal is to promote the reduction of food loss and waste by serving as a catalyst across the entire chain with this call-to-action to mobilize our suppliers and our customers.

In order to fulfill this commitment, we are taking actions to manage food waste at the source, during production or in the stores by providing training and raising awareness among the employees. Furthermore, we are partnering with various companies to redesign the problematic processes we identified through technology and innovations.

Reselling

We partnered with Fazla Gıda (Surplus Food and Food Recovery Association) to accurately analyze and categorize food losses and to utilize them

before they go to waste. For this purpose, we have long been working on how to deliver surplus edible food to people in need through food banks. We reintroduce the products that are past their expiry date but that are still fit for human consumption to the economy through different options. In 2021, we saved nearly one ton of food from going to waste by reselling them.

The Surplus Project

We developed the Surplus Project, which will be activated in 2022. With this project, we plan to bring together the unsold daily bakery products and bread (bagels, cookies, croissants, etc.), fresh food nearing expiry, consumable fresh produce, and charcuterie in a box and sell them to the customers at a discount. This practice, called 'Too Good To Go' and widely applied around the world, is an innovative approach to creating real impact on food waste. By introducing this practice, we will save consumable food from going to waste and also offer more affordable purchasing options to our customers.



Stakeholder Opinion



CarrefourSA was one of our first partners when we started Fazla Gıda five years ago. As a responsible company with strong environmental and social sensibilities, CarrefourSA has always stood by our side in ensuring food sustainability. We are thrilled and excited that we have decided to pursue an even more comprehensive agenda to increase our impact by expanding the scope of our partnership.

We are proud to be a strategic holistic waste management partner of CarrefourSA as part of its efforts to prevent and recover food waste. As always, we will continue to work toward eliminating food waste completely in the years to come.

To meet this goal, we will work hand in hand with CarrefourSA in a number of projects, following the Food Recovery Hierarchy as a guide, starting with the reduction of waste at the source and donating or recycling surplus food by considering the highest economic, social and environmental benefits.

We started to position the smart weighing system, which we developed at Fazla Gıda, to reduce waste at the source, in the 'Lezzet Arası' restaurants within CarrefourSA stores. This smart weighing system will enable us to measure the waste generated in the restaurants with the help of technology and to reduce waste by taking the necessary actions based on the data we collect. As another step toward preventing waste generation, we will deploy our FAZLA application, which makes it possible to sell near-expiry food products at CarrefourSA stores to the consumers at a discount. This will allow us to prevent waste generation at the stores and help customers access food at more affordable prices.

In addition to these initiatives, we will create social benefit by delivering the near-expiry products removed from the aisles at the CarrefourSA stores but are still edible to people in need through donations. Surplus products, which is no longer fit for human consumption, will be diverted to make animal food.

Fazla Gıda - CarrefourSA partnership is an exemplary collaboration in terms of raising waste awareness and also creating economic, social and environmental benefit through the prevention and recovery of waste generated at the CarrefourSA stores across the country. We recognize that the work we have done so far is the guarantee of our future success and thank the CarrefourSA team for this partnership.

Olcay Silahlı

Co-Founder ve CEO
Fazla Gıda

BUSINESS ETHICS

BUSINESS ETHICS APPROACH 103-1,103-2,103-3

Sabancı Group Business Ethics Rules define the framework of our mutual responsibilities with our employees and all our business partners. Our rules are based on the principles of honesty and integrity, and guide us in all our decisions and activities. This approach, developed in line with the Universal Declaration of Human Rights and the core conventions of the International Labour Organization, going beyond the applicable laws and regulations, is binding for all our employees, including the Board members and executives. We also expect our stakeholders to adhere to these principles.

ETHICAL RULES AND PRACTICES

102-16, 102-17, 412-2

Our Business Ethics Rules are available on our corporate website (<https://www.carrefoursa.com/kurumsal/hakkimizda/is-etigi-kurallari/>); for all our stakeholders to view. Since this topic forms the foundation of our Company culture, we provide Business Ethics training to all our employees at the start of their employment, when we also ask them to sign the ‘Sabancı Business Ethics Declaration’. To ensure that our employees stay up to date on Business Ethics, we also deliver annual training programs on topics including Human Rights, Anti-Bribery and Anti-Corruption.

Ethics Training	2020	2021
Training Time (hours)	602	502
Completion Rate (Completion/Assignment) (%)	63	61

We offer a number of communication methods that the employees may choose to report their concerns and problems in confidence. These include:

- Ethics Line (0216 577 14 90)
- Ethics E-mail (etik@carrefoursa.com)
- Mail (to CarrefourSA Head Office Internal Audit Department)
- C-Mobil (app dedicated to CarrefourSA employees)
- Sabancı Holding Ethics Line (0212 385 85 85),
- Call Center (444 10 00)
- Sabancı Ethics E-mail (etik@sabanci.com)
- Direct Reporting by the Employees (to the Head Office Internal Audit and HR Departments)

More than half of the reporting on ethical issues is communicated through our Ethics Line. We review the reports carefully and launch an investigation on the reported incidents if we identify an ethical

violation. The relevant figures are disclosed transparently in this report to demonstrate our unwavering commitment to ethics to all our stakeholders. Based on the reviews of the reported incidents, 691 investigations were launched in 2020, and 1,036 in 2021. Detailed studies were conducted on those with potential ethical violations.

When an ethical violation is identified as a result of the investigation, we take disciplinary actions, which may escalate up to termination of employment. The reported incidents and their outcomes are listed in the table below for 2020 and 2021:

Actions	2020	2021
Reported Ethics Violations + Head Office-initiated Investigations	691	1,036
Number of Investigations Initiated	231	462
Number of Disciplinary Actions Imposed	863	1,012
Number of Employee Contracts Terminated	149	174

COMBATING BRIBERY AND CORRUPTION 205-1, 205-2

We do not tolerate bribery and corruption under any circumstances. In line with the Sabancı Group Anti-Bribery and Anti-Corruption Policy, we have defined the duties and responsibilities that all our executives and employees are expected to fulfill and disclosed them transparently on the corporate website for all our stakeholders to view. (<https://www.carrefoursa.com/kurumsal/hakkimizda/rusvet-ve-yolsuzlukla-mucadele-politikasi/>)

The annual ethics training programs provided to the executives and employees include the topics specified in the Anti-Bribery and Anti-Corruption Policy. The completion ratios of these training programs are also reported to the Holding’s senior management by the Sabancı Ethics Committee every year.

There are multiple ethics channels for the employees to report bribery and corruption incidences. The Internal Audit Department is tasked with reviewing all reported incidents in confidence and resolving them as quickly as possible.

The Anti-Bribery and Anti-Corruption Policy is binding on all relevant stakeholders, starting with the company executives and employees. We also act in coordination with public authorities to monitor blacklisted individuals and companies and take



measures to terminate our business relationship with those who are regarded as suspicious or risky for any reason, engage in behaviors that do not align with our corporate culture or insist on failing to comply with our processes. In addition to the individuals and institutions that commit bribery and corruption, people who enable, encourage, drive or endorse such behavior, or fail to report such incidences despite having knowledge thereof, are also subjected to sanctions.

Bribery and corruption risks are considered high in our sector, especially in processes concerning procurement, cash register transactions, loyalty cards, product theft, inventory/stock, cash register theft, wholesale and general expense items. Therefore, we continuously review the risky processes in the stores and at the head office through regular audits and scenarios.

HUMAN RIGHTS

In line with our Ethical Rules, which also aligns with the Universal Declaration of Human Rights, we respect Human Rights in all our decisions and activities under all circumstances and expect all our stakeholders to act accordingly. 103-1, 103-2, 103-3

Topics covered by Human Rights provide a guarantee for our own operations in line with our Ethical Rules. Nevertheless, we go beyond these

rules and train our employees on these issues, include relevant provisions in our agreements and conduct audits at our suppliers and franchisees.

The Collective Bargaining Right of Employees 102-41

We sign collective bargaining agreements to ensure that we achieve competitive levels in labor costs and to maintain labor peace. With these agreements, we also define the responsibilities of the trade union and CarrefourSA regarding environment, gender equality, working conditions for employees with disabilities and provision of a fair work environment. The collective agreement also covers topics such as employee bonuses as well as education, marriage, birth, and death benefits, which are guaranteed in written terms. The ratio of employees covered by the collective bargaining agreement is 69%.

Employees Covered by Collective Agreement	2020	2021
Employees (%)	69	69

Human Rights in the Investment Agreements

The investment agreements covering new store openings and renovations, etc. include provisions on the working conditions, occupational safety, customer safety and customer rights, and financial benefits and social security of the employees during the preparation, contract, and signing stages. Other than direct material procurement processes, the

rights of our employees are protected under specific provisions in every agreement that involves an employee.

The OSHA (Occupational Safety and Health Administration) standards and the principles of occupational health and safety regulations were incorporated into all 12 of the main agreements signed for 60 new store openings in 2020 and 80 new store openings in 2021 along with renovation in different scales scopes.⁴¹²⁻³ For instance, the agreements require the contractors:

- To provide the necessary on-the-job training to the field workers before starting the job to ensure that they are informed about a safe working environment,
- To conduct Occupational Safety and Environmental Risk Analyses related to the subject of the agreement, report the results to the Employer, and inform the field workers about the risks,
- To audit all field workers during the execution of the job and provide the necessary reports to confirm that all safety-related issues are resolved,
- To take all necessary safety measures on time without the need for any notification or warning and to educate the workers about the methods and solutions to prevent workplace accidents.

Social, Environmental and OHS Impact Assessments of the Operations

We address the social and environmental impact of the jobs involved in store openings and renovations on a macro and micro scale.⁴¹³⁻¹

- On a macro scale, the qualifications of the teams and the framework of the work to be carried out in the store and the design are determined by considering the social and economic conditions of the province where the store will be opened/renovated. For instance, using teams with previous work experience in the region before and the accommodation conditions of the workers are key considerations. In terms of design criteria, factors like pedestrian access are taken into account especially in densely populated cities whereas parking space and vehicle access may be key in areas where the layout is more horizontal.
- On a micro scale, we consider the characteristics of the store location and its immediate surroundings. We consider factors such as how the area would be visually and physically affected by the construction (such as loading docks, operating hours, permissions to be obtained from neighboring businesses or residences, etc.) and plan the works accordingly.

Our operations involve some processes that could potentially have a negative impact on the surroundings. These risks include material pollution, noise pollution, out of the ordinary crowding and vehicle traffic⁴¹³⁻² that may occur during construction work in our stores. Various procedures are implemented to address such these risks. For instance:

- Construction waste may never be left outside the store; they are instead taken to the disposal sites allocated by the municipality every day. The companies taking care of the disposal document the process.
- Only the routes determined in agreement with building and shopping mall managements for receiving/shipping goods at the start are used.
- Similarly, working hours are limited to the times agreed with neighboring businesses or residents. Working outside the specified times is not permitted.
- Even if legal permits are secured, the working conditions are adjusted as needed if a complaint is received from the locals or neighboring businesses and residents. Similarly, no production subject to the complaint can be carried out, even if it comes at a financial loss.

Human Rights at the Franchisees

Provisions pertaining to the fundamental rights of the employees are incorporated into the agreements signed with store owners that join the CarrefourSA family through the franchising system. The franchisee is a separate legal entity, therefore, the store employees are employed directly by the franchisee. Even so, we specify the legal requirements in writing in our agreements and monitor the franchisee to ensure that all employee rights, including salaries, other benefits, and social security premiums, etc. are honored and paid fully on time, and obligations such as training are fulfilled.

Human Rights in the Supply Chain ^{408-1, 409-1, 414-1, 414-2}

Our Human Rights approach applies to all our stakeholders, including the players in our supply chain. We have even higher responsibilities regarding suppliers that provide our private label products.

We engage in various social compliance activities to improve the social performance of the producers of our Carrefour-branded food and non-food products. These efforts include social management system, legal rights and compliance, working conditions, elimination of forced or compulsory labor, anti-discrimination, inclusion of workers in the processes, improving occupational health and safety practices



and managing environmental impacts. With the audits that we start in 2022 for these purposes, we aim to ensure fair working conditions at our suppliers.

Furthermore, we will work to make sure that our suppliers adopt the BSCI (Business Social Compliance Initiative) principles. The key objective of these principles, which are based on the labor standards of ILO (International Labour Organization) and encourage continuous improvement in suppliers' social performance, is to promote sustainable working conditions globally. These principles primarily include: elimination of child labor, elimination of discrimination, fair compensation, a safe and healthy working environment, reasonable working hours, ethical business behavior, abolition of inhuman treatment, elimination of bonded labor and protecting the environment. Our main activities regarding these principles will be detection, audit and improvement. We aim to ensure that our suppliers comply with the laws, set short-, medium- and long-term goals to improve their social performance, and regularly integrate their learnings from the activities into their procedures.

Before the social compliance audits start in 2022, we will identify priorities and classify the risks by conducting risk assessment surveys with our private label product suppliers. In risk assessments, we will take into account the suppliers' number of employees, facility conditions, the social compliance audit platforms to which they subscribe, and all the improvements planned and executed for these audits. In addition to our private label product suppliers, we plan to include the other suppliers in our Social Audits, developed in line with the global practices of the Carrefour Group, in the subsequent years.





EMPLOYER OF CHOICE RESPONSIBILITY

Employee Satisfaction and Development

Occupational Health and Safety

Gender Equality and Equal Opportunity

RIGHT WAY
TO LIVE



Carrefour  SA

EMPLOYER OF CHOICE RESPONSIBILITY

With the Human Resources strategy, which aligns with the company's mission, vision and core values, we aim to:

- Attract qualified workforce to our company and invest in them,
- Contribute to the employee development,
- Improve and strengthen the organization,
- Manage the remuneration and reward system,
- Drive employee motivation and loyalty.

Accordingly, we aim to focus on young talents and create more jobs, achieve ultimate employee satisfaction, provide training programs to promote continuous development, and conduct structured performance and career appraisals.

In order to create a safe working environment, we shape our Occupational Health and Safety

policy around the existing conditions and strive for continuous improvement. We also ensure that our OHS Committees function efficiently and take the necessary measures to minimize the risks of workplace accidents.

We do not tolerate any discrimination against gender, religion, language or race. We exercise fairness in all practices and processes such as recruitment, career development, personal development and remuneration for both existing and prospective employees, offering all equal opportunities.

We regard becoming an employer of choice with exemplary practices as a key responsibility.

KEY PERFORMANCE INDICATORS		2020	2021
Employee Satisfaction and Development	Number of Employees	11,032	10,174
	Ratio of Employees on Permanent Contracts (%)	93	94
	Ratio of Full-time Employees (%)	99.7	99.9
	Ratio of Newly Hired Employees (%)	28	30
	Employee Turnover Rate (%)	24	38
	Ratio of Employees Under 30 (%)	32	30
	Ratio of Newly Hired Employees Under 30 (%)	68	71
	Number of New Graduates Hired for the Field-MT Program	28	26
	Employee Loyalty Rate (*)	-	-
	Average Training Hours	7.5	14.1
Occupational Health and Safety	Graduates of the MAYA Program	89	208
	Number of OHS Committees	39	39
	Number of Workplace Accidents	235	312
	Ratio of Workplace Accidents	4.51	5.73
	Number of Fatal Workplace Accidents	0	0
	Number of Workplace Accidents with Serious Injury	0	0
Gender Equality and Equal Opportunity	Occupational Disease Ratio	0	0
	Ratio of Female Employees (%)	35	37
	Ratio of Female Executives (%)	29	26
	Ratio of Female Board Members (%)	8	17
	Ratio of Women in Promotions (%)	27	40
	Ratio of Women in New Recruitments (%)	39	46
	Ratio of Women in Employee Turnover (%)	40	40
	Ratio of Women Salaries (%)	97	96
	Number of Franchisees Founded and Managed by Women	7	13
	Completion Rate of Gender Equality Training (%)	81	74
	Return Rate Work After Maternity Leave	96	80
	Return Rate After Paternity Leave	100	100
	Ratio of Employees Staying on the Job for Minimum 12 Months After Maternity Leave	74	85
	Ratio of Employees Staying on the Job for Minimum 12 Months After Paternity Leave	88	82
	Ratio of Employees with Disabilities (%)	2.4	2.5

(*) Employee Satisfaction Survey couldn't be conducted during the pandemic.

EMPLOYEE SATISFACTION AND DEVELOPMENT

EMPLOYEE SATISFACTION AND DEVELOPMENT APPROACH ^{103-1, 103-2, 103-3}

At CarrefourSA, the Human Resources strategies are defined in line with the vision of 'Sabancı of New Generation'. This vision, which highlights the rapid global changes, aims to align the Sabancı Group with the constantly evolving concept of "new" in the changing world as quickly and as best as possible. Building a high performance culture means that we can get to exercise our operational excellence approach even more. Accordingly, our goal with the Human Resources management and practices is to make CarrefourSA an "Employer of Choice" for its existing and prospective employees by creating a unique employee experience that gives individuals a purpose and opportunity for self-actualization and promotes fairness, continuous development, engagement, high performance and diversity. ^{101-1, 101-2, 101-3}

EMPLOYMENT ¹⁰²⁻⁸

We provide direct employment for more than 10,000 people. Despite a decrease due to store closures and regional tightening in 2021, we aim to create additional jobs for 2,000 people in 2022. We also experience seasonal fluctuations due to the recruitment of short-term workers in the Aegean and

Sabancı of New Generation is a culture that:

- Focuses on the needs and expectations of customers and all stakeholders,
- Values different opinions and encourages wide engagement in decision-making,
- Leads innovation,
- Recognizes mistakes as opportunities for improvement and learns from them,
- Aims to create sustainable long-term value.

Mediterranean regions and other popular holiday destinations in the summer months.

Employee statistics as of year-end 2021:

- 76% are blue collar,
- 94% are on permanent employment contract,
- 99.9% work full time,
- 30% are under 30,
- 49% are based in Istanbul.

