



2018 Sustainability Report

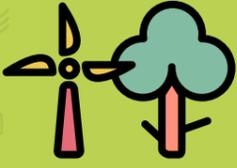


Sustainability
Our Legacy
For The Future



YILDIZ ★ HOLDING

2018
Sustainability
Report



*Sustainability
our legacy for the future*



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Message From The General Manager



Dear Stakeholders,

We have been moving forward in line with our vision of becoming the top Cash & Carry company in Turkey since we began our activities in 2001. We achieved to become the most widespread Cash & Carry grocery store in Turkey with the number of our stores increasing 13 times in the past 17 years. We have become the largest Cash & Carry company of Turkey in fast-moving consumer goods as well, while making several local and foreign brands accessible for retailers. 2018 was a year that we reached the highest growth figures in our history with our strong economic

performance besides other significant developments. Our sales revenue increased by 30% compared to the previous year and reached TRY 947 million; and our gross profit reached TRY 175 million with an increase of 79%.

Our impact area gradually expands while we operate with the mission of being a business partner that decreases costs and risks of our customers and suppliers thus enabling them competitive edge. Our contribution to Turkish economy continues to grow. As of today, we provide employment to more than 2000 people in 69 cities in which we operate. We consider our responsibility to support local economy by purchasing local products. We continue to move forward on our path as a growing company that contributes to the economy of the geography it operates in while integrating sustainability into our way of doing business. Managing the social and environmental impacts of our activities along with the economic value we create matters to us. We assess our social impact with a focus on our products, our contribution to the society and our employees. We influence the lives of our 1.5 million customers by offering high-quality and safe products with affordable prices. In the supply chain, we contribute to the commercial growth of our suppliers and local economy through a business partnership model (SEÇ Market). In 2018, the

number of SEÇ Market stores increased by 41% compared to the previous year, reaching to 539 and contributing to our company's sales revenues with TRY 278 million. We started to provide services to certain customer channels with the Professional Sales Force (Prosaf) that we launched in 2018 with the purpose of providing convenience to our customers. We support employee development by focusing on the role of our qualified employees in the sustainability of our business.

We are aware that the business world is under the responsibility of improving environmental conditions. As one of the most powerful players in the market, we manage the environmental impact of our operations by focusing on waste and water management as well as energy efficiency.

I am very pleased to present you, our stakeholders, the second sustainability report of our company in which we transparently disclose our 2018 performance. I would like to thank all our stakeholders for their supports, particularly our customers and suppliers to whom we became a solution partner, our shareholders that we grow together and our employees who are the keys to our achievements.

Sincerely yours,

Hüseyin Balci
General Manager

About The Report

As Bizim Toptan Satış Mağazaları A.Ş., we are publishing our second Sustainability Report to share our practices that is accelerating in line with Yıldız Holding's vision of becoming a leader in global sustainability.

We are responsible for the environment and society with our business operations which create economic value, and with this report, we submit for our stakeholders' information our performance in operations pertaining to sustainability. We prepared the report in compliance with the "core" option in reference to the Global Reporting Initiative (GRI) Standards. In the report, which includes our performance between the period January 1 – December 31, 2018, we made comparisons with the past performance data when necessary to display the changes.



You may kindly e-mail your queries, comments and suggestions to surdurulebilirlik@bizimtoptan.com.tr



About Bizim Toptan

As Bizim Toptan Satış Mağazaları A.Ş., we carry out wholesaling activities of the brands with high brand awareness according to the consumers. Wholesaling activities of these national and international companies operating in Turkey are in main product categories such as food, non-alcoholic beverages, tobacco products, sanitation products, self-care products and paper products.

We have been carrying out wholesaling in Turkey since 2002 at 174 stores in 69 cities and 81 provinces. We are positioned as the largest company in terms of number of stores with the most extensive network in terms of accessibility in Cash & Carry sector. We are traded in Istanbul Exchange since 2011. In July 2014, we acquired business partnership supply system and undertook the supplier role for the member grocery stores within this system; thus, we became the only company in the sector with the business partnership supply system.