Employees by Position (%)	2020	2021
Executive Committee	0.1	0.1
Department Head	0.3	0.3
Manager	0.9	0.9
Executive	0.8	0.9
Senior Specialist	0.8	1.0
Specialist	1.8	2.1
Junior Specialist	0.6	0.4
Store & Warehouse Manager	5.8	5.8
Store & Warehouse Supervisor	11.7	12.5
Blue Collar	77.2	76.0
Total	11,032	10,174

Employees by Type of Employment Contract	2020	2021
Employees on Temporary Employment Contracts (%)	7	6
Employees on Permanent Employment Contracts (%)	93	94
Total	11,032	10,174

Employees by Type of Employment Contract by Region						
Region	2020			2021		
	Total	Temporary	Permanent	Total	Temporary	Permanent
Istanbul	5,312	8.3%	91.7%	4,989	5.7%	94.3%
Aegean - Mediterranean	2,995	5.7%	94.3%	3,004	7.8%	92.2%
Central Anatolia, Black Sea, Eastern and Southeastern Anatolia	1,719	5.7%	94.3%	1,223	4.0%	96.0%
Marmara	1,007	7.5%	92.5%	959	6.0%	94.0%
Total	11,032	7.1%	92.9%	10,174	6.2%	93.8%

Full-time and Part-time Employees (%)	2020	2021
Part-time	0.3	0.1
Full-time	99.7	99.9
Total	11,032	10,174

Employees by Age Groups and Positions								
Position	2020				2021			
	Total	30-	30-50	50+	Total	30-	30-50	50+
Executive Committee	9	0%	89%	11%	8	0%	63%	38%
Department Head	35	0%	80%	20%	32	0%	81%	19%
Manager	97	0%	95%	5%	93	0%	92%	8%
Executive	85	4%	87%	9%	87	6%	88%	7%
Senior Specialist	91	3%	92%	4%	100	6%	90%	4%
Specialist	202	22%	76%	2%	213	31%	68%	1%
Junior Specialist	69	48%	49%	3%	42	64%	31%	5%
Field White Collar Store - Warehouse Manager	635	5%	93%	2%	591	4%	93%	3%
Field White Collar Store - Warehouse Supervisor	1.295	19%	80%	1%	1.273	21%	78%	1%
Blue Collar	8.515	38%	58%	4%	7.736	35%	60%	5%
Total	11.032	32%	64%	4%	10.174	30%	65%	4%

New Recruitments and Employee Turnover ⁴⁰¹⁻¹

In 2021, new recruitment amounted to approximately 30% with a year on year increase of 3%. Cities other than Istanbul accounted for 58% of new recruitment. Meanwhile, employee turnover rate reached 38% in 2021 as a result of organizational restructuring in the regions. The high rate of turnover in the Aegean and Mediterranean regions is mostly due to seasonal or temporary employees. Nearly 750 people are employed during the high season of stores in holiday destinations. On the other hand, employee turnover in Central Anatolia, Black Sea, Eastern and Southeastern Anatolia regions was also high as a result of store transfers.

New Recruitments and Employee Turnover Rates (%)	2020	2021
New Recruitments	3,046	3,146
New Recruitment Ratio (to Average Number of Employees) - %	28	30
Employee Turnover	2,579	4,045
Employee Turnover Ratio (to Average Number of Employees) - %	24	38

New Recruitments by Region					
New Recruitments	Total	Istanbul (%)	Aegean - Mediterranean (%)	Marmara (%)	Central Anatolia, Black Sea, Eastern - Southeastern Anatolia (%)
2020	3,046	47	34	10	9
2021	3,146	43	42	10	5

Employee Turnover by Region					
Employee Turnover	Total	Istanbul (%)	Aegean - Mediterranean (%)	Marmara (%)	Central Anatolia, Black Sea, Eastern - Southeastern Anatolia (%)
2020	2,579	47	32	13	9
2021	4,045	40	34	9	16

Young Talents ⁴⁰¹⁻¹

In 2020 and 2021, 28 and 26 new university graduates, respectively, were hired for store management positions after completing the Field-MT program. In 2021, 14 young talent joined our company as part of the Career Log-In Management Trainee project, which was first launched in 2019 in the head office business units to attract young talents to the company with the “Sabancı of New Generation” vision and culture. With the selection and evaluation process ongoing, we plan to bring in even more young talents to our company through this program. As of year-end 2021, 75% of our employees are Gen Y, with an average age of 35.3.

As of year-end 2021, employees under 30 account for:

- 30% of the total workforce,
- 71% of new recruitments,
- 57% of employee turnover.

Employee Ratios by Generation (%)	2020	2021
BB	0.4	0.3
X	22.2	21.6
Y	74.8	74.6
Z	2.5	3.5

New Recruitments by Age Groups				
New Recruitments	Total	30- (%)	30-50 (%)	50+ (%)
2020	3,046	68	31	1
2021	3,146	71	27	1

Employee Turnover by Age Groups				
Employee Turnover	Total	30- (%)	30-50 (%)	50+ (%)
2020	2,579	64	33	3
2021	4,045	57	40	3

EMPLOYEE SATISFACTION

Ensuring the satisfaction and loyalty of our employees, as our key stakeholders, is among our material issues. Accordingly, we engage in various activities to measure and improve satisfaction levels.

Employee Satisfaction Survey

We conduct Satisfaction Surveys to measure the level of commitment of our employees and their satisfaction with our practices, to make business processes more efficient by taking into account their demands and suggestions, and thereby to increase their satisfaction. The satisfaction level of our subcontractors' employees is measured by their own companies.

We started conducting the biannual Employee Satisfaction Surveys in June 2020 with our blue collar employees in our stores and in March 2021 with our white collar employees. On the other hand, the last survey with the head office employees was in 2019 and could not be conducted more recently due to the pandemic.

We take firm steps and make improvements based on the survey results. After analyzing the latest survey findings, we:

- Made it possible for the existing employees to apply for vacant positions,
- Improved the physical conditions in the stores for employees, and
- Took additional measures in stores with low survey results.

Employee Support Program (Avita)

We offer the Avita Support Program to all our employees free of charge. All **employees and their family members living in the same home** can benefit from this 24/7 consultancy and advice service, which is provided by experts in the fields of concern and need for the respective individuals. The program also includes support for pedagogical, medical, psychological and other needs.

Coaching and Mentoring Programs

The newly hired head office employees are guided by more experienced employees to help them adapt to our company and their respective departments. This guidance takes place in the form of a personal learning and development relationship, in which an experienced

or specialized employee (mentor) passes on her/his knowledge and experience to another employee (mentee) and serves as a role model. Furthermore, we assign a mentor store manager to our employees during their onboarding process to increase the efficiency of on-the-job training in the field.

Other Activities

- We release the **CarrefourSA Well-Being Newsletter** at regular intervals to share mobile content for various areas of interest. Since the early days of the pandemic, we e-mailed nearly 50 editions of this newsletter to all employees.
- Aiming to support mental health and well-being, we organized **interactive sessions** with clinical psychologists on topics such as managing anxiety and emotions, and healthy eating. In 2021, we held nearly 250 sessions, including face-to-face and online meetings.
- We reopened our **fitness center** after arranging it to comply with pandemic measures.
- We also offered **training programs on food literacy** to support people in making the right choices for healthy eating. The training topics included the importance of labels, nutritional values and food safety.

EMPLOYEE BENEFITS

Remuneration and Other Benefits [102-35, 102-36, 102-37, 201-3](#)

The scale of each job at CarrefourSA is determined by using an objective method that considers the specific role's key responsibilities, its relative contribution to the organization, and the knowledge/skills/experience and competencies required for the respective position. After this study, a level of importance is assigned to each role and a job level structure is built to serve as basis for salary and benefits management. Compensation is managed by using remuneration policies, which are set by considering macroeconomic data, widely offered remunerations in the market and the company's scale and long-term goals. In this process, an individual's job scale, performance, and the balance of internal and external salaries are also taken into account while ensuring compliance with legal obligations. To support compensation management with additional benefits, we consider "Benefits" as a key part of rewards management.

We manage the compensation of our white collar employees according to the competitive SAPEER salary database, built on KornFerry Hay



Market Research and created by Sabancı Holding. Macroeconomic data, market research and the views of all our stakeholders, including the trade union, are also included in the process.

Our blue collar employees are organized with the Tez-Koop-İş trade union. Salaries and benefits are managed according to the three-year agreements with the trade union. The current collective bargaining agreement covering the 2021-23 period was signed on May 21, 2021. New blue collar employees start working at a minimum base wage until the end of their probation period and then they become a union member and begin to benefit from their union rights.

In addition to the salaries and bonuses offered to the employees depending on their roles in the overall organizational structure, certain employees at or above specific levels may be eligible for company cars, shuttles, education support and social assistance payments on special days such as birth or marriage. Payments to part-time employees are calculated by dividing the total monthly wage by the number of days in a month and multiplying this figure by the number of their actual working days while temporary employees only receive public transportation payment in addition to a salary. ⁴⁰¹⁻²

Regarding Pension Plans, the general manager and deputy general managers benefit from the private pension system (BES) with a 3% premium over their monthly salaries covered by the employer. There is no employer contribution for other positions.

EMPLOYEE DEVELOPMENT

Training Programs

We recognize that our human resource is our key asset for maintaining our success in a constantly changing and evolving world and value the importance of supporting the development of our employees. We carry out our training and development activities under the umbrella of **CarrefourSA Academy**, which promotes continuous development to support company strategies in line with the vision of 'Sabancı of New Generation', and prepares our employees for the future by building on their knowledge, skills and competencies.

The core training categories offered to the employees on general and need-based topics at CarrefourSA Academy include the following:

- Orientation Training
- Professional and Technical Trainings
 - > Fresh Food School Trainings
 - > Hygiene and Food Safety Trainings
 - > System Trainings
 - > Product Trainings
- Legally Required Trainings
- Personal Development Trainings
 - > Management Development Programs
 - > Management Training Programs
 - > Leadership Programs
 - > Competency Development Training

Annual Average Training Time 404-1 – by Positions

Position	2020	2021
Executive Committee	-	5.6
Department Head	0.8	29.8
Manager	0.9	31.9
Executive	1.2	27.8
Senior Specialist	1.1	13.9
Specialist	4.5	15.7
Junior Specialist	1.6	9.6
Field White Collar Store – Warehouse Manager	6.4	28.5
Field White Collar Store – Warehouse Supervisor	35.3	60.5
Blue Collar	3.5	5.3
Total	7.5	14.1

We welcome all the new employees to CarrefourSA with an onboarding program, designed in a hybrid format, and ensure that they are accompanied by their peers throughout the orientation period to facilitate their adaptation to our company and their new duties. The subcontractors provide the relevant trainings to their employees.

Talent Management Programs 404-2

In order to attract, retain and develop talents, we design Talent Development programs for the needs of our employees and also engage in activities to improve their loyalty. Such training programs not only build on the employees' knowledge and skills but also help them gain experience in their development areas by taking additional responsibilities and participating in projects. The management trainee programs we offer within this scope last a minimum of two months.

Our Management Trainee and Leadership Programs:

- **Store Management Trainee Program:** This is a training program designed to prepare store employees with high potential and performance for managerial positions.
- **Management Trainee Program (External Candidates):** A training program for newly hired managers with external retail experience.
- **Management Trainee Program (New Graduates):** A training program for manager candidates who have recently graduated from universities and who wish to pursue a career in the retail sector.
- **Management Trainee Academy:** A training program for executives promoted to Store Manager positions.
- **CarrefourSA Leadership Academy:** The development program we offer to managers with

high potential and performance to prepare them for senior management positions in the future as part of our succession plans. We carry out this year-long program in partnership with Sabancı University – EDU. The program includes classroom trainings as well as CarrefourSA applications and projects.

Performance and Career Assessments 404-3

Performance Management is a process that aims to identify the employees' successful work results, behaviors that align with corporate culture and values, and high performances. Following a process designed and shaped for this purpose, employees work on their personal career goals associated with the company targets and develop competencies in their focus areas. At the end of the year, together with their supervisors they evaluate their performance in these areas through mutual feedback.

All the white collar employees undergo an annual performance appraisal. As part of the Organizational Success Planning (OSP), an average of 1,200 employees are assessed every year and their career paths are defined. Nearly 50% of our white collar employees (Store and Warehouse Managers, and Specialists and higher positions in the Head Office) are included within this appraisal process.

On the other hand, the blue collar employees, who have served at CarrefourSA for at least a year and who demonstrated a good command of the business, high performance and potential based on the observations of their supervisors may be included in the path to promotion. We run two programs for this purpose:

- **MAYA Program:** High performing employees with promising potential may be included in the promotion process after working at our stores for at least a year. Candidates who receive positive

results in their personality inventories and one-to-one interviews are eligible to participate in the MAYA training program. The employees participating in the MAYA program receive classroom trainings plus on-the-job trainings designed according to their needs at a different store, working with the Mentor Store Manager assigned to them. After two months of classroom and on-the-job training, those employees may be appointed to positions such as Assistant Store Manager, Department Supervisor, Administrative Supervisor, or Head Cashier.

MAYA Program	2020	2021
Participants	98	234
Graduates	89	208
Appointments	40	99

- **MYA Program:** High performing employees with promising potential who have worked at managerial positions at our stores for at least two years may be included in the promotion process as part of the Manager Placement Academy. The promotion process follows stages of the assessment center. Group case studies, adapted to the competencies expected from a position, presentations and role plays constitute the assessment center stages to observe the behaviors on the job. A five-day classroom training is followed by two months of on-the-job training. 67 Assistant Managers were included in this program in 2020, and 45 in 2021.



OCCUPATIONAL HEALTH AND SAFETY

OCCUPATIONAL HEALTH AND SAFETY APPROACH ^{103-1, 103-2, 103-3}

As the CarrefourSA family, we strive with all our might to provide quality and safe service to our customers with a friendly attitude. Therefore, we shape our Occupational Health and Safety policy around the latest developments and current conditions to satisfy our employees and create a safe working environment. Accordingly, we embrace the following approaches for continuous improvement of the policy.

- All our employees, suppliers and customers are our key stakeholders.
- We commit to complying with applicable OHS laws, regulations, and best practices.
- We aim to create a healthy and safe working environment as a core principle.
- We develop methods and set targets to build an OHS system and continuously improve its performance.
- We identify and assess risks to prevent workplace accidents and occupational diseases, and implement mitigating measures.
- We work to build and maintain a safe working culture and heightened awareness.
- We strive with all our might to become an exemplary organization in these areas.

This approach is based on Law No. 6331 on Occupational Health and Safety and relevant regulations, and applies to all our employees.

⁴⁰³⁻¹



OCCUPATIONAL HEALTH AND SAFETY COMMITTEES

Pursuant to our legal obligations, we have OHS committees in our logistics warehouses, classified as 'dangerous' workplaces, and in our stores, classified as 'less dangerous' workplaces with more than 50 employees.

- As of year-end 2021, there are OHS Committees at the head office, 28 stores, and 10 warehouses (two of our warehouses operate in shared locations, and we do not have direct employees in one). We support the other stores through the head office.

The OHS committee members include the Workplace Manager, Occupational Safety Specialist, Workplace Physician, Assistant Manager, Employee Representative (Union Representative), Security Manager, Maintenance Officer, Human Resources Officer and Support Staff. Each member brings topics in their own purview to the agenda of the monthly or quarterly meetings and submits them for discussion. The committee decides on the actions after the discussions. All employees report the hazards or risks they detect to the employee representative to facilitate action. The near-miss notifications are sent directly to the relevant centralized units via the company's mobile app. ⁴⁰³⁻⁴

Risk Management ⁴⁰³⁻²

When assessing the risks in our workplaces, we consider the following factors:

- Type, duration and frequency of the jobs performed in the workplace,
- Location of the workplace,
- Person/people involved in the operations,
- Person/people who may be affected by the type of operation,
- Training programs delivered,
- Machinery and equipment used to execute the job and user instructions,
- Materials lifted or transported during operations and their specifications,
- Chemicals used in the operations and their properties,
- Available protective measures,
- Previous workplace accidents or occupational diseases.

After identifying the risks, we start by eliminating the risk at its source. If this is not possible, we try to substitute the risk with a less risky one. Furthermore, we provide personal protective equipment to our employees to eliminate the risk, and if that is not possible, we try to mitigate it to acceptable levels.

OCCUPATIONAL HEALTH AND SAFETY PRACTICES

We employ Occupational Safety Specialists and Workplace Physicians in 10 warehouses and 28 stores as part of our legal obligations. We outsource this service to experts from the institutions authorized by the Ministry of Labor and Social Security. These appointed experts perform their work by visiting the respective workplaces for periods (4, 6, 8, 16, 24 or 32 hours per month) calculated by the number of employees at the relevant warehouse or store. They are tasked with performing workplace risk assessments in accordance with applicable legislation, preparing emergency action plans, providing OHS training to employees, overseeing the site, forming an OHS committee, drafting instructions and relevant documentation, etc., informing the employer and listening to the employees.

Pursuant to Article 13 of Law No. 6311 on Occupational Health and Safety, all employees may put in requests to the Employee Representative (Union Representative) and Workplace Manager using available communication channels to assess incidents and take the necessary measures when they encounter a serious and imminent danger. The Workplace Manager addresses the situation with the Regional Manager, reaches a decision and informs the employee. If a serious and imminent danger is unavoidable, the employee is free to leave the workplace or the danger zone without having to comply with this decision and go to a designated safe place. The employees will not be sanctioned due to exercising their rights.

The OHS measures and practices that the suppliers, who provide services as part of renovations and new store openings, are required to implement are covered by provisions in the agreements. ⁴⁰³⁻⁷

All ⁴⁰³⁻⁵ our employees or the employees of our subcontractors receive OHS training directly or via subcontractors. This training consists of face-to-face and online sessions. Furthermore, employees, whose jobs require professional qualification such as meat

COVID Measures

During the pandemic, we – like all other companies – implemented various kinds of measures to protect our stakeholders, starting with our employees and customers. As a food retailer, we took on more responsibility in this difficult time. Due to the nature of our business, halting our operations was not an option; we needed to work even harder, so we began to work according to a detailed plan.

We started by forming a Coronavirus (Covid 19) Emergency Response Team, consisting of 18 people from the relevant head office functions. We then determined emergency response scenarios for all our operations and the actions that we would need to take for different situations. We also restricted all face-to-face meetings and business trips, and introduced options such as working from home and granting annual leaves or unpaid leaves for employees, who had chronic diseases, who were pregnant and in high risk groups, or were over 65 depending on their conditions.

Furthermore, we implemented many precautions in our operations:

- Workplace physicians began to observe the employees and conduct field tours more frequently in our supermarkets.
- We updated the opening hours of our stores in accordance with the government regulations and decisions.
- With the online orders growing significantly in this period, we worked to increase the e-commerce (online store) capacity, adding more products and employees to the operations.
- We started to prioritize deliveries to customers over 60 and healthcare workers. When a customer over 60 specified their needs via the "phone order" system, their orders were delivered directly to their address.
- The service providers working at our stores were informed and alerted about the precautions they needed to take.
- All employees took the mandatory Covid-19 training prepared at the CarrefourSA E-Academy.
- We also briefed our employees about how they should respond to customer questions as part of the hygiene measures they needed to take.
- We installed protective shields in all checkout lines in our stores to impose social distancing.
- We began to sell all bread and fruits & vegetables in packages.
- Employees were served packaged meals while fruits and herbal teas were added to the daily menus.
- We also increased the number of personnel shuttles by 50% to ensure social distancing during travel.
- We diligently followed the guidelines of the Ministry of Health and the Science Committee. With the start of the vaccine rollouts, we communicated the latest reliable information about the importance of vaccination to our employees.



processing, baking, storage, and receiving goods are provided with OHS training in their respective fields. On the other hand, all employees gain basic OHS knowledge during the orientation training they receive before starting work.

Our occupational health services ⁴⁰³⁻³ include protecting proactively the health of all company employees as well as the subcontractor employees working at the warehouses with high risk, and responding to workplace accidents. We provide comprehensive health screening for our employees, employ a workplace physician as part of our legal obligations, and form occupational health committees. The health information of our employees is stored in their digital personnel files accessible only by authorized people.

WORKPLACE ACCIDENTS AND OCCUPATIONAL DISEASES ^{403-2, 403-9, 403-10}

Despite all risk assessments, training programs and precautions taken, workplace accidents may still occur. In the event of a possible workplace accident

or occupational disease, the workplace manager immediately prepares a report and communicates the incident to the relevant head office department. These reports are regularly filed. The actions to take for such incidents or the situations that may affect the reports are defined in the operating procedures. This allows the individuals reporting the incidents to be protected against retaliation and enables all incidents to be reported and recorded. All employees, subcontractors and customers are covered by these procedures.

We categorize workplace accidents as near-miss, simple injury, serious injury and loss of limb. We investigate workplace accidents by conducting root cause analyses using specific forms. This allows us to identify the causes and determine the precautions. The main causes of workplace accidents in our company have been identified as slips, falls, cuts and equipment jamming. We provide training, create short informative animations for the employees to view and introduce technical enhancements to mitigate such incidents.

Workplace Accidents	2020	2021
Number of Fatal Workplace Accidents	0	0
Number of Workplace Accidents Resulting in Serious Injury	0	0
Total Number of Workplace Accidents	235	312
Workplace Accident Rate	4.51	5.73

Workplace Accident Rate = Number of workplace accidents with lost days / (Total number of employees x 1 year x daily working hours) x 1,000,000 hours

Occupational Diseases	2020	2021
Number of Fatal Occupational Diseases	0	0
Number of Occupational Diseases Resulting in Serious Injury	0	0
Total Number of Occupational Diseases	0	1
Occupational Disease Rate	0	0

Occupational Disease Rate = Number of occupational disease with lost days / (Total number of employees x 1 year x daily working hours) x 1,000,000 hours

GENDER EQUALITY AND EQUAL OPPORTUNITY

GENDER EQUALITY AND EQUAL OPPORTUNITY APPROACH ^{103-1, 103-2, 103-3}

At CarrefourSA, we do not tolerate any kind of gender discrimination. We exercise fairness in all processes and practices, including recruitment, career development, personal development and remuneration policy for our existing and prospective employees, and offer equal opportunities. Our approach to this matter is clearly defined in our Ethical Rules:

- Sabancı Group’s human resources policies and practices ensure fairness in recruitment, promotions – transfers – rotations, remuneration, rewards, social benefits, etc.
- We do not tolerate any discrimination against the employees because of their language, race, skin color, gender, political view, faith, religion, sect, age, physical disability, etc.
- No employee may request privileges, extend any privileges to others, or be subjected to special treatment because of differences in their gender, religion, language or race. Accepting or making concessions based on gender, religion, language, race differences will not be tolerated.

VALUING OUR FEMALE EMPLOYEES

^{401-1, 404-1, 405-1, 405-2}

Gender equality is a cornerstone of development and a critical step that must be taken for the national

and global economy to develop. As a company, we appreciate the value of women’s labor and contribution to employment. Therefore, we take firm steps to increase female employment, recognizing the value of having a balanced distribution of male and female employees. As of year-end 2021:

- 37% of all employees and 26% of manager and above positions are women.
- 40% of the employees who received a promotion and 46% of the newly recruited employees are women, who also account for 40% of employee turnover.
- Average salary ratio of female employees to male is 96% with some variations depending on by position.
- There is no notable difference in terms of gender among the full/part-time or permanent/temporary employees and the training programs we provide.
- 13 of our franchisees have female investors and managers.

Even though we perform quite well in several categories, there are still many areas where we need to achieve progress. Therefore, we will continue to develop projects for gender equality and create more jobs for women.

Employees by Gender						
Position	2020			2021		
	Total	Female (%)	Male (%)	Total	Female (%)	Male (%)
Executive Committee	9	22	78	8	38	63
Department Head	35	17	83	32	22	78
Manager	97	34	66	93	27	73
Executive	85	34	66	87	48	52
Senior Specialist	91	58	42	100	57	43
Specialist	202	50	50	213	51	49
Junior Specialist	69	55	45	42	50	50
Field White Collar Store & Warehouse Manager	635	14	86	591	17	83
Field White Collar Store & Warehouse Supervisor	1,295	24	76	1,273	26	74
Blue Collar	8,515	38	62	7,736	40	60
Total	11,032	35	65	10,174	37	63

Promotions by Gender						
Position	2020			2021		
	Number of Promotions	Female (%)	Male (%)	Number of Promotions	Female (%)	Male (%)
Executive Committee	0	-	-	0	-	-
Department Head	0	-	-	4	75	25
Manager	4	25	75	12	8	92
Executive	1	0	100	20	60	40
Senior Specialist	0	-	-	32	50	50
Specialist	6	0	100	51	49	51
Junior Specialist	0	-	-	5	0	100
Field White Collar Store & Warehouse Manager	70	26	74	35	29	71
Field White Collar Store & Warehouse Supervisor	76	30	70	172	39	61
Total	157	27	73	331	40	60

New Recruitment by Gender		
Gender	2020	2021
Female (%)	39	46
Male (%)	61	54
Total	3,046	3,146

Turnover by Gender		
Gender	2020	2021
Female (%)	40	40
Male (%)	60	60
Total	2,579	4,045

Salaries of Female Employees by Position		
Position	Average Female Pay / Average Male Pay (%)	
	2020	2021
Executive Committee	87	91
Department Head	102	86
Manager	114	115
Executive	93	96
Field White Collar Store & Warehouse Manager	88	88
Field White Collar Store & Warehouse Supervisor	96	94
Senior Specialist	99	99
Specialist	100	100
Junior Specialist	92	95
Blue Collar	95	95
All Employees	97	96

Employees on Permanent and Temporary Contracts by Gender						
Gender	2020			2021		
	Total	Temporary (%)	Permanent (%)	Total	Temporary (%)	Permanent (%)
Female	3,908	9	91	3,760	9	91
Male	7,124	6	94	6,414	5	95
Total	11,032	7	93	10,174	6	94

Part-time and Full-time Employees by Gender						
Gender	2020			2021		
	Total	Full-time (%)	Part-time (%)	Total	Full-time (%)	Part-time (%)
Female	3,908	99.7	0.3	3,760	99.8	0.2
Male	7,124	99.6	0.4	6,414	100.0	0.0
Total	11,032	99.7	0.3	10,174	99.9	0.1

Annual Training Time by Gender		
Gender	2020	2021
Female	6.3	14.1
Male	8.1	14.2
Total	7.5	14.1

Franchise Ownership/Management by Gender		
Gender	2020	2021
Franchisees with Female Investors and Managers	7	13
Total Franchisees	24	72

PRACTICES FOR WOMEN

Gender Equality Training

All our employees take the annual gender equality training. As of year-end 2021, 96% of our employees have received this training (in or before 2021).

Gender Equality Training	2020	2021
Training Time (hours)	1,220	1,355
Completion Rate (Completion/Assignment) (%)	81	74

Practices for Mothers and Parental Leaves ⁴⁰¹⁻³

We offer the Avita Employee support service to all employees, including the mothers in our workforce. This service includes pedagogical, medical, psychological, etc. support. The employees who return from maternity leave are offered two hours of nursing leave every day. Furthermore, a nursing room is allocated in the head office building and hypermarkets, while the head office employees also benefit from a nursery for daycare.

All employees who are entitled to parental leave have used their rights. More than 80% of the employees, who returned after their parental leaves, have continued to work at CarrefourSA one year later. The fact that the employee turnover is lower among new parents compared to the overall rate is a key indicator that we follow the right approaches for our parents to achieve work-home balance beyond economic considerations.

Parental Leave	2020	2021
Employees Eligible for Maternity Leave	209	199
Employees Taking Maternity Leave (%)	100	100
Employees Eligible for Paternity Leave	303	283
Employees Taking Paternity Leave (%)	100	100
Employees Eligible for Parental Leave	512	482
Employees Taking Parental Leave (%)	100	100

Employees Returning to Work after Parental Leave		2020	2021
Female Employees		206	204
	Ratio of Female Employees (%)	96	80
Male Employees		303	283
	Ratio of Male Employees (%)	100	100
Total Employees		509	487
	Ratio of Total Employees (%)	98	90

Employees Staying on the Job after Parental Leave		2020	2021
Female Employees		150	176
	Ratio of Female Employees (%)	74	85
Male Employees		258	249
	Ratio of Male Employees (%)	88	82
Total Employees		408	425
	Ratio of Total Employees (%)	82	83

WEPs Membership

As a signatory of Women’s Empowerment Principles (WEPs), a joint initiative of the United Nations entity dedicated for gender equality and the empowerment of women (UN Women) and the United Nations Global Compact (UN Global Compact), we demonstrate how much we value gender equality globally. We also report our performance in this area to the WEPs platform. As of year-end 2021, only nine food retailers worldwide, including CarrefourSA, have become signatory of WEPs Platform. CarrefourSA is the first food retailer in Turkey to declare its commitment.

EQUAL OPPORTUNITY FOR EMPLOYEES WITH DISABILITIES

We protect the rights of our disabled employees and support the steps they take to become active members of society. For this purpose, we strive to provide equal opportunity by prohibiting discrimination against disabilities in all recruitment and employment processes and to ensure that they are offered fair and disability-friendly working conditions on an equal footing with other employees. We have also introduced some practices specifically for our disabled employees, who make up approximately 2.5% of our total workforce.

- Shifts end at 8.00 pm at the latest for the disabled employees working in the field.
- The hearing-impaired employees may request badges that they can wear to show their disability,

communicate better and raise awareness among our customers.

- To improve the efficiency of OHS training programs, we provide them in sign language for our speech- and hearing-impaired employees.

SERVING OUR DISABLED CUSTOMERS

Phone Order Service

Our visually impaired customers can use the “Phone Order” service to place their orders securely and have them delivered to their address. With this service, our customers can call the Phone Order Lines and specify the name of the store they want in the interactive voice response system, which then connects them to the requested store to place their order. If the store line is busy or does not respond, the customer can be diverted to trained call center representatives to place their orders. These call center representatives are trained in communication and speech standards as well as phone communication techniques. The orders are then communicated to the specified store, where they are carefully prepared and delivered free of charge in the time period requested by the customers. The list of stores accepting Phone Orders is provided on the website.

Video Chat

We have been developing a “Video Chat” system that we will be launched in 2022 to enable our customers

Employees with Disabilities	2020	2021
Number of Employees	268	259
Ratio of Employees (%)	2.4	2.5



call our call center and communicate in sign language.

Digital Screens

The digital screens in our stores enable us to communicate with our hearing-impaired customers and provide information.

Low Cash Registers

Some of our stores feature low cash registers that our disabled customers can use to facilitate their payment transactions.

Accessibility Services in Hypermarkets

We provide **wheelchairs** for customers with disabilities or chronic illnesses upon request to help them shop more comfortably.

We also offer **specifically designed trolleys** that our orthopedically disabled customers can use with their wheelchairs.

Furthermore, we provide a **dedicated cash register** for our disabled, pregnant and elderly customers.

Induction Loop for Better Communication

Even though many hearing-impaired people use hearing aids, they may have difficulty understanding speech due to background noises indoors, in crowded areas or at service locations in daily life. Induction loop (IL) systems have become a standard worldwide in addressing this challenge experienced in meeting rooms, conference halls, cinemas, theaters, concert halls, mosques, hotel receptions, bank counters, supermarket checkouts, other kinds of service locations and information desks. IL systems use a specifically developed amplifier to convert ambient sounds into magnetic waves. People wearing hearing aids perceive these magnetic waves without the need for any additional devices, thanks to the ‘telecoil’ mechanism in their aids. Some of the dedicated cash registers in our hypermarkets are equipped with the induction loop system. These dedicated cash registers enable customers to turn on their hearing aids and hear the cashiers to communicate more easily without the distraction of external noises. The image below is placed above the dedicated cash registers next to the numerators to show that the system is available.



Stores with IL systems: Marmara Park Beylikdüzü, İstanbul Forum Bayrampaşa, Marmara Forum Merter, Acıbadem, Maltepe Park, İzmir Balçova, Marmaris, İstinye, Adana, İçerenköy, Avcılar, Sefaköy, Pendik, Mersin, Fulya



VALUE CHAIN

RESPONSIBILITY

Responsible Supply Chain Practices

Customer Satisfaction

Digitalization

RIGHT WAY
TO LIVE



Carrefour  SA

VALUE CHAIN RESPONSIBILITY

We strive to achieve the highest standards in all processes that we impact across the food value chain, especially in health and safety. We have various responsibilities in each link of this chain, starting from sourcing our products and services to CarrefourSA processes and ultimately to our customers. Therefore, we develop and implement Sustainable Business Models and Sourcing Policies to maintain and increase the economic, social and environmental performance of our entire supply chain. For this purpose, we regularly measure satisfaction along the customer journey from the first touchpoint to the shopping experience and then the

consumption and use of the products to eventually waste disposal. We develop different approaches and practices to improve their experience as well and prioritize health and safety across all stages. Our digitalization approach involves transforming the way we operate completely for improved effectiveness, efficiency, speed, affordability, and most importantly, customer-focus instead of simply developing the existing processes with the same methods. In other words, we aim for the transformation of the entire value chain.

KEY PERFORMANCE INDICATORS		2020	2021
Responsible Supply Chain Practices	Number of Private Label Products	483	483
	Number of Organic Private Label Products	49	44
	Organic Private Label Product Sales (TL million)	22.5	27.5
	Sustainable Livestock – Animal Welfare Audits (in Suppliers)	1	4
	CDP Forest Score (Reporting start in 2022)	-	-
Customer satisfaction	Hygiene and Food Safety Audits (in Stores and Warehouses)	1,286	1,283
	Quality Audits (in Suppliers)	284	317
	Number of Products Analyzed	2,221	2,037
	Ratio of Products Withdrawn from Aisles after Product Analyses (%)	3	2
	Product Quality Controls (in Warehouses)	105,035	190,777
	Quality Controls (in Stationery Products)	763	532
	Ratio of Products Not Suitable for Sale after Quality Controls (in Stationery Products) (%)	1	3
	E-commerce Assistance Request Rate (%) – (Note: the lower, the better)	43.2	18.9
	Net Promoter Score	43.9	51.1
	Customer Satisfaction Rate	-	38.6
	Complaint Rate for All Channels (%)	0.047	0.023
	Average Customer Problem Resolution Time (Hours)	108	43
	Active Loyalty Program Members	5 m	6.5 m
	Product Shelf Availability (%)	96	95
	Gourmet Stores	28	31
	‘Lezzet Arası’ Restaurants	13	14
	Number of Sensory Analyses	75	167
Digitalization	Number of Stores Offering E-commerce	54	57
	E-commerce Orders (million)	1.4	3.5
	Number of C-Mobile Modules	15	50
	Number of Processes with Robotic Optimization	18	33

RESPONSIBLE SUPPLY CHAIN PRACTICES

RESPONSIBLE SOURCING APPROACH

Supply chain forms the starting point and therefore the most important stage of our value chain. Since a sustainable supply chain is crucial for our continuity, we have been developing inclusive approaches to different food sectors. In this process, we partner with suppliers, NGOs and regulatory institutions. We embrace an approach that does not involve a competitive perspective. We draw from the best practices of our local and international counterparts, operate with environmental sensibilities toward resources and biodiversity, and encourage all our stakeholders to do the same. Carrefour Group's global policies guide us in our responsible sourcing approach.

As a company that works with thousands of local and international suppliers, CarrefourSA is committed to assessing the risks in its supply chain, monitoring the social and environmental compliance of its suppliers and promoting responsible practices across the value chain. As part of our responsible sourcing approach, we inform our suppliers about the rules and principles they are required to follow through the commercial agreements and CarrefourSA Quality Protocols.

As defined in its procurement guidelines, CarrefourSA conducts product safety audits at the prospective suppliers before starting to engage in business. One of the best ways of proving

our responsible sourcing approach is to require internationally accepted certificates. Therefore, we always require suppliers to submit certificates demonstrating that they use raw materials obtained from sustainable sources, especially in fish, palm oil and paper production.

From 2022 onward, we will also monitor our suppliers' impact on people and the environment, and their approach to ethical and social issues across their operations through social audits, starting with private label product suppliers.

SUSTAINABLE BUSINESS MODELS

PRIVATE LABEL PRODUCTS

Even though the idea of selling private label products is generally based on financial reasons, we also aim for our products to reflect the best social and environmental practices, echoing CarrefourSA's sustainability focus. As of year-end 2021, we offer 483 private label products, including 294 food and 169 non-food products.