In line with our strategic plans, we increase revenues per store, develop alternative sales channels and digital sales platforms, focus on increasing the variety and number of our customers.

Customer shopping habits are increasingly trending towards digital media. Keeping this in mind, we offer our Bizim Toptan digital sales platform to our customers which has potential to lead in the sector with its several e-commerce applications.

We provide our customers the opportunity to shop on www.bizimtoptan.com.tr and via mobile platforms.

Vision

To become the top wholesale company in Turkey with its extensive, modern and reliable concept in the fast-moving consumer goods sector.

Mission

To become a strategic business partner to our customers and suppliers by reducing their costs and risks, thus increasing their competitive advantage.

Bizim Toptan in Figures



1.) Related data are valid as of 31 December 2018. 2.) Refers to the average indoor store space.



Corporate Governance

Corporate governance is an issue we deal with in a comprehensive and systematic manner in order to reach our corporate objectives which are in line with our strategy. We take fairness, transparency, accuracy and accountability as our ethical principles for strong and effective governance. In order to strengthen our contribution to the sustainability transformation initiated by Yıldız Holding, we determine environmental and social impacts of our activities by adopting an approach with the purpose of achieving sustainable growth.

Our corporate governance approach is based on full compliance to Capital Markets Board's Corporate Governance Principles and all related legislation. The Board of Directors, consisting of eight members three of which are independent, is the highest organ of the corporate governance structure. The President and CEO of the company are two separate people and the President is an independent member of the Board. Senior management, which consists of General Manager and senior level executives whom directly reports to the General Manager, is in charge of execution of activities. The Board of Directors meets when

required, depending on the activities of our company. Audit Committee, Early Detection of Risk Committee, Corporate Governance Committee and the Sustainability Committee work under the Board of Directors.

Corporate governance implementation principles and the reasons for non-implemented corporate governance principles can be accessed in Corporate Governance Principles Compliance Report*.

Ethical Principles

Our ethical principles play a determining role in our relationships with stakeholders as well as our work processes. In 2017, we collected the principles guiding us in terms of fighting bribery and corruption under Bizim Toptan Satış Mağazaları A.Ş. Code of Ethics. We expect all our stakeholders, particularly our employees and suppliers, to comply with the ethical principles. In 2018, we provided ethics training to office personnel with a total of 6,25 hours and to field workers with a total of 9,25 hours in order to facilitate the adoption of ethical principles throughout the company which constitute the grounds for Corporate Governance. Moreover, 76 employees working at the headquarters received 19 hours of ethics training while 1,122 field workers received a total of 280,5 hours of training in 2019 via OnCampus, an online education platform.

Our stakeholders submit their notifications regarding bribery, corruption and violation of ethical principles via Yıldız Holding Ethical Reporting Line (0216 52434 24) or etik.bildirim@yildizholding.com.tr

Furthermore, Yıldız Holding Customer Relations Centre, call centre (+90 212 576 33 00) and mim@yildizholding.com.tr are among other channels for ethics notifications.

The Ethical Reporting Line has not received any notification regarding bribery and corruption. Identity of the claimant is always kept confidential. In 2018, two notifications were received through these channels regarding employee rights; one of these notifications was resolved and the other was not processed due to the lack of satisfactory evidence. Employees who are determined to have acted in violation of ethical principles are investigated by the Disciplinary Committee and the Disciplinary Committee implements sanctions together with the Board of Directors that may end up in termination of employment contract.

Risk Management

We use risk management approach to deal with all kinds of factors that could influence our company's reputation, threaten its' existence and damage the trustful relation we have established with our stakeholders.

We categorize the risks that have a potential to impact the balance, in five main categories: Strategic, Operational, Financial, Compliance, and Reputation Risks. The risks were assessed by Early Detection of Risk Committee, reporting directly to the Board of Directors. The Committee creates prevention plans against potential risks while assessing risk factors in a comprehensive manner. In addition to the Committee, Internal Audit Department is also responsible for analysing and determining the conditions that could give rise to risks. Furthermore, the audit units of Yıldız Holding and independent audit companies carry out regular audits as well.