We carry out different processes to identify and develop our products and suppliers bearing the 'Carrefour' brand. We consider the applicable laws and regulations, Carrefour Group's criteria, and CarrefourSA's requirements when defining the



conditions during product development. These practices are categorized into 'Responsible Product' and 'Responsible Sourcing':

The products we develop with our **Responsible Product** approach go through taste tests by 60 specialized consumers before they reach the shelves. During the development of all our private label products, we make sure that the salt, sugar and oil content is close to or less than the targeted product. In addition to meeting the specifications, the product should also be at least as good as the targeted product in sensory terms. In product design, packaging is as important as the product itself. Therefore, we also conduct migration tests on all packages to ensure food compatibility. Since 2020, 68 types of packaging have been analyzed with 927 parameters and assessed as suitable.

In cases where additives are required due to technological restrictions, our suppliers may use them in accordance with applicable laws and regulations. However, we prefer production without additives to the extent possible or ask the supplier to adapt the production conditions accordingly. All products are analyzed in accredited laboratories. Furthermore, a digital database that searches nonconformities worldwide is used to identify risks associated with the products. We also conduct specific studies pertaining to different product groups:

- In cosmetics, dermatological tests are definitely conducted since the product comes into contact with the skin.
- The ingredients or the end food product should not be treated with an ionization process.
- Meat products should not contain mechanically tenderized meat.
- No animal-based ingredients are allowed in cosmetics and detergents. Animal testing is also prohibited in these products. Stability tests are conducted to ensure that the products retain their original quality as long as they are on the shelf.

Regarding **Responsible Sourcing**, a quality agreement is signed with our manufacturers to ensure product quality and customer safety. We audit our suppliers with a questionnaire including

our private label product development criteria based on IFS Global Markets standards. Even though 44% of our suppliers already hold GFSI (Global Food Safety Initiative) certification, all are subjected to CarrefourSA audits. Manufacturing conditions are diligently audited and approved by the audit team selected by CarrefourSA and the CarrefourSA quality assurance team. In order to check the continuity of the quality and product safety processes, further routine control audits are conducted at least once a year depending on the supplier's risk assessment.

Traceability is a key aspect considered in the audits. The supplier is required to have its own traceability process for all the stages from receiving the packaging material that comes into direct contact with the raw ingredients and the product to the delivery of the end product to CarrefourSA warehouses/stores.

Managing the allergens is another relevant aspect. Best Manufacturing Practices are monitored to eliminate the risk of adding any allergens and contaminating the end product. If contamination with allergens cannot be avoided despite Best Manufacturing Practices, the contaminant allergen must be declared on the labels.

Carrefour BIO Organic Products

Farming practices that involve the use of pesticides are known to be harmful to health and biodiversity. On the other hand, the pandemic has brought about heightened awareness of eating healthier, as consumption habits show. Therefore, we support ecological agriculture and promote organic products.

All of our organic private label products are sold under the **Carrefour BIO** brand. Our organic products hold Ecocert certification, which is recognized in Turkey and the European Union. Our BIO products include milk, eggs, nuts, dried fruits, pulses, fruit juice and cotton product groups. In addition to selling our organic products in Turkey, we also export them to the European Union states. We aim to increase the number of Carrefour BIO products, sold in our stores at accessible prices for customers who prefer organic products.

Organic Private Label Products	2020		2021	
	Number of Products	Sales (TL million)	Number of Products	Sales (TL million)
Turkey	49	21.2	44	26.0
Exports	25	1.3	24	1.5
Total		22.5		27.5

Importance of Geographical Mark

- The standard of the product registered with geographical mark is maintained.
- Geographical marks add marketing power to the product, support rural development and contribute to the national economy.
- The products are recognized with attributes such as naturalness, authenticity, sustainable quality, regional development and competitiveness in the global market.

We currently sell four Carrefour-branded products with geographical marks: Aegean sultana raisins, Edremit Bay green olives, Aegean figs, and Halloumi cheese. The geographical mark logo must be included on the labels. The products are checked during supplier audits to ensure conformity with the geographical mark registration certificate, quality and production in recognized quality.

Stakeholder Opinion



CarrefourSA and Ak Gıda have long been partners for nearly 20 years. Mutual understanding and transparent communication form the basis of this long and harmonious partnership between the two companies. We work in close coordination with the CarrefourSA team and exchange clear feedback about the problems we face in our operational processes to always deliver our products to the consumers seamlessly, even in unprecedented situations like pandemics.

We admire the efforts of CarrefourSA to always carry out its activities by considering its stakeholders with a sense of social responsibility. CarrefourSA runs many projects to create social benefit, which also aligns with our sustainability approach in three key areas: environment, farming-livestock, and people. We are thrilled to work with a partner like CarrefourSA, an exemplary company and a pioneer in improving efficiency in sustainable farming and waste management, while also running projects that aim to mitigate environmental impact.

We hope to drive our valuable partnership forward by engaging in many sustainable, productive and successful activities in the future.

Tolga Hisarlioğlu
Ak Gıda Commercial Director



SUSTAINABLE FARMING

Thanks to our partnerships with cooperatives in vegetable and fruit projects, we are able to offer fresh vegetables and fruits to our customers throughout the year based on our quality, trust and accessible pricing policy. As part of the ‘Local Seed Local Produce’ project, we created fresh food platforms in Bursa and Antalya to bring the products we buy directly from the producers to our stores. This project allows us to protect the producers, create jobs and offer our customers a rich variety of fresh produce.

Aiming to leave a legacy of Anatolian flavors, we offer various brands’ products with geographical marks in our aisles every day. Furthermore, we continuously enhance our technological infrastructure to improve traceability and support contracted production.

In 2020, we partnered with a number of public institutions and supported contracted farmers, who work with guaranteed purchasing, with training on all topics from seeds and planting to harvesting and delivering the products to the stores and prevented yield losses with these efforts. Furthermore, encouraging local seeds and controlling the production process in place have enabled us to offer safe fruits and vegetables in our stores.

We work with nearly 8 thousand farmers across Turkey and procure an average of roughly 10 thousand tons of fresh vegetables and fruits every month.

SUSTAINABLE LIVESTOCK

We work on sustainable livestock to support the local livestock and animal husbandry sectors to achieve sustainability and rise to the levels of civilized countries and thereby ensure supply continuity in the desired quality and hygiene standards. As a result of these efforts, we aim to offer our customers veterinary-controlled, 100% local red meat from proven sources. The project, which primarily aims to support local producers,

delivers many benefits, including creating jobs in the villages, utilizing and expanding pastures, ensuring animal welfare, supporting the healthy development of domestic breeds, offering economic and profitable production opportunities, working with local breeders to earn higher value from local sheep and cattle, improving quality and efficiency, and selling the product at the right price to the customer.

We conduct audits, product quality controls, and periodic product analyses at all livestock suppliers. When needed, we provide on-site training to our suppliers and also work in coordination with the veterinarians in the production facilities.

In order to prevent unauthorized slaughter of young animals, we only allow the slaughtering of animals with ear tag numbers registered in the Ministry of Agriculture and Forestry system and assure the process by checking the veterinary health reports when taking delivery. For compliance with animal welfare regulations, we also conduct animal welfare audits at the poultry farms and slaughterhouses that our national and private label product suppliers use in sourcing.

We source red meat from 100% local livestock to protect and support local producers. Similarly, we assure the process with veterinary health reports and site audits.

Supplier Audits	2020	2021
Audited Suppliers	25	22
GFSI Approved Suppliers (Global Food Safety Initiative)	22	22

We work to continuously enhance the production conditions by conducting supplier audits and making improvement suggestions. We also employ veterinarians serving in 16 of our meat departments, which hold operating permits for carcass meat processing and packaging, at our hypermarkets to guarantee that we sell controlled and safe meat.

RIGHT FISHERMAN, RIGHT FISH

CarrefourSA organized a meet-up with fishermen on October 17, 2020 at the Galata Bridge with the slogan “Right Fisherman for the Right Fish” to support sustainable fishing and draw attention to the length of fish and fishing only in the right season. Raincoats, fishing buckets and masks were distributed to 300 fishermen during the event.



Animal Welfare Audits

We conduct animal welfare audits in the farms and slaughterhouses of our red meat suppliers and in the coops of our private label organic and free range chicken egg suppliers. In the farm and slaughterhouse audits conducted for the welfare of livestock, we also address environmental and employee-related issues. We audit the coops of our private label egg suppliers with similar criteria and also check compliance with the Turkish Food Codex Egg Communiqué.

Animal Welfare Audits	2020	2021
Livestock Suppliers	-	2
Private Label Organic and Free-range Egg Suppliers	1	2
Total	1	4

The animal welfare audits that we had conducted since 2018 were put on hold in March 2020 due to the pandemic and later resumed in 2021.

SUSTAINABLE FISHING

We believe that fish is a functional food and should be consumed more. Therefore, we support sustainable fishing for both its economic and also ecological and social benefits. To implement this approach, which involves managing caught fish properly at its core, we fully comply with the fishing legislation and do not buy or sell fish caught during off-season or if they are below the allowed limits. We also try to include fish from farms and production systems in our seafood range as much as possible. Therefore we only work with farms where all processes from production to the store are monitored and make investments to open a fish section in every store.

We ensure that seafood is kept fresh longer in its original form using a continuous cold chain. We also perform audits at our warehouses and stores for compliance with legislation regarding farmed and wild-caught fish. Furthermore, we regularly brief our store employees about this topic with a documentations system and newsletters, and our customers on social media and with posters in the respective aisles.

Seafood quality assurance experts conduct regular audits on the Seafood Platforms for compliance with

the Ministry of Agriculture and Forestry regulations. The Seafood Platform (SP) is where all imported and local seafood, both caught and farmed, purchased by CarrefourSA, are collected before they are shipped to our stores. We currently operate three seafood platforms (in Gebze, İzmir and Antalya). The products are particularly audited for freshness criteria and for potential bans on catching, length and species limitations before they are accepted to make sure that only compliant products are delivered to our stores. With the help of 35 veterinarians and 25 aquaculture engineers, we also contribute to the continuity of many species.

We only work with fish farms that are audited by the Ministry of Agriculture and Forestry at every stage from production to store delivery. Only 5-10% of fish survive in nature while this rate may go up to 90-95% in farmed fish. Very few of the approximately 1 million fish eggs reach the desired size in nature whereas this figure is nearly 250,000-300,000 in farmed fish. This is because the fish produced in farms are kept as far away as possible from predators or other natural factors such as diseases as they develop from an egg.

As of year-end 2021, we sell fish in 214 stores and actively work with 30 fish farms. Farmed fish accounts for the majority of our seafood sales revenues.

Fish Sales	2020	2021
Total Sales (tons)	12,000	11,000
Caught fish (%)	13.5	9.9
Farmed fish (%)	65.0	56.6
Imported fish (%)	13.0	21.3
Other fish (%)	8.6	12.2
Ratio of Caught Fish/Farmed Fish (%)	20.7	17.4

Assessment of the Impact of Mucilage on Safety of Seafood Caught in Marmara Sea

Following the mucilage that spread widely in the Marmara Sea in 2021, a project that we also support was launched in collaboration with Istanbul University, Food Safety Association (GGD), TÜBİTAK and the retail industry.

As part of the project, possible microbiological and chemical risks will be assessed through season-

long audits of the seafood sold in the stores and the findings will be publicly announced by the project partners, Istanbul University and the Food Safety Association. The data obtained from this study will mark a first in Turkey in terms of identifying the after-effects of the most invasive mucilage occurrence in our waters. Overurbanization and population growth, and subsequent environmental pollution and climate change are inescapable problems we currently face. We may also expect to see an increase in mucilage cases in Turkey and around the world in the near future. This unique project is especially valuable because it will provide answers to questions about the after-effects on seafood that might long continue on a national and international scale.

Fish farm locations are monitored and audited by the Ministry of Environment, Urbanization and Climate Change for environmental pollution and impact on ecological balance. If adverse conditions are detected during audits, sanctions up to shutting down the farms may be imposed. No fish farm that we have worked with has presented any adverse conditions during the audits to date.

Farm Mussels

Unlike other mussels, farm mussels are grown in a completely safe and controlled environment. A sea area allocated for mussel farming is monitored for at least a year by the Ministry of Agriculture and Forestry before the site is approved for farming. Once the farm is built, regular analyses are conducted by the Ministry as well.

In 2020, we partnered with a mussel farm, Nora Seafood, and started to sell farmed mussels. Nora Seafood Farm, located in Erdek, is audited and analyzed by the General Directorate of Fishing and Aquaculture under the Ministry of Agriculture and Forestry. This partnership allowed us to sell mussels as a popular product that may often contain microbiological and chemical risks safely, thanks to audits at every stage from production to packaging.

SUSTAINABLE SOURCING POLICIES

We have additional responsibilities on certain sensitive issues that we impact as a food retailer with potential effects on the ecological environment. These sensitivities, which many organizations including CarrefourSA impact, are in areas directly affected by the products we sell to our customers by way of our supply chain. At CarrefourSA, we regard it as our responsibility to develop inclusive approaches to these issues and implement practices to raise awareness and promote these topics, starting with our supply chain.

BIODIVERSITY 103-1, 103-2, 103-3, 304-2

Biodiversity refers to the diversity of life forms found within an ecosystem or around the world. It is key for a healthy planet and human well-being. However, loss of biodiversity continues at a faster rate with many species facing the risk of extinction. To put this fact into context, the population of living organisms has seen a 68% decline in the last 50 years. Pandemics and natural disasters, as well as deforestation, traditional farming methods and illegal hunting and fishing, etc. along with human activity are among the factors that contribute to the loss of diversity worldwide. The estimated annual cost of loss of biodiversity and ecosystem functions to the global economy is estimated to reach Euro 14 trillion by 2050.

We take the United Nations Convention on Biological Diversity (CBD) as reference to develop our approach to the conservation of biodiversity. Regarding biodiversity, which also falls within the scope of our environmental approach, we avoid all kinds of activities that might threaten natural habitats and living organisms and work for a more livable world.

Our biodiversity objectives are:

- Monitoring and preventing potential direct and indirect impact, if any, on biodiversity,
- Contributing to preserving biodiversity in the locations where we operate,
- Working with producers who are sensitive to both people and the environment to source healthier products instead of those grown with traditional agricultural methods that involve extensive use of fertilizers and pesticides, and building a responsible and sustainable supply chain,
- Partnering with relevant NGOs and organizations for joint projects to protect natural resources and life.

Even though we do not have a significant direct impact on biodiversity, we aim to limit our environmental impact to the extent possible in the locations where we operate. Therefore, each store, warehouse or logistics platform monitors and optimizes water and energy consumption, manages its waste and thereby mitigates its impact on ecosystems and biodiversity. Furthermore, we comply with specifications that respect the environment and biodiversity when investing in new stores. We also contribute to forestation efforts and projects that aim to protect biodiversity.

TACKLING DEFORESTATION

Forests are vital to life on Earth. They function as our planet’s lungs and help regulate climate. Forests are the second largest body that sequesters carbon dioxide after the oceans. In addition to being home

to wildlife on land, they offer livelihood to more than a billion people.

The growing need for agricultural land and daily consumed products such as packaging, paper, etc. are among the main reasons for deforestation and the loss of forest areas. Fauna and flora lose their natural habitats due to deforestation as greenhouse gases increase. People who depend on forests for their livelihood are also impacted negatively from deforestation.

By tackling deforestation, we aim to:

- Not engage in or support activities that cause deforestation,
- Follow and comply with applicable local legislation,
- Sort and recycle packaging and paper waste separately, reduce resource utilization, and use FSC-certified paper and wood products obtained from legal and sustainable sources,
- Work with producers and suppliers to tackle deforestation,
- Improve product transparency and traceability.

We plan to start reporting in line with CDP – Forest in 2022.

Roundtable on Sustainable Palm Oil

Palm oil is the most produced plant-based oil in the world and widely used in packaged foods, personal care and cleaning products. The high demand for this palm oil is a major cause of deforestation. The Roundtable on Sustainable Palm Oil (RSPO) was established to monitor responsible palm tree cultivation following the surge in palm oil production. At CarrefourSA, we aim to set a policy to ensure that we only source private label products with RSPO-certified ingredients.

CUSTOMER SATISFACTION

CUSTOMER SATISFACTION
APPROACH 103-1, 103-2, 103-3

As a food retailer, we recognize that customer satisfaction can only be achieved through the

products and services we offer. We need to manage the customer journey from the first touchpoint, whether they enter a store or visit our website or contact our call center, to the shopping experience, along the consumption process and use of the products they buy, and eventually to the disposal of the waste generated. Food is a major factor that affects well-being; therefore we always keep health and safety at the forefront across all stages.

We address our activities in four groups:

- Health and Safety (in the stores)
- Hygiene and Food Safety (in the stores and warehouses)
- Product Safety (in our products and suppliers)
- Customer Experience

HEALTH AND SAFETY 416-1

We fully comply with all the guidelines, procedures and instructions that the relevant head office departments publish on the health and safety of our customers. Furthermore, official institutions’ audits and customer feedback contribute to our continuous improvement.

Customer Health Practices in Stores

We implement a number of practices at our stores to ensure Customer Health and Safety. These include:

- We make sure that all aisles and shelves are ready by store opening time, and that no boxes or equipment, etc. are left around the store.
- To ensure the safety of our employees and customers, we regularly salt the store entrances on snowy and icy days.
- We use slippery surface warning signs during and after cleaning the store floors.
- We always keep our aisles and shopping baskets in order so that our customers can shop comfortably in our stores.

We also implemented the following Covid measures:

- We installed protective shields between the cash registers.

Customer satisfaction lies at the heart of CarrefourSA’s vision and mission.

Our Vision

- To understand the needs and expectations of **our customers** with the Next-generation Market approach; to offer the right products sourced from the right producer and sell them at the right price with the right service approach.

Our Mission

- To be the leading trusted and preferred food retailer that sources the right products from the right producers and selling them with the right pricing policy to its **customers**.

- We placed hand sanitizers at store entrances and exits.
- We required our employees and customers to wear face masks.
- We placed floor stickers for the customers to maintain 1.5 meters of social distance.
- We monitored our employees for contact tracing and isolating them if needed. We used C-Mobile, the company app for the employees to perform contact tracing.
- We disinfect the frequently used surfaces (especially the conveyor belts at the cash registers and the handles of fridges) at regular intervals.
- We offered single-use products (cutlery, spices, etc.) at our ‘Lezzet Arası’ restaurants.
- We disinfect the restaurant tables after each customer.

Potential Store Accidents

We have a standard operating procedure for accidents that customers may experience in our stores. Accordingly, the healthcare provider, if any, or a trained employee performs first aid after the accident. Then, depending on the severity of the injury, the emergency services (112 in Turkey) are contacted or the customer is taken to the nearest healthcare institution by car, accompanied by the workplace manager or a designated companion. The emergency contact of the affected customer is called to explain the incident and then accompanied at the hospital. Contact details are also provided in case the customer needs to reach out to us later.

Emergencies

We have also developed a standard operating procedure for potential emergencies in our stores. This procedure applies to all customers as well as all temporary and permanent employees, subcontractors, visitors, business representatives and interns. The procedure covers incidents such as Fires, Earthquakes, Floods, Storms and Hurricanes, Building Collapses/Landslides, Explosions, Workplace Accidents, Bomb Alerts, Violence in the Workplace, Armed Robberies, Hostage Taking Situations, Strikes, Water Pollution, Suicide Attempts, Chemical Spills/Leakage and Traffic Accidents. In addition to preventive measures for such emergencies, we also define the actions to conduct after an incident and manage potential risks.

HYGIENE AND FOOD SAFETY 416-1

We monitor production in hygienic conditions along with food safety, consumer and employee health, service standards and compliance with general food hygiene rules from sourcing the food to delivering it to the end consumer with hygiene and food safety audits conducted at our warehouses, stores and integrated facilities. These impromptu audits are carried out by dedicated trained teams of

independent third parties.

During the audits, the goods receipt, storage, logistics, production and sales stages are assessed depending on the respective location’s operations. The assessments include cleaning and sanitation practices, cold chain storage conditions, traceability, pest control practices, infrastructure and equipment. Samples of food, drinking water, and ambient air taken during the audits are analyzed to help us identify the hazards that may arise from physical, chemical or biological factors and take the necessary precautions.

Hygiene and food safety audits raise awareness among our employees and help them become conscious consumers who follow food safety and hygiene in their personal life as well. The findings of the audits also enable us to help improve the business processes of our suppliers.

We use a special software to systematically audit and report all our hygiene and food safety processes and activities. With this software, which was deployed in 2018, Store Hygiene and Food Safety audits, sampling, actions and reporting can be performed effectively. As of 2021, integrated and warehouse Hygiene and Food Safety audits have also been migrated to the electronic medium. In addition to the existing reports, we are developing tracking screens with visual features that can be accessed directly via the C-Mobile app. We plan to deploy these enhancements in 2022 to improve productivity and eliminate paper.

Hygiene and Food Safety Audits at the Stores and Warehouses	2020	2021
Audits (Total)	1,286	1,283
Stores	1,277	1,272
Warehouses	9	9
Integrated Meat Processors	-	2
Number of Samples Analyzed During Audits	11,840	10,632
Number of Parameters Analyzed During Audits	27,559	27,055

- As a result of these audits, 2% of our stores were identified as key focus areas, and the following firm actions were taken:
- A Quality Assurance Screen was developed in the C-mobile app for the employees to easily access the available Hygiene and Food Safety practices, and quality manuals were integrated for each product group. These manuals contain up-to-date information on legal obligations and CarrefourSA’s Hygiene and Food Safety practices.
 - Informative posters about cold chain and food safety were prepared and hung in e-commerce areas.

Quality Audits at Suppliers	2020			2021		
	Number of Audits	Completely Successful Audits	Failed Audits	Number of Audits	Completely Successful Audits	Failed Audits
Existing National Brand Suppliers	64	47	17	113	78	35
Prospective National Brand Suppliers	23	11	12	20	8	12
Bakeries	100	30	70	71	28	43
Existing Private Label Product Suppliers	55	41	14	72	50	22
Prospective Private Label Product Suppliers	42	20	22	41	21	20
Total	284	52%	48%	317	58%	42%

Note: Follow-up audits are not included in the number of audits.

- The cleaning panels were simplified in an easy-to-understand format with aisle-specific instructions and hung on the respective aisles. They were also uploaded to the C-mobile Quality Assurance Screen for easy access by the employees.
- The stores with room for improvement received online and face-to-face refresher training.

PRODUCT SAFETY 416-1

We conduct individual quality audits at both our suppliers and on products according to applicable legislation and international standards to ensure Product and Food Safety. Conducting the audits properly is of utmost importance to us. Therefore, we manage the process with accredited independent third-party auditors. These audits help us identify the weaknesses and strengths of our suppliers and support their development based on their needs.

Quality Audits at Suppliers

We conduct periodic audits prior to starting to source food products from national-brand suppliers, and food and non-food products from private label product suppliers before and during the selling process. Each location of suppliers with multiple manufacturing sites is audited individually. We do not work with prospective suppliers that fail the initial audits and terminate our relationship with suppliers who fail to pass critical audits in the ensuing years. If a company does not pass all stages of an audit, we follow its actions and conduct a follow-up audit within three months.

National Brand Suppliers

We require all companies to go through an audit before we start to source food products from them. If the supplier holds a GFSI-recognized certification that covers the product category we intend to source, we do not re-audit it. If they do not hold a



Product Safety and Quality Analyses	2020		2021	
	Number of Products Analyzed	Number of Products Removed from Shelf After Analyses	Number of Products Analyzed	Number of Products Removed from Shelf After Analyses
National-brand Products	840	18	733	17
Private Label Products	1,381	55	1,304	24
Total	2,221	3%	2,037	2%

certification or if the certificate does not cover the relevant product category, we conduct audits once every two years for companies that receive a score higher than 90 and once a year for other companies.

Private Label Product Suppliers

All our food and non-food private label product suppliers are audited at least once a year, even if they hold GFSI-recognized quality certification. They are verified on site for production that meets our private label product criteria. We also contribute to the development of the industry by supporting them to develop practices in partnership with our suppliers.

Product Safety and Quality Analyses

Offering our customers quality and reliable products that comply with applicable regulations is key for us. Therefore, we perform documentation checks and product analyses for food products of national brands and food and non-food products of private label products in addition to the supplier audits carried out before the products are sourced and sold. We immediately remove the products that do not meet all the expectations from the aisles.

National Brand Products

We check national brand products according to CarrefourSA criteria, which include supplier audits prior to sourcing and selling along with analysis reports, legal permits and certificate controls, and we do not sell products that fail to meet the relevant criteria. Furthermore, products selected based on risk assessments of branded and local products are

analyzed physically, chemically and microbiologically in accredited laboratories for compliance with applicable regulations and product safety.

Private Label Products

We define the analysis criteria for our private label products according to applicable legislation and CarrefourSA quality criteria determined for sustainable quality. In addition to the analyses performed during product development by Ministry-approved accredited laboratories, we also analyze randomly selected products from the aisles at regular intervals. In conducting risk analyses for Carrefour-branded products, we refer to information available on web portals such as Rapex and G  bis for lists of national and international unsafe products, consider fake and counterfeit product criteria, and use a digital system that scans data from around the world and reports product-related risks.

Product Quality Controls in Our Warehouses

The CarrefourSA Quality Assurance Department manages the quality control process of the products from arrival at the warehouse until they reach the stores with a team of Warehouse Quality Assurance specialists consisting of Agricultural Engineers, Food Engineers, Chemists, and Food Technicians.

The genuine brand and national brand charcuterie and frozen products shipped from suppliers to our central warehouses are controlled with 196 different parameters at the warehouse goods receipt stage. The products we check include food and non-food products (detergent, consumables, stretch film, etc.).



Stakeholder Opinion



Merieux NutriSciences is a leading service provider that strives to be a 360-degree solution partner for its customers with more than 8,000 employees in 27 countries, over 100 accredited laboratories and, besides analysis, the certification, audit, training and consultancy services for food safety systems.

The retail industry is one of the strongest and most important links of the food supply chain to which we have been a solution partner for many years. The industry's exemplary practices about being responsible citizens help raise awareness on the environment and sustainability in our country. CarrefourSA has long focused on food safety and sustainability in the industry and improved them further in recent years, amplifying its positive impact and contribution to society and our world.

Our partnership with CarrefourSA goes back many years. We are pleased to see that all CarrefourSA suppliers are audited according to IFS Global Markets - Food standards, that the suppliers are supported in improving their food safety and quality efforts, and that the food safety and hygiene audit program of all CarrefourSA stores is conducted with our team of experienced specialists. It makes us happy to be a part of these efforts. We all have the right to healthy and quality food. In addition to offering healthy and quality food, CarrefourSA also engages in programs to reduce its impact on the environment; and I am sure this will make consumers, especially those with increased environmental awareness and expectations, happier.

"Partnerships for the Goals," one of the UN Sustainable Development Goals, is also among our goals. Together with the CarrefourSA team, we volunteer for the activities of various NGOs and contribute to improving food literacy, reducing waste, traceability and transparency in food, and sustainable supply chain.

I look forward to partnering in new and innovative projects for many years to come.

Sabahnur DEMİRCİ
General Manager
Merieux NutriSciences

The controls are performed by the quality control laboratories located in our warehouses. Goods are accepted by checking criteria such as temperature, label, weight, smell, humidity, alcohol content, incubation time, sieve analyses, volume control with a measuring tape, number of pieces per kg, consistency, carriage capacity, etc.

Product Quality Controls in Warehouses	2020	2021
Number of Quality Controlled Products	105,035	190,777
Number of Parameters Used in Controls	551,485	446,074

In addition to performing controls during accepting the goods to the warehouse, we also check the delivery vehicles for cleanliness and temperature. Since 2018, the temperature checks of the delivery

vehicles have been performed by remote monitoring systems with alarms and cameras.

OTHER PRODUCT HEALTH AND SAFETY PRACTICES

PRODUCT TRACEABILITY

Achieving traceability is a critical requirement for product safety. Especially as a result of the pandemic, the consumers' quality and traceability expectations have become more apparent. During site audits at our suppliers, we also check whether they have product traceability processes in place. Similarly, we use procedures and practices to ensure traceability of the products we sell in our stores.

With the rising consumer demand for seeing more information on product labels, we began to



accelerate our efforts to launch digital projects. So, we started with the ‘Traceable Safe Food Platform’ and the ‘QR Code Traceability’ projects in fruits and vegetables. Starting from 2022, we will provide more traceability information through QR codes on our private label products and in the aisles.

With the “Traceable Safe Food Platform,” the vegetables sold at CarrefourSA stores are reliably and continuously grown to a certain standard, while the QR Code on the products offers instant access to producer information, time and place of production, growing conditions, and all residue analyses by accredited institutions. Currently, traceability data is provided via the QR codes on Çengelköy cucumbers, pink tomatoes, heirloom tomatoes, mini orange, brown and red cherry tomatoes, and heirloom tomatoes in mixed colors sold in our vegetable aisles.

Nutritious Food

Ensuring that consumers eat a healthy diet is a key criterion that we consider during product development. Therefore, we approach the salt, sugar and fat content cautiously during the development of our private label products. We support the reduction of these three ingredients in a balanced manner so as not to compromise the sensory properties of the product.

We include energy and nutritional values on the private label product labels based on an accredited analysis report. In terms of nutritional values, the labels contain information on fat, saturated fat, carbohydrates, sugar, protein, salt and fiber content. If a product contains significant amount of vitamins and/or minerals, we indicate their values on the label as well. We also offer recommendations for healthy

nutrition by specifying the amount of energy and nutritional values of a serving and the daily dosage on the labels to inform our consumers.

ORGANIC BREAD

As of year-end 2021, we are the only retailer in the industry to make organic bread. We sell the organic bread made in our stores under the Doğa Tat Carrefour brand. The breads we make in our hypermarkets hold an organic product certification and they are certified by Ecocert. All stores, where bread is baked, are audited every year. We follow the framework of applicable laws and regulations in production, create and monitor the packaging and label information on the products. Furthermore, our Quality Assurance team provides regular training to our store teams on production-related procedures, instructions and regulations.

To offer delicious food to our customers, we use organically produced and organic certified ingredients in making organic bread with traditional methods. We trace the whole process starting from the wheat in the field and record it. Organic bread made from organic sourdough has a unique flavor and preserves its freshness for a long time.

We make our organic sourdough yeast using organic Carrefour brand raisins and organic honey, and use Carrefour Discount brand natural spring water in production. This practice allows us to use ingredients controlled with frequent analyses and audits throughout the year to make our Carrefour-brand products and to standardize quality.

Our organic bread is sold with Plain, Bran, Whole Wheat, and Karakilçık, Siyez and Kavlca wheat

varieties. We also contribute to the cultivation of a thousand-year-old endemic wheat variety by making bread from Siyez, Karakilçık and Kavlca wheat varieties.

THE RIGHT PLACE FOR HONEY

The history of beekeeping, which has been essential for sustaining human life on Earth, dates back thousands of years. It is a scientifically proven fact that life on Earth would not be possible without bees. Much more than just making honey, bees are vital for the continuity of the entire ecosystem.

Starting in 2017, we have been developing special approaches to honey and beekeeping. In this context, we delivered training to beekeepers, especially those located in Ardahan, Kars and Adana regions that account for a significant part of honey production in Turkey. The training programs focused on topics including how to produce honey the right way on longer days, how to protect the bees, how to build beehives and what to do for bee nutrition and health.

We still work with our suppliers on this topic and sign special quality agreements to ensure product safety, hygienic production, and quality. Since the industry has a high risk of ‘counterfeit’ products, we conduct audits through third parties based on extremely strict criteria, and we make sure that all batches of honey sold in our stores are analyzed by independent accredited laboratories. We periodically repeat the Audits, Analyses and Consumer Tests as long as the product is on the shelf and disclose their results to support the development of our suppliers.

SAFE STATIONERY

We perform safety tests on stationery products, especially for the safe use of children. Products in the stationery category that children younger than 14 may also use for play are regarded as toys and tested against physical, mechanical, combustion, chemical, etc. risks. Following product-specific assessments, we also consider the control parameters specified in

the regulations as well as other parameters that may pose a risk and the claims on the products. We do not sell products that fail to meet the criteria.

Stationery Product Tests	2020	2021
Number of Tests	763	532
Percentage of Products Unfit for Sale (%)	2	8

We also check the products and their stands during store visits and make sure that unsuitable products and stands containing misleading advertisements are removed. In 2021, three products were found to be unsuitable for sale and removed from the aisles.

CUSTOMER EXPERIENCE

CUSTOMER EXPERIENCE APPROACH AND MEASUREMENT

In order to create the ultimate CarrefourSA experience, we shape all customer processes around the motto of “Be available where the customer wants to communicate.” This approach forms the foundation of the experience we aspire to create, whether the customer calls our call center, sends an email, communicates via WhatsApp, or posts on social media, by allowing them to find the answers and solutions.

For this purpose, we first created an omni-channel data pool, including our E-Commerce and Store channels, where we could accurately read customer feedback, evaluate feedback received from multiple channels and alert the relevant departments as needed. We also upgraded our switchboard system, ticket/customer notification system and call center to ensure that customer services are relevant, technological and at the desired service level.

We collect feedback from our customers during their shopping experience in our stores and quickly implement permanent and preventive



actions regarding the issues that can be resolved by the store teams. Regarding customer feedback that needs to be supported and managed by the head office departments, our store managers communicate the issues to the relevant units through internal communication channels and actively follow through to ensure that the feedback is permanently resolved.

We constantly strive to improve our insight channels to understand customer expectations. We have in place an integrated system where we can learn about customer expectations and enrich our data pool with their feedback, based on measurements like:

- NPS (Net Promoter Score)
- CSAT (Customer Satisfaction Score)
- CES (Customer Effort Score)

We also develop various tracking screens for live monitoring of the customer experience. By deploying these screens, we aim to track and analyze the process from the moment the order is placed to the moment it is delivered and to avoid problems by informing the customers when needed with our automated communication tools and to eliminate the problem of incomplete delivery.

These actions resulted in the following improvements:

- **E-Commerce Assistance Request Rate:**
A customer’s ability to complete the shopping alone without requesting any assistance is an important criterion of a good online shopping experience. As of November 2021, the assistance request rate dropped from 43.2% to 18.9% year on year, demonstrating a significant improvement. Our 2022 goal is to reduce this figure to less than 10%.
- **Net Promoter and Customer Satisfaction Scores:**
In 2021, Net Promoter Score rose from 43.9 to 51.1 according to survey results. On the other hand, we also started to measure our Customer Satisfaction Score (38.6) in 2021. As a result, we ranked second in the NPS score among all markets of Carrefour Global.
- **Complaint Rate:** Our complaint rate for all channels fell from 0.047% to 0.023% in 2021. Thanks to the progress we captured in this area, we were recognized with the first prize in the “Best Customer Experience in Chain Markets” category by sikayetvar.com.
- **Resolution Times:** We improved the average resolution time for customer problems from 108 hours down to 42.6 hours in 2021. We aim to keep this figure below 48 hours in 2022.

With the investments made in the systems, we aim to analyze customer behavior and experiences in-depth and soon establish a warning mechanism to monitor/remedy negative experiences. Thanks to this warning mechanism, we will be able to manage the risks proactively and determine corrective actions effectively. We aim to take quick actions and capture sustainable improvement with a communication plan that the warning mechanism will trigger.

CarrefourSA Loyalty Program

As of year-end 2021, the number of active customers registered in the CarrefourSA Loyalty Program increased by 1.5 million year on year and reached 6.5 million. Every month, an average of 1.8 million loyalty customers visit our markets, including 5% online. Throughout the year, the customers benefit from special offers created with advanced statistical models, as well as promotions such as point campaigns and discounts.

Ensuring Customer Comfort in Stores

To ensure that our customers can enjoy a comfortable shopping experience in our stores, we communicate the guidelines to comply with in all our stores to our employees in writing as part of a procedure. As a result of these efforts, we aim to meet the standards we have long targeted in many areas from cleanliness of the parking lots to in-store music and plan to create a pleasant and comfortable shopping experience for our customers.

PRODUCT AVAILABILITY

We engage in various activities to make sure that our customers can always find the products they are looking for on the shelves. Achieving this requires us to increase our stock levels while managing the expiration dates and inventory costs accurately. We also need to aim for keeping waste and financing costs under control. Looking at the results of the last five years, we have improved product availability significantly, increasing it from seventy to ninety percent levels.

Shelf Product Availability	2020	2021
%	96	95

CARREFOURSA GOURMET

In our Gourmet stores with a retail space between 163 m² and 2,200 m², we offer our customers a different shopping experience in terms of store layout, product variety and shopping in a spacious setting by bringing together exclusive gourmet flavors from Turkish and world cuisine. As of year-end 2021, we operate with 31 Gourmet stores, which carry a wide range including fish and seafood, meat varieties, local and imported cheeses and charcuterie, fresh fruits and vegetables, and bakery products. We also have sections dedicated to vegan, gluten-free, diabetic or organic products.



‘LEZZET ARASI’ RESTAURANTS

Our in-store restaurants, called ‘Lezzet Arası’, stand out among other similar restaurants for a number of reasons. For instance, because of their location inside the store, any product purchased from the meat, fish or chicken aisles can be cooked immediately for free, eating these foods at market prices in the restaurant, or buying them to go. In addition to doing their shopping, customers have started to dine at the ‘Lezzet Arası’ restaurants, which serve quality and reliable meals and beverages at accessible prices. All restaurants serve meals from different regions with monthly updated menus and also offer vegetarian menu options.

We continued to invest in ‘Lezzet Arası’ restaurants in 2021. With the opening of the Ankara Çayyolu branch in 2021, the number of ‘Lezzet Arası’ restaurants in the CarrefourSA market chains reached 14. The dining experience gains depth with the introduction of new menus and the premise of “gastronomic freedom.” ‘Lezzet Arası’ restaurants currently cater to 250 thousand people per month.

SENSORY ANALYSIS PROCESSES

In order to offer our private label products in a quality that aligns with the taste of our customers and to ensure their continuity, we work with trained panelists to perform Sensory Analyses. Before our food products are placed on the shelves, they are subjected to sensory analyses by a team of 60

expert panelists who have passed taste threshold tests. On the other hand, our cleaning and cosmetic products first undergo efficacy tests in specialized laboratories, and then sensory analyses and/or performance analyses. Sensory analyses are repeated on our private label products, which are only placed on the shelves after passing all the tests.

To elevate our sensory analysis procedure, we started to work with third-party institutions in 2021 to perform further sensory tests. As a result, the taste and performance of our products were tested objectively by the consumers before the products were placed in the aisles. 75 sensory analyses were performed in 2020 and 167 in 2021.

LABELING 417-1

Providing our customers with accurate and transparent information about the products is a material aspect for us. Labeling is a very sensitive matter in terms of both health and safety and the satisfaction of our customers, and requires communicating the necessary information accurately. Each product label is required to include some mandatory information. For food, these include the following:

- Food name,
- Ingredients,
- Allergen warning,
- Quantity of specific ingredients or ingredient



groups,

- Net quantity/weight of food,
- Recommended use consumption date or expiry date,
- Special storage and/or use conditions,
- The name or trade name and address of the producer,
- Company registration number or identification mark,
- Country of origin,
- Instructions, if it is not possible to consume the food properly when usage information is not available,
- Actual alcoholic content by volume for beverages containing more than 1.2% alcohol by volume,
- Nutritional values.

We strive to ensure that the label of each product we sell in our aisles complies with the legislation. For this purpose, we check labels at multiple points, helping the products of different brands sold in our stores to be compliant as well. We adhere to many laws and regulations on product labeling. Some of these are for general use, for instance:

- Law No. 7223 on Product Safety and Technical Regulations,
- Regulation on the Principles and Rules to be Applied in Retail Trade,
- Law No. 5996 on Veterinary Services, Plant Health, Food and Feed,
- Communiqués for each food product or TSI standards if a communiqué is not available,
- Turkish Food Codex on Food Labeling and Informing the Consumer,

- Regulation on Health Claims of Products Sold with a Health Declaration.

Furthermore, we comply with laws and regulations on different product groups:

- Law No. 5324 on Cosmetics,
- Cosmetics Regulation and Guidelines,
- Detergents Regulation,
- Regulation on Classification, Labeling and Packaging,
- IFRA (International Fragrance Association) – for all products containing fragrances,
- Regulation on Registration, Assessment, Authorization, and Restriction of Chemicals – for Detergents, Hygienic products and Children's toothbrushes,
- Turkish Food Codex, Regulation on Substances and Materials in Contact with Food and Related Communiqués – for products in contact with food,
- Regulation on Determining the Net Quantity of Prepackaged Goods by Weight and Volume – for all products declared by weight and volume.

Moreover, labeling requirements bring additional responsibilities in our **Private Label Product Sales, Direct Sales** (such as selling packaged food in stores) and **E-Commerce**. We fulfill these requirements with different processes and practices:

- We create the labels of our **private label products** carefully to provide maximum and accurate information to our customers. First, our team of experts assures compliance of product information with the applicable regulations, while compliance is regularly monitored for

any updates. If the information on the label (for marketing or informational purposes) contains any claim, we make sure that such claims are verified with an accredited analysis report or certificate. Regarding our private label products such as cosmetics and detergents, we aim to ensure that they are used safely by providing detailed information about instructions, warnings and storage conditions in addition to basic information.

- We launched the 'fresh food aisle label' project to provide our consumers with accurate information on our products, which are within the scope of **Direct Sales**, meaning that they are packaged in the store and offered to the consumer directly. We define all product information centrally and present the products in the fresh food aisles. With this practice, our store employees can answer questions of the customers requesting information about a direct sale product in more detail by scanning the product's barcode using our own application, C-Mobile.
- For our **E-commerce** site, we also developed a 'product information button' to show the label details of food products transparently. This button allows the customers to access all product information before purchasing. Furthermore, we placed clearly visible product images from different angles on the website to inform the consumer better.

DIGITALIZATION

DIGITALIZATION APPROACH

In line with CarrefourSA's digitalization approach, we aim to transform the way we operate completely for improved effectiveness, efficiency, speed, affordability, and most importantly, customer-focus instead of simply developing the existing process with the same methods.

With our digitalization approach, we aim:

- To reach wider audiences and increase business volume by leveraging the latest technologies and offering innovative solutions to the customers,
- To elevate the customer experience by integrating digital tools into the processes and raising technological awareness at all customer touchpoints,
- To address issues faster through practical means by improving the employees' productivity, thus optimizing the balance between effort and cost,
- To enrich and analyze the available data by determining a data strategy, and to define scenarios to create value from this data,
- To create an agile working environment by keeping up with the developing and changing

workforce skills and new technologies,

- To ensure that all business processes are traceable, measurable and can be reported.

Since digitalization is a material sustainability topic for Sabancı Group, we also report our performance to the Group at regular intervals.

DIGITAL ACTIVITIES

E-Commerce and Warehouses

The e-commerce operations at CarrefourSA started in 2005 and gained momentum, particularly after the activities in 2018. In addition to structuring the store processes, we maintain a physical warehouse, called Dark Room, in three of our stores and a separate warehouse in Gebze for distribution across Turkey. In addition to home delivery by vehicles, we offer other delivery options such as pick-ups from the store and direct delivery by suppliers to our customers (drop shipment). We also leverage business models like marketplaces (such as Hepsiburada, Trendyol, Gittigidiyor) and market applications (such as Hepsipress, Trendyolgo). As of year-end 2021, we operate with 404 employees in 57 stores, catering to 22 provinces.

Our e-commerce volume increasingly accounts for a larger share in all CarrefourSA sales, especially due to the wide product range and our variety and quality on the ultra-fresh side, which are key factors in grocery shopping, combined with the strength of our brand. We aim to expand the scope of this service across more regions in the years to come.

In e-commerce, timely and complete order delivery and price advantages are the top considerations of our customers. To address and reduce the problems, we work on availability tracking and take actions to improve it, keep inventory specific to e-commerce and launch campaigns that will stand out among the competition. We also develop various applications to digitalize and improve our processes. As of year-end 2021, we developed the following:

- As part of a **Robotic Automation Project**, we started to deploy robots to perform transportation and placement processes in the warehouse areas.
- With the **Smart Glove Project**, our warehouse employees can work hands-free in product collection, goods receipt, transportation and return operations. Since the body movement cycle of the relevant work is defined in the system, the work performed can be recognized.
- By digitalizing data with **Smart Mapping**, we were able to define the stores' operational boundaries clearly, improving the efficiency of our processes, increasing the number of orders processed, and decreasing the logistics costs.



- As part of the ongoing **Route Optimization** project, the delivery addresses will be sorted automatically for our driver to follow. With this project, we aim to improve the delivery performance.
- The warehouses are monitored by 755 cameras while **Delivery Vehicle Tracking** is performed by the system.
- The warehouse performances are monitored with graphics on the **Operational Tracking Screens**, enabling real time tracking of data such as the number of vehicles entering and leaving the sites and occupancy rates.

As a result of all these efforts, we aim to achieve continued growth:

E-Commerce	2020	2021	2022 Target
Number of Stores (year-end)	54	57	91
Number of Orders (million)	1.4	3.5	5.5

C-MOBİL

C-Mobile is a mobile application available to all CarrefourSA employees. It features content such as Human Resources applications, store applications, reporting, newsletter, and ticket creation and approval processes. With digitalization leading to rapid transformation in the current landscape, the app was born to respond to the fast life cycle of the retail industry and to improve internal communication.

Almost every month, we continue to add new modules to C-Mobile, which had approximately 50 modules as of year-end 2021. For 2022, we plan to add 10 more. Available models include:

- Various Human Resources processes,
- ERP transactions at the stores,
- Price tag checks using the camera,
- Tracking Screens,
- Campaigns and announcements,
- Performance tracking applications,
- Instant messaging with selected people/groups,
- Ticket and order approval,
- Occupational safety announcements,
- Contact list,
- C-Assistant, an application that automatically answers all user questions with the integrated Chatbot (this function delivered practicality and time saving in FAQs).

CRM

With CRM applications, we aim to learn more about our customers and use predictive models and customer segments to offer them personalized and general product and service recommendations with various benefits.

We typically perform customer analyses based on the CarrefourSA cards that they use. We analyze their purchases to segment our customers by various criteria (Lifecycle, Lifestyle, Value segment, etc.) and to learn more about them from different angles. Furthermore, we aim to leverage advanced analytics to predict the future shopping behaviors of customers in different categories.

We export personal data of our customers to the database if they give their express consent per KVKK during the sign up process. We do not store any personal data of customers who do not declare their consent according to KVKK regulations. Information such as the channel the customer used to sign up, date and consent status (KVKK, communication consent, etc.) that the customer provided is stored

in the same database in detail. Our CRM, internal audit and customer experience teams have access to these databases. The CRM team may use this data for analysis, the internal audit team for tracking fraudulent activities, and the customer experience team to support customers.

ROBOTIC PROCESS OPTIMIZATION

Robotic Process Automation (RPA) automates highly repetitive routine tasks normally performed by the information related employees and saves time and money. Many Human Resources, IT, Legal, Sales, Finance, Customer Experience, Treasury and Internal Audit processes actively use this system. These processes include the following:

- Daily Virtual Statement Checks
- SSI Employment Process
- SSI Termination Process

As of year-end 2020, 18 processes were added to this system and 33 processes as of year-end 2021, delivering savings equivalent to a workforce of 49 people. We will add 16 more processes in 2022.

PRIVACY AND DATA SECURITY [103-1, 103-2, 103-3](#)

We always strive with all our might for the privacy and security of all the corporate data and personal data available to us, including those of our customers, teams, suppliers and business partners. In addition to implementing all necessary measures, data privacy and security also requires team effort that all employees, consultants, external resources and processes must support.

To ensure data privacy and security, we implement various technical measures and raise awareness among users against the ever-present and increasing cyberattacks. The fact that we received approximately 4,500 cyberattacks in 2021 shows the importance of our measures, which include the following:

- A double-layered control mechanism is implemented for e-mail security. Phishing attacks and e-mails with harmful content are blocked and quarantined.
- We deploy security applications against potentially harmful software and viruses on user computers and develop projects for instant detection and action.
- We continuously carry out compressions and enhancements in user computers while ensuring that their daily work is not interrupted.
- We use web security products to prevent users from accessing harmful sites.
- We perform regular checks to manage user and authorized user accounts and access authorizations.
- We use data leak prevention software against intentional or unintentional data leaks.
- We monitor logs proactively to detect potential cyber security attacks in advance, set alerts based on certain rules and take the necessary actions.
- We collect cyber intelligence data and track domain names, certificates, and digital traces.
- We scan all internally and externally accessible systems for vulnerabilities and conduct leak tests. Based on the scan and test results, we take the necessary actions, repeat the checks, and monitor security.

Training	Time (Minutes)		Participants (2020)		Participants (2021)	
	Online	Classroom	Online	Classroom	Online	Classroom
Information Security Awareness	12	-	2,965	-	2,533	-
Information Security	25	120	183	203	247	338
Orientation	2	40	2,381	975	2,461	959





ENVIRONMENTAL RESPONSIBILITY

Climate Change

Waste Management

RIGHT WAY
TO LIVE



Carrefour  SA

ENVIRONMENTAL RESPONSIBILITY

In line with the principles of sustainable development and circular economy, we organize our activities around continuous improvement of our environmental performance and protection of the environment. ^{103-1, 103-2, 103-3}

- We follow the latest national and international developments regarding climate change and environmental legislation. As a part of this process, we lead in best practices.
- We consume all natural resources, starting with water, efficiently in our production locations and prioritize using energy from renewable resources.
- We aim for continuous improvement in our environmental performance through full compliance with environmental legislation and encourage volunteering efforts.
- We volunteer to make environment-friendly products, support and guide our suppliers to do the same.
- As the CarrefourSA family, we aim to spread our environmental approach among all our customers and employees and share this sensibility as a priority.
- We take actions to minimize waste generation in all our stores and warehouses and work to continuously improve our recycling/recovery rates by adopting the Zero Waste approach,
- We follow the accurate inventory management principle to minimize food waste and aim to reintroduce food waste into production. We support the national economy by donating edible food waste and work with our stakeholders to ensure that they reach those in need.

We address the issues within the scope of our environmental responsibility under **Climate Change** and **Waste Management** topics.

KEY PERFORMANCE INDICATORS		2020	2021
Climate Change	Energy Consumption (MWh)	222.838	211.191
	Ratio of Fuel from Different Sources (Direct Energy Consumption) (%)	11	10
	Ratio of Electricity Consumption (Indirect Energy Consumption) (%)	89	90
	Ratio of Electricity Consumption from Renewable Resources (%)	36	38
	Energy Intensity (Energy Consumption per m ² - kWh/m ²)	424	417
	Emissions (tons CO ₂) - Total	266,404	238,897
	Emissions (tons CO ₂) - Scope I	170,170	150,700
	Emissions (tons CO ₂) - Scope II	95,106	87,287
	Emissions (tons CO ₂) - Scope III	1,128	958
	Emission Reduction as a Result of Projects (tons CO ₂)	4,939	12,879
	Emission Intensity (Emission rate per m2 for Scope I&II - tons CO ₂)	505	468
	Water Consumption (m ³)	317,667	326,243
	CDP Climate Change Score (based on previous year data)	-	C
	CDP Water Safety Score (based on previous year data)	-	C
	Number of Sustainability Newsletters Released	-	3
Waste Management	Number of Stores with Zero Waste Certificate - Basic	69	180
	Quantity of Recycled Non-hazardous Waste (Packaging, Paper-Cardboard, Plastic, Glass) - tons	741	645
	Quantity of Recycled Hazardous Waste (Plant-based Oil Waste, Hazardous Liquid Waste, Batteries) - tons	14	11
	Proceeds from the Sales of Electronic Equipment Waste with Economic Value (TL million)	1.7	5.5

CLIMATE CHANGE

CLIMATE CHANGE APPROACH ^{103-1, 103-2, 103-3}

CarrefourSA, a leader in the Turkish retail sector, follows the vision of its main shareholders, Sabancı Holding and Carrefour Group, and is committed to taking responsibility for tackling climate change.

CarrefourSA strives to limit its impact on climate change and to conduct all its commercial activities in a sustainable manner. We believe that industry plays a key role in finding sustainable solutions to the current climate challenges. Climate policies deliver emission reductions as efficiently and effectively as possible with the least cost for economies. Therefore, we support well-designed climate policies and work to reduce our emissions.

Most of the direct greenhouse gas emissions from CarrefourSA's operations come from store activities, while indirect emissions are generally from raw materials (ingredients and packaging), energy consumption and fleets.

In line with our environmental policy, we:

- Work to reduce the energy consumed in our operations,
- Implement alternative or renewable energy technologies, such as solar panels, where possible, to provide additional sustainable energy to our stores,
- Work with our suppliers to minimize the carbon embedded in packaging materials, to reduce the carbon footprint of our stores, and to mitigate the carbon impact of our private label products,
- Set targets to reduce carbon emissions across our supply chain,
- Engage with stakeholders to tackle climate change,
- Transparently report our GHG emissions, targets, results and activities in accordance with the GHG Protocol to platforms, including CDP.

Net Zero Target

Sabancı Holding, our parent company, announced early this year its “Net Zero” ambition for greenhouse gas emissions as the leading cause of climate change by 2050. In line with this goal, we are planning and expediting our actions in detail in working groups of our Sustainability Committee. In 2022, we aim to reduce our greenhouse gas emissions per unit sales area by 5% year on year. Our emission data, which we calculate according to international standards, is assured by independent external institutions.



Stakeholder Opinion



For 30 years, ÇEVKO Foundation has brought a combined identity as an industry initiative specialized in environmental endeavors and an active NGO. We continue to work with an increasing momentum to contribute to the sustainable development of our country. Accelerating the society's efforts to tackle climate crisis and the transition to a circular economy, and promoting the importance of the principle of wider producer responsibility for waste management have been among our key focus points in recent years. We have developed digital solutions to collect recyclable waste efficiently. The online event "Climate Change and Sustainability Efforts of Leading Industrial Organizations in Turkey," organized by our Climate Change and Sustainability Working Group, including our member CarrefourSA, and the coastal clean-up event on Büyükağa, İstanbul, led by CarrefourSA with the participation of 400 people were two of the awareness-raising projects we ran together with CarrefourSA in 2021. I wish CarrefourSA all the success on its sustainability journey. I am confident that the partnership between ÇEVKO Foundation and CarrefourSA will continue to flourish for many years to come.

Mete İMER
Secretary General
ÇEVKO Foundation for Environmental Protection and Packaging Waste Recovery

ENERGY USE

Energy Consumption 302-1, 302-2, 302-3

Most of our energy consumption is based on electricity use. The major contributors to this consumption are the HVAC and lighting systems in our offices and stores. We derive more than one third of the electricity we consume from renewable sources. Other fuels we use include natural gas, gasoline and diesel fuels for company vehicles and power generators, and LPG/Propane for ovens in the stores.

2020	Energy from Renewable Resources (MWh)	Energy from Non-renewable Resources (MWh)	Total (MWh)
Fuel from Different Sources (Direct Energy Consumption) (%)	0	23,437	23,437
Electricity Consumption (Indirect Energy Consumption)	71,784	127,617	199,401
Total Energy Consumption	71,784	151,054	222,838

2021	Energy from Renewable Resources (MWh)	Energy from Non-renewable Resources (MWh)	Total (MWh)
Farklı Kaynaklardan Kullanılan Yakıtlar (Doğrudan Enerji Tüketimi)	0	20.151	20.151
Elektrik Tüketimi (Dolaylı Enerji Tüketimi)	72.595	118.445	191.040
Toplam Enerji Tüketimi	72.595	138.596	211.191

Energy Intensity	2020	2021
Energy Consumption per m² (kWh/m²)	424	417
Energy Consumption by Revenues (kWh/TL million)	28,154	22,544



Energy Efficiency Activities 302-4

Electricity accounts for nearly 90% of CarrefourSA's energy consumption. Therefore, the energy efficiency efforts and the indicators we follow are mostly focused on electricity.

In all our existing stores, we monitor the electrical energy consumption of each store based on the retail space where the sales operations take place. As a general approach, we aim to decrease these values by 5% every year. We set our target values to individual store formats because as the retail space decreases mathematically, unit consumption may increase. However, the figures of these formats may also vary depending on the availability of service counters, cold rooms, and technical equipment. For 2022, we aim to decrease our cumulative electricity consumption to 175 kWh and to achieve the average consumption by store formats as shown in the table below.

We aim to keep our energy consumption under control through improvement projects for operating conditions in our existing stores and practices for better efficiency in new store openings.

In our existing stores:

- We run projects such as replacing devices with low energy efficiency, executing sales operations with devices that consume less energy, optimizing the numbers, doors, and layouts of the cold rooms and refrigerators, replacing all air conditioners with inverter type ACS and replacing industrial cooling systems with devices with high efficiency. We monitor the resulting energy performance on a monthly basis. As of year-end 2021, we are running these projects in 284 existing stores.
- We are in the process of monitoring, controlling and managing HVAC systems from a single point with automation. As of year-end 2021, we have

achieved this in 163 stores. With management from a single point, we maintain comfort levels at international standards, identify low-efficiency devices and prevent extraordinary consumption.

- With the efforts of a committee tasked with identifying inventory, change and replacement needs, we determined the requirements of 350 stores to optimize the refrigerators that consume 38% of the total energy and to replace and eliminate the ones with low energy efficiency. This work will continue in 2022.
- We are preparing to virtualize our servers and move them to a Data Center. We are developing energy optimization alternatives for cash registers and auxiliary equipment that do not need to run after store closure.
- During logistics operations, we ensure route optimization with automation programs, thus reducing both fuel consumption and also mileage.

In our new stores:

- We added energy efficiency as a priority criterion that takes precedence over the initial investment cost when selecting electricity-consuming devices. Not opting for devices that exceed the required consumption limits, choosing less energy-consuming machinery and devices, using cooling gases and lighting fixtures featuring new technologies are now included among our primary goals.

We regularly monitor the results of our energy efficiency efforts and monthly consumption costs. As of year-end 2021, we achieved the following results:

- With the automation of the HVAC systems, their energy consumption in individual stores

decreased by an average of 15.6%, leading to an overall reduction of 6.2% on average in electricity consumption of the relevant stores.

- Replacing the lighting fixtures resulted in a reduction of 6% in the average electricity consumption of the stores.
- Furthermore, a 2% decrease was achieved in the average electricity consumption of the stores with the replacement of the HVAC systems, and a 5% decrease with the replacement of the industrial cooling systems.

In 2020, we achieved 249 thousand kWh in energy savings, and 17 million kWh in 2021. We expect the planned works in all stores to be completed

by the end of 2022. As a result, we estimate that our electricity consumption will decrease by 10%, exceeding the targets.

Store Format	2022 Electricity Consumption Target (kWh/m²)
Hyper	1,800
Super	1,900
Gourmet	2,600
Mini	2,800

GREENHOUSE GAS EMISSIONS 305-1, 305-2, 305-3, 305-4, 305-5

The cooling gases (HFCs) we use in our HVAC devices and our electricity consumption are the two major sources of our greenhouse gas emissions. We continuously work to reduce our emissions through efforts to improve energy efficiency, eliminate the use of plastics and route optimizations.

Greenhouse Gas Emissions (tons CO ₂)	2020	2021
Scope I (direct emissions)	170,170	150,700
Scope II (indirect energy-related)	95,106	87,287
Scope III (indirect other)	1,128	958
Total	266,404	238,897

Scope I – Direct Emissions (tons CO ₂)	2020	2021
Fuel (diesel) consumption – company vehicles	1,169	1,279
Fuel (gasoline) consumption – company vehicles	15	6
Fuel (natural gas)	3,463	2,738
LNG	3	3
LPG	2	1
Fuel Oil	32	32
R22	5,013	2,684
R410A	2,170	2,018
R404A	157,190	140,703
R407C	270	344
R134A	382	290
HFC 227	0	161
CO2 Fire Extinguisher System	2	2
Emergency Power Generators (Diesel)	459	439
Emergency Power Generators (Gasoline)	0	0
Total	170,170	150,700

Scope II – Indirect Energy-related Emissions (tons CO ₂)	2020	2021
Electricity Consumption	95,106	87,287
Total	95,106	87,287

Scope III – Other Indirect Emissions (tons CO ₂)	2020	2021
Employee Transportation	1,043	903
Flights - Domestic	86	54
Flights – Short Distance (Europe)	0	1
Flights – Long Distance (Intercontinental)	0	0
Total	1,128	958

Note: Our emission values for 2020 and 2021 have been assured by and independent auditor within the scope of the “Limited Assurance Audit”.

Emission Intensity	2020	2021
Scope I & II Emissions / Revenues (tons CO2/TL million)	33.5	25.4
Emission rate per m2 for Scope I & II (tons CO2)	505	468

Emission Reduction Efforts (tons CO ₂)	2020	2021
Energy Efficiency in Buildings and Lighting	119	4,298
Reducing Disposable Plastics in Packaging	1,047	1,174
Labeling Applications	1	1
Route Optimization	3,772	3,552
Replacing Industrial Cooling Systems	-	1,096
Replacing HVAC Systems	-	712
HVAC Automation	-	934
Secondary Savings Projects	-	1,113
Total	4,939	12,879

WATER CONSUMPTION 103-1, 103-2, 103-3, 303-1

We recognize that climate change will have a massive impact on water resources and we appreciate the value of water, taking precautions to reduce water consumption in all our operations. Therefore, we measure and report water consumption in all our stores and distribution centers on a monthly basis. We responded to CDP’s Water Safety questions for 2020 and 2021 and achieved progress year on year, as shown in our latest reporting.

In all our stores, water is consumed for cleaning, hygiene, bakery production and ice making. Water can be used in the production of our private label products as a process requirement as well. We address water-related issues during the audits at our private label product suppliers.

In our operations, water is primarily used for hygiene and cleaning, presenting products to the customer, and employee and customer needs; wastewater is discharged directly to the sewage system 303-4, 303-5. Our overall goal in terms of water consumption is to ensure that our water requirement does not increase while following our hygiene principles. The technical efforts to reduce water consumption will involve simplifying the functions, especially in new stores. As an additional measure to limit consumption, we do not design projects that would require extra watering of the natural landscape. We also do not install systems that would use water for purposes other than business, employee and customer needs.

Water Consumption Amounts 303-3	2020	2021
Water Consumption – Municipal Water (m³)	315,148	323,870
Water Consumption – Bottled Water (m³)	2,519	2,373
Total	317,667	326,243

Note: Consumption quantities are the total figure including the Head Office, Stores (excluding Franchisees) and Warehouses.

ENVIRONMENTAL AWARENESS ACTIVITIES

To mark June 5 World Environment Day

- We organized a competition on environment for the children of our employees. We gifted paint sets, books, coloring books, etc. to contribute to the education and development of all the children who submitted their drawings.
- We partnered with WWF Turkey and organized the “Saving Water at Home” and “Composting with Organic Waste” seminars for all our employees.
- We had all our Executive Committee members record videos about the environmental contributions of their functions and shared them with all employees.

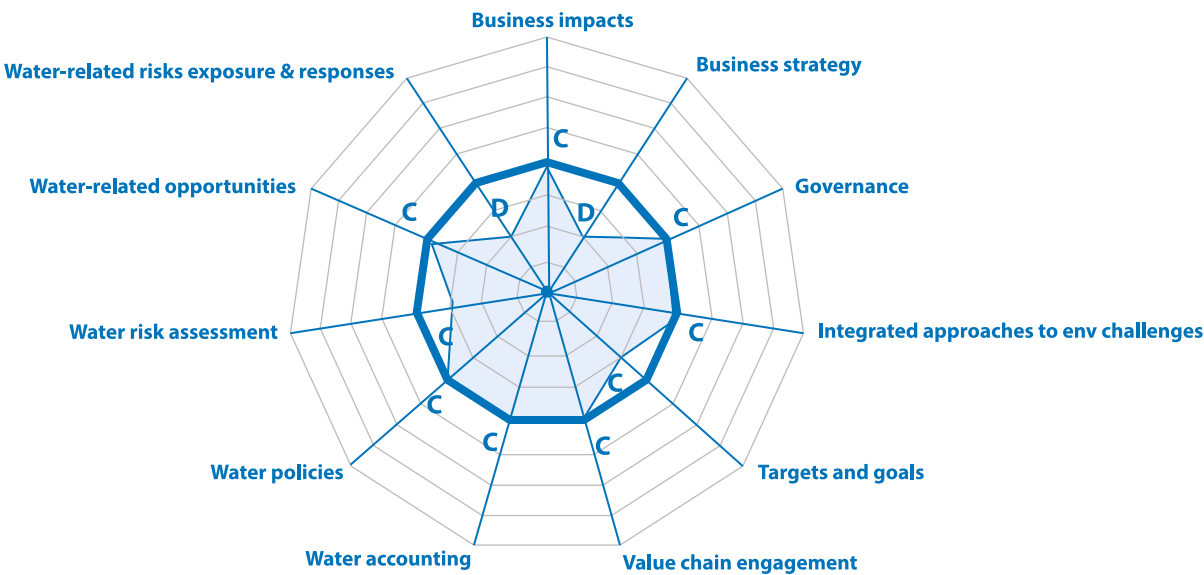
CDP Reporting

Due to the nature of our industry, we monitor our performance on Climate Change and Water Security in line with global standards. We report all these activities, metrics, goals and strategy to CDP, which is among the world’s prominent environmental initiatives. We also disclose a summary of our results with full transparency as shown below. We recognize that we have room for improvement and work to elevate our performance in these areas.

Climate Change Performance – Score: C



Water Safety Performance – Score: C



Sustainability Newsletters

We release newsletters containing current topics from our country and the world to raise awareness and inform our employees and all our stakeholders and we publish them publicly on our website.



WASTE MANAGEMENT

WASTE MANAGEMENT APPROACH 103-1, 103-2, 103-3

With Waste Management, we primarily aim to minimize waste from CarrefourSA’s operations and to mitigate the negative impact of these wastes on the environment and subsequently on life. Taking actions to minimize waste generation in all our stores and warehouses, and continuously improving our recycling/recovery rates by adopting the Zero Waste approach are two of our main goals. We expect our supply chain to be equally sensitive.

We adopt a top-to-bottom approach with the ‘Waste Management Pyramid’ to manage the entire process. The first stage is about preventing waste generation, implementing preventive actions and making adjustments. If this cannot be achieved, we work to minimize the generated waste. For this purpose, we use various methods from changing consumption habits to reducing the materials used in production. Next, we aim to reuse the waste or to recycle it, if reusing is not an option.

In all our operations, we sort recyclable waste. We also fully comply with the environmental and waste management laws while continuously working to improve our environmental performance with the help of volunteering activities.

Zero Waste Approach

As part of the Zero Waste initiative, we applied for a “Zero Waste Certificate – Basic Level” for all of our stores and received zero waste certificates for 69 stores by the end of 2020 and for 180 stores by the end of 2021.

CarrefourSA and Danish Consulate to Draw Attention to the “Zero Waste” Target

Vedat Başaran, a researcher of Turkish Cuisine, writer and chef, and Tommy Jespersen, the Head Chef of the Danish National Cuisine Team, presented a selection of flavors from Turkish and Scandinavian cuisines to draw attention to food waste at an event in our Maltepe store in 2021 with the participation of Danish Consul General Thierry Hoppe and CarrefourSA CEO Kutay Kartallıoğlu. The chefs cooked the meals to demonstrate the “Zero Waste” approach, using digital scales to calculate the waste generated, and also sorted the food packaging in zero waste bins for recycling.

Materials Used in Production and Packaging 301-1

As a food retailer, we use various materials for products and packaging, including mostly product packages, packaging goods for shipping, and consumable materials in the offices and stores. Due to the nature of certain products or for hygiene purposes, package fillers, adhesive labels, styrofoam cases, disposable cups and plastic shopping bags sold at the cash registers are among the single-use materials. The consumption quantities of these single-use materials are shown in the table below.

Single-use Consumable Materials (Packaging) – tons	2020	2021
Metal	0.6	1.3
Paper	343.3	395.1
Composite	1,475.0	502.9
Plastics	845.1	1,213.8
Total	2,664.0	2,113.0

On the other hand, recyclable materials include materials such as packaging of private label products (boxes, cling film, glass, PVC, aluminum lids, etc.).

Recyclable Materials – tons	2020	2021
Metal	124.1	150.6
Composite	184.1	224.2
Glass	450.7	653.1
Paper	1,158.8	1,714.9
Plastics	1,131.9	1,021.6
Total	3,049.6	3,764.3

Furthermore, the paper trays we use in the fresh vegetable and fruit aisles are produced from 100% recycled paper. They are 100% recyclable and biodegradable. These paper trays account for nearly 1% of our total paper-cardboard consumption 301-2 and eliminate the need for 15 tons of plastic packaging.

Bring Your Own Cup

We implemented the “Bring Your Own Cup” project in the butcher, fish, bakery and charcuterie aisles, as well as the pulses and nuts sold loose. Considering that 40% of the plastics consumed in the world is used for packaging, we took the right step for nature with our “Bring Your Own Cup” project, which we started as a pilot study.



Waste and Disposal Methods 306-1, 306-2, 306-3, 306-4, 306-5

A significant part of our waste consists of packaging materials, food and domestic/office waste. On the other hand, we generate only a very limited quantity of hazardous waste (such as batteries, cleaning chemicals) with significant negative impact on the environment and we sort them at the source to be delivered to licensed companies for disposal/recycling. Food Waste is a material aspect for us and our

industry and represents an important economic value for all players in our value chain. Therefore, we have dedicated a separate section of this report to disclosing our related performance. The domestic waste that we are unable to sort is collected directly by the relevant municipalities.

Our operations may generate all kinds of waste, which are summarized below:

- Cardboard boxes, stretch film, plastic packaging and straps created upon opening of packaged products at the stores when arrived from the warehouses,
- Single-use plastic and paper cups and plates used by our store employees,
- Paper, batteries, electronic waste, technical devices used up in the offices
- Plastic packaging, paper-cardboard packaging, organic waste and household waste generated in the store restaurants and cafeterias,
- Mixed packaging waste and household waste generated by the customers in the stores,
- Products rendered unusable due to expiration, breaking, or damaged packaging in our warehouses and stores.

Distribution and disposal methods of wastes excluding domestic wastes by their types are listed below:

Category	Type of Waste	Quantity (Tons) – 2020	Quantity (Tons) – 2021	Disposal Method
Recyclable Waste	Mixed Packaging Waste	709	617	Licensed Recycling Firms
	Paper-Cardboard	29	25	Licensed Recycling Firms
	Plastics	3	3	Licensed Recycling Firms
	Glass	0.42	0.36	Licensed Recycling Firms
Food Waste		7,763	7,855	Municipalities/Private Businesses
Waste with Potential Negative Impact on the Environment	Waste Plant Oils	14	10	Licensed Recycling Firms
	Hazardous Liquid Waste	0	0,37	Licensed Disposal Firms
	Batteries	0.10	0.24	Licensed Recycling Firms
Waste with Economic Value	Electronic Waste	Listed for sale		Licensed Recycling Firms
	Equipment Waste	Listed for sale		Licensed Recycling Firms
	Wooden Pallets and Cases	3,260	2,891	Licensed Recycling Firms

Recyclable Waste

Most of the products are delivered to our stores in packaging such as cardboard boxes; therefore, one of the most common types of waste is ‘mixed packaging waste’. We sort these wastes, as well as our paper-cardboard, plastic and glass-metal wastes in all our offices, stores and warehouses, and collect them in recycling areas. Since plastics can be recycled up to 70% due to its nature, and others 100%, we ensure that all of the recyclable waste is collected by authorized licensed companies. In 2021, we delivered 645 tons of waste collected from our stores and warehouses for recycling/recovery.

Linerless Labels

We switched to linerless (without back carrier paper) labels in a total of 40 scales in our hypermarket. As a result of the paper savings achieved with this practice, we save 62 trees per year.

Food Waste

We address the management of food waste, which has a significant economic value, in detail in the “Food Waste” chapter of this report. In short, we donate the food products in our stores and warehouses that we are unable to return to the suppliers, that have lost some of their quality or their selling features, if they are suitable for human consumption. If they are not fit for human consumption, we deliver them to partnering local administrations and companies for proper disposal.

Waste with Potential Negative Impact on the Environment

We collect and dispose of plant-based oils with three different methods since they may potentially have a significant impact on the environment.

- In the stores with ‘Lezzet Arası’ Restaurants, we collect the plant-based oils used in cooking, in separate sealed drums when they can no longer be used.
- We place collection containers in certain stores to collect waste oil from our customers and prevent these wastes from going to landfills or polluting water. As part of our efforts to raise awareness through volunteering, we encourage our customers to bring waste oil from their homes and dispose of it in these containers.
- We also collect oils past their expiration date, in damaged packaging or unusable separately in our warehouses.

Thanks to these efforts, we collected 14 tons of waste oil in 2020 and approximately 10 tons in 2021, enabling them to be converted into biodiesel. We donated all the proceeds from the collected waste oil to Tohum Autism Foundation for early diagnosis and education to raise awareness about autism.

The hazardous waste, which is generated after materials such as paints, solvents, cleaning chemicals and lubricants used in maintenance operations in our warehouses are past their useful life, is collected separately from other waste, entered into the waste portal of the ministry, and sent to licensed disposal companies. In 2021, we delivered 365 kg of contaminated waste to the incineration facility for disposal.

Batteries, due to their nature and content, can only be stored in enclosed containers, each insulated from the environment, and in regular storage layout designed with a special engineering method. During office use in nearly 700 stores and warehouses, we generate battery waste. In addition to our own discarded batteries, we also collect the waste batteries of our customers in the battery collection boxes available in all our stores. As a result, we

ensure that batteries are collected separately from other wastes and not mixed with other garbage to end up in landfills. We send the collected waste batteries to TAP Association (Portable Battery Manufacturers and Importers Association). As part of a joint project we launched with AÇEV (Mother and Child Education Foundation) and TAP Association, we donate books to children in need in exchange for every one ton of waste batteries we collect.

Waste with Economic Value

The disposal, second-hand sales and repurposing of all technical devices, including electronic waste and vehicles of the company, are subject to a procedure. No third party, subcontractor or contractor can take these products out of the store or dispose of them without the knowledge of the authorized people at CarrefourSA. This type of waste material is managed under the control of CarrefourSA for purposes such as recycling and reuse. The main purpose here is to ensure that the products are reused or sorted based on their values, rather than making money from the waste.

- We deliver electronic waste to licensed recycling/recovery facilities, which separate them as repairable products and parts for use in other electronic devices. The remaining scrap parts that cannot be used are recycled.
- Other Equipment: Economic revenue is generated from the second-hand sales of technical equipment and store equipment such as cabinets and shelves, which no longer fit the current concept, consume energy inefficiently, become dysfunctional, damaged, or otherwise lost their useful properties.
- Wooden pallets and crates, which are no longer used or are damaged or scrapped in our stores and warehouses are recycled by way of second-hand sales, generating economic revenue.
- As a result of the second-hand sales of electronic waste, other equipment and wooden pallets, we generated TL 2.5 million in revenues in 2020 and TL 5.5 million in 2021.

What is Next?

Textile waste is another highly recyclable category. Since they can be recycled to a high extent and since they do not require much additional material to process, textile wastes also have potential for new product efficiency. Therefore, we work to process the collected textile wastes, make new products and use them in areas with social benefit. We are in the process of creating collection containers for textiles in our stores. With this project, slated for completion in 2022, we intend to collect textile wastes, which we can use in recycling projects.

GRI CONTENT INDEX 102-54, 102-55



For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. The service was performed on the Turkish version (Turkish GRI Index) of the report. This report has been prepared in accordance with the GRI Standards: Comprehensive option.

GRI Standard	Disclosure	Page/URL/Direct Answer
GRI 101: Foundation 2016		
GRI 102: General Disclosures 2016	General Disclosures	
	Organizational Profile	
	102-1	10
	102-2	10
	102-3	112
	102-4	10
	102-5	10
	102-6	10
	102-7	10, 39
	102-8	40, 55
	102-9	41
	102-10	There has been no significant changes in the Company’s organizational structure, shareholding structure or supply chain during the reporting period.
	102-11	We carry out our operations with a sensitivity beyond laws and regulations on the environment and act in compliance with Sabancı Holding’s Responsible Investment Policy.
	102-12	11
	102-13	12
	Strategy	
	102-14	4, 6
	102-15	4, 6, 19
	Ethics and Integrity	
	102-16	48
	102-17	48
	Governance	
	102-18	17, 31
	102-19	18
	102-20	31
	102-21	17
	102-22	18
	102-23	18
	102-24	18
	102-25	18
	102-26	18
	102-27	Relevant information is provided as required.
	102-28	18
	102-29	33
	102-30	19
	102-31	17

GRI Standard	Disclosure	Page/URL/Direct Answer
GRI 102: General Disclosures 2016	102-32	31
	102-33	Among the items considered, there were no issues defined as critical.
	102-34	Among the items considered, there were no issues defined as critical.
	102-35	58, For the Executive Committee Members, the TOPEX market survey used by KornFerry Hay Consultancy for the Top Management level is considered.
	102-36	58
	102-37	58
	102-38	In accordance with the confidentiality rules of the company, no declaration is made in this regard.
	102-39	In accordance with the confidentiality rules of the company, no declaration is made in this regard.
	Stakeholder Engagement	
	102-40	32
	102-41	49
	102-42	32
	102-43	32, During the report preparation phase, meetings were held with the Sustainability Committee and one-to-one interviews were conducted with the relevant people.
	102-44	The important concerns and expectations of our stakeholders were evaluated with the contributions of our committee members due to their constant interaction and contributed to the shaping of our material issues. While detailing each material issue, the relevant stakeholders are also indicated.
	Reporting Practice	
	102-45	Adana Gayrimenkul Geliştirme ve İşletme A.Ş., in which CarrefourSA has 100% shareholding, was established on 15 October 2014 and fully transferred with the share transfer agreement signed on 3 September 2021. Apart from this, only CarrefourSA Carrefour Sabancı Ticaret Merkezi A.Ş. is included in the consolidated financial information of CarrefourSA.
	102-46	33, The report includes the performance of CarrefourSA Carrefour Sabancı Ticaret Merkezi A.Ş.
	102-47	33
	102-48	This report is CarrefourSA's first sustainability report.
	102-49	This report is CarrefourSA's first sustainability report.
	102-50	The report covers the period 01.01.2020-31.12.2021.
	102-51	This report is CarrefourSA's first sustainability report.
	102-52	The report is prepared on a biennial basis
	102-53	112
	102-54	105
	102-55	105
	102-56	This report has not been externally audited.
Material Topics		
GRI 200 Economic Standard Series		
Economic Performance		
GRI 103: Management Approach 2016	103-1	39
	103-2	39
	103-3	39
GRI 201: Economic Performance 2016	201-1	39, 41, 42
	201-2	20
	201-3	58
	201-4	40
Market Presence		
GRI 103: Management Approach 2016	103-1	39
	103-2	39
	103-3	39
GRI 202: Market Presence 2016	202-1	In terms of Base Wage, as of the end of 2021, 42% of our employees receive minimum wage. However, when we add bonuses and other fringe benefits, there are no employees who receive only minimum wage. The average starting salary for female and male employees is 50.32% above the minimum wage.
	202-2	100% of the General Manager and Deputy General Managers are citizens of the Republic of Turkey.

GRI Standard	Disclosure	Page/URL/Direct Answer
Indirect Economic Impacts		
GRI 103: Management Approach 2016	103-1	39
	103-2	39
	103-3	39
GRI 203: Indirect Economic Impacts 2016	203-1	42
	203-2	41
Procurement Practices		
GRI 103: Management Approach 2016	103-1	39
	103-2	39
	103-3	39
GRI 204: Procurement Practices 2016	204-1	41
Anti-corruption		
GRI 103: Management Approach 2016	103-1	48
	103-2	48
	103-3	48
GRI 205: Anti-corruption 2016	205-1	48
	205-2	48, Members of the Board of Management were not provided with Business Ethics Training during the reporting period.
	205-3	No case of corruption was encountered during the reporting period.
Anti-competitive Behavior		
GRI 103: Management Approach 2016	103-1	48
	103-2	48
	103-3	48
GRI 206: Anti-competitive Behavior 2016	206-1	As a result of investigation, based on the Competition Authority's decision dated 07.05.2020 and numbered 20-23/298-M, to examine the pricing behaviour of chain supermarkets engaged in the retail trade of food and cleaning products and their suppliers at the producer and wholesaler level during the COVID-19 outbreak, and pursuant to the Authority's decision dated 28. 10.2021 and numbered 21-53/747-360; it has been decided to impose an administrative fine of TL 142,469,772.07 on our Company, which is 1.8% of our Company's annual gross revenues determined by the Authority at the end of the fiscal year 2020. None of the issues raised against our Company with the aforementioned decision have been accepted by our Company and we will apply to the judicial remedy following the notification of the reasoned decision for the cancellation of the decision by exercising our legal rights in due time.
		In addition, on 03.12.2021, the Authority with its decision dated 25.11.2021 and numbered 21-57/796-M, decided to initiate an investigation pursuant to Article 41 of the same Law against certain retail undertakings operating in the fast moving consumer goods sector, including our Company, in order to determine whether Article 4 of the Law No. 4054 on the Protection of Competition has been violated, and decided to conduct this investigation by combining it with the investigation initiated pursuant to the Authority's decision dated 26.04.2021 and numbered 21-23/271-M.
GRI 300 Environmental Standards Series		
Materials		
GRI 103: Management Approach 2016	103-1	101
	103-2	101
	103-3	101
GRI 301: Materials 2016	301-1	101
	301-2	102
	301-3	There is no product or packaging that is taken back and used.
Energy		
GRI 103: Management Approach 2016	103-1	94
	103-2	94
	103-3	94
GRI 302: Enerji 2016	302-1	96
	302-2	96

GRI Standard	Disclosure	Page/URL/Direct Answer
	302-3	96
	302-4	97
	302-5	We do not have a research on the energy consumption of the products we sell.
Water and Effluents		
GRI 103: Management Approach 2016	103-1	99
	103-2	99
	103-3	99
GRI 303: Water and Effluents 2018	303-1	99, There is no water source that is significantly affected by the water we use in our operations.
	303-2	Waste water is discharged directly into the sewage system.
	303-3	99, All the water we use in our stores and distribution centers comes from local municipalities. According to the provinces where our stores are located, 76%-99% of the utilization is in regions with high Water Stress.
	303-4	99
	303-5	99
Biodiversity		
GRI 103: Management Approach 2016	103-1	78
	103-2	78
	103-3	78
GRI 304: Biodiversity 2016	304-1	We do not have operations in or near protected areas or areas of high biodiversity.
	304-2	78
	304-3	There are no habitats protected nor restored.
	304-4	There are no IUCN Red List or National Conservation List species affected by our operations.
Sera Gaz ı Emisyonları		
GRI 103: Management Approach 2016	103-1	94
	103-2	94
	103-3	94
GRI 305: Emissions 2016	305-1	98
	305-2	98
	305-3	98
	305-4	98
	305-5	98
	305-6	We do not produce, import or export gases that damage the ozone layer.
	305-7	Since we do not have combustion systems, we do not have measurements for gases such as NOx and SOx.
Waste		
GRI 103: Management Approach 2016	103-1	101
	103-2	101
	103-3	101
GRI 306: Waste 2020	306-1	102
	306-2	102
	306-3	102
	306-4	102
	306-5	102, The amount of domestic waste is not measured.
Environmental Compliance		
GRI 103: Management Approach 2016	103-1	94
	103-2	94
	103-3	94
GRI 307: Environmental Compliance 2016	307-1	There were no significant fines nor any non-monetary sanctions for non-compliance with environmental laws and regulations during the reporting period.
Supplier Environmental Assessment		
GRI 103: Management Approach 2016	103-1	94
	103-2	94
	103-3	94

GRI Standard	Disclosure	Page/URL/Direct Answer
GRI 308: Supplier Environmental Assessment 2016	308-1	Social and environmental assessments and audits of suppliers will begin in 2022.
	308-2	Social and environmental assessments and audits of suppliers will begin in 2022.
GRI 400 Social Standards Series		
Employment		
GRI 103: Management Approach 2016	103-1	55
	103-2	55
	103-3	55
GRI 401: Employment 2016	401-1	56, 57, 65
		59
	401-3	67
Labor-Management Relations		
GRI 103: Management Approach 2016	103-1	55
	103-2	55
	103-3	55
GRI 402: Labor-Management Relations 2016	402-1	Notice periods are determined according to seniority. Between 0-6 months: 2 weeks, 6 months-1.5 years: 4 weeks, 1.5 years-3 years: 6 weeks, over 3 years: 8 weeks.
Occupational Health and Safety		
GRI 103: Management Approach 2016	103-1	62
	103-2	62
	103-3	62
GRI 403: Occupational Health and Safety 2018	403-1	62
	403-2	62, 64
	403-3	64
	403-4	62
	403-5	63, General OHS Training is provided to all of our employees and subcontracted employees. While this training is provided by CarrefourSA to CarrefourSA employees and subcontractor employees in warehouses, it is provided to subcontractor employees in our stores by the employing company and it is declared in writing to CarrefourSA that this training has been provided.
	403-6	Our employees benefit from SSI services for health problems not related to work.
	403-7	63
	403-8	Our internally audited OHS system includes 100% of our workplaces. Since there were new store openings after the external audit was planned, 88% of our workplaces are included in our OHS system that passed the external audit.
	403-9	64, The values are calculated only for CarrefourSA employees.
	403-10	64, The values are calculated only for CarrefourSA employees.
Training and Education		
GRI 103: Management Approach 2016	103-1	55
	103-2	55
	103-3	55
GRI 404: Training and Education 2016	404-1	60, 65
	404-2	60, We do not have a programme for the termination of employment.
	404-3	60, The ratio of employees whose performance is evaluated is 23% for 2020 and 24% for 2021.
Diversity and Equal Opportunity		
GRI 103: Management Approach 2016	103-1	65
	103-2	65
	103-3	65
GRI 405: Diversity and Equal Opportunity 2016	405-1	18, 65
	405-2	65
Non-discrimination		
GRI 103: Management Approach 2016	103-1	65

GRI Standard	Disclosure	Page/URL/Direct Answer
	103-2	65
	103-3	65
GRI 406: Non-discrimination 2016	406-1	There were no incidents of discrimination during the reporting period.
Freedom of Association of Collective Bargaining		
GRI 103: Management Approach 2016	103-1	49
	103-2	49
	103-3	49
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	There are no known operations or suppliers where the right to freedom of collective bargaining may be at risk.
Child Labor		
GRI 103: Management Approach 2016	103-1	49
	103-2	49
	103-3	49
GRI 408: Child Labor 2016	408-1	51, Audits at suppliers, who are identified as high risk entities due to risk assessment, will be initiated in 2022.
Forced or Compulsory Labor		
GRI 103: Management Approach 2016	103-1	49
	103-2	49
	103-3	49
GRI 409: Forced or Compulsory Labor 2016	409-1	51, Audits at suppliers, who are identified as high risk entities due to risk assessment, will be initiated in 2022.
Security Practices		
GRI 103: Management Approach 2016	103-1	62
	103-2	62
	103-3	62
GRI 410: Security Practices 2016	410-1	Security services are procured from external providers. No direct training is provided to the relevant employees.
Rights of Indigenous Peoples		
GRI 103: Management Approach 2016	103-1	49
	103-2	49
	103-3	49
GRI 411: Rights of Indigenous Peoples 2016	411-1	There were no incidents of violations involving rights of indigenous people.
Human Rights Assessment		
GRI 103: Management Approach 2016	103-1	49
	103-2	49
	103-3	49
GRI 412: Human Rights Assessment 2016	412-1	We do not have any operation with a Human Rights assessment.
	412-2	48
	412-3	50
Local Communities		
GRI 103: Management Approach 2016	103-1	49
	103-2	49
	103-3	49
GRI 411: Rights of Indigenous Peoples 2016	413-1	50
	413-2	51
Supplier Social Assessment		
GRI 103: Management Approach 2016	103-1	49
	103-2	49
	103-3	49

GRI Standard	Disclosure	Page/URL/Direct Answer
GRI 414: Supplier Social Assessment 2016	414-1	51, Social and environmental assessments and audits of suppliers will begin in 2022.
	414-2	51, Social and environmental assessments and audits of suppliers will begin in 2022.
Public Policy		
GRI 103: Management Approach 2016	103-1	11
	103-2	11
	103-3	11
GRI 415: Public Policy 2016	415-1	During the reporting period, we did not make any donation or support for political purposes.
Customer Health and Safety		
GRI 103: Management Approach 2016	103-1	79
	103-2	79
	103-3	79
GRI 416: Customer Health and Safety 2016	416-1	79, 80, 81
	416-2	During the reporting period, there were no justified or judicial cases related to this issue.
Marketing and Labeling		
GRI 103: Management Approach 2016	103-1	79
	103-2	79
	103-3	79
	417-1	87
GRI 417: Marketing and Labeling 2016	417-2	During the reporting period, no criminal sanctions or warnings were encountered regarding the labelling of "Genuine Branded" products.
	417-3	In 2020 and 2021, three notifications were received regarding electronic commercial messages, and a judicial fine of 3,900 TL was imposed in 2021.
Customer Privacy		
GRI 103: Management Approach 2016	103-1	91
	103-2	91
	103-3	91
GRI 418: Customer Privacy 2016	418-1	Two complaints were received from the Electronic Commercial Message Complaints Branch of the Istanbul Provincial Directorate of Commerce of the Ministry of Trade in 2020 and 2021 regarding communications via SMS. There were no cases related to loss, leakage or theft of customer information.

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