The Audit Committee, which is entirely made of independent members, is in charge of executing all kinds of internal and independent audits in an adequate and transparent manner regarding our financial data.

Bizim Toptan Sustainability Committee

As Bizim Toptan, we focus on playing an important role in sustainable transformation initiated by Yıldız Holding and managing the environmental, social and economic impacts of our activities. In 2018, we established the Sustainability

Committee with the purpose of coordinating sustainability-related practices for an effective sustainability management. The Committee establishes corporate goals that would improve our sustainability performance in line with the Yıldız Holding's sustainability strategy and it plans actions towards reaching these goals.

The Committee is established and assigned with the approval of the Board of Directors. Execution is carried out under the sponsorship of the Board of Directors Vice President, management of General Manager and with the secretariat of Investor Relations Manager. 10 members including Marketing and Customer Relations Director, Human Resources Senior Manager, Supply Chain Senior Manager, Channel Development Senior Manager, Marketing and Brand Communication Manager, Brand Director, Environmental Management Representative and Quality Expert are in charge of making decisions regarding sustainability. General Manager is also a member of Yıldız Holding's Sustainability Platform which carries out its activities under the main sponsorship of Murat Ülker and the management of Ali Ülker. During the journey towards becoming a global leader in sustainability, the Platform also has the purpose of integrating sustainability into the business approach of the affiliated

companies of Yıldız Holding and guiding them through this process.

The decisions made with the mediation of the Committee President in the Committee, which gathers at least twice a year and when necessary, are reported to the Board of Directors. In 2019, we established a sub-commission under the Sustainability Committee which is in charge of making decisions in regard to sustainability across the company and conducting follow ups. Working directly under the Committee, the sub-commission carries out the processes of implementation of the decisions made by the Committee with the purpose of adoption of sustainability throughout the company. The sub-commission has 9 members, consisting of representatives of Special Channels Department, Channel Development Department, Supply Chain Department, Human Resources Manager, Deputy Quality Expert, Finance Directorate, Trade Department, IT Department, Sales Directorate and Project Department.

We present our sustainability performance to our stakeholders through the sustainability report which is prepared through the efforts of the Committee and the sub-commission.

* [Corporate Governance Principles Compliance Report.](#)

• Further details on our Corporate Governance structure can be accessed on page 23 of our [2018 Annual Report.](#)

• Bizim Toptan Satış Mağazaları A.Ş. Code of Ethics can be found [here.](#)

• Further details on Audit Committee's Duties and Working Principles can be accessed on page 35 of our [2017 Annual Report.](#)

• Further details on the Early Detection of Risk Committee can be found on page 40 of our [2018 Annual Report](#)

• Further details on the Sustainability Committee Duties and Working Principles can be found [here.](#)

Organisational Structure of the Sustainability Committee



Our Sustainability Approach

Global trends such as climate change, scarce resources, urbanisation, immigration and digital transformation have critical impacts on private sector. Also, specifically in food and retail sector, satisfying consumer demands and expectations plays an important role in gaining competitive advantage. As one of the leading companies in this sector, we have to address the change in consumer's perception of sustainability around the globe as well as in Turkey.

In 2018, as Bizim Toptan we established the Sustainability Committee with the purpose of coordinating sustainability issues of Bizim Toptan in a systematic manner

and to monitor our environmental and social performance.

The Committee, which is in charge of environmental, social and corporate governance issues, carries out activities in line with the sustainability strategy of Yildiz Holding which has the motto of "Make Happy Be Happy - Sustainability; our legacy for the future".

Aligned with this approach, which is shaped by factors of Planet, People and Product, the Committee undertakes responsibilities such as designing, implementing a road map and following up social and environmental performances.

Material Issues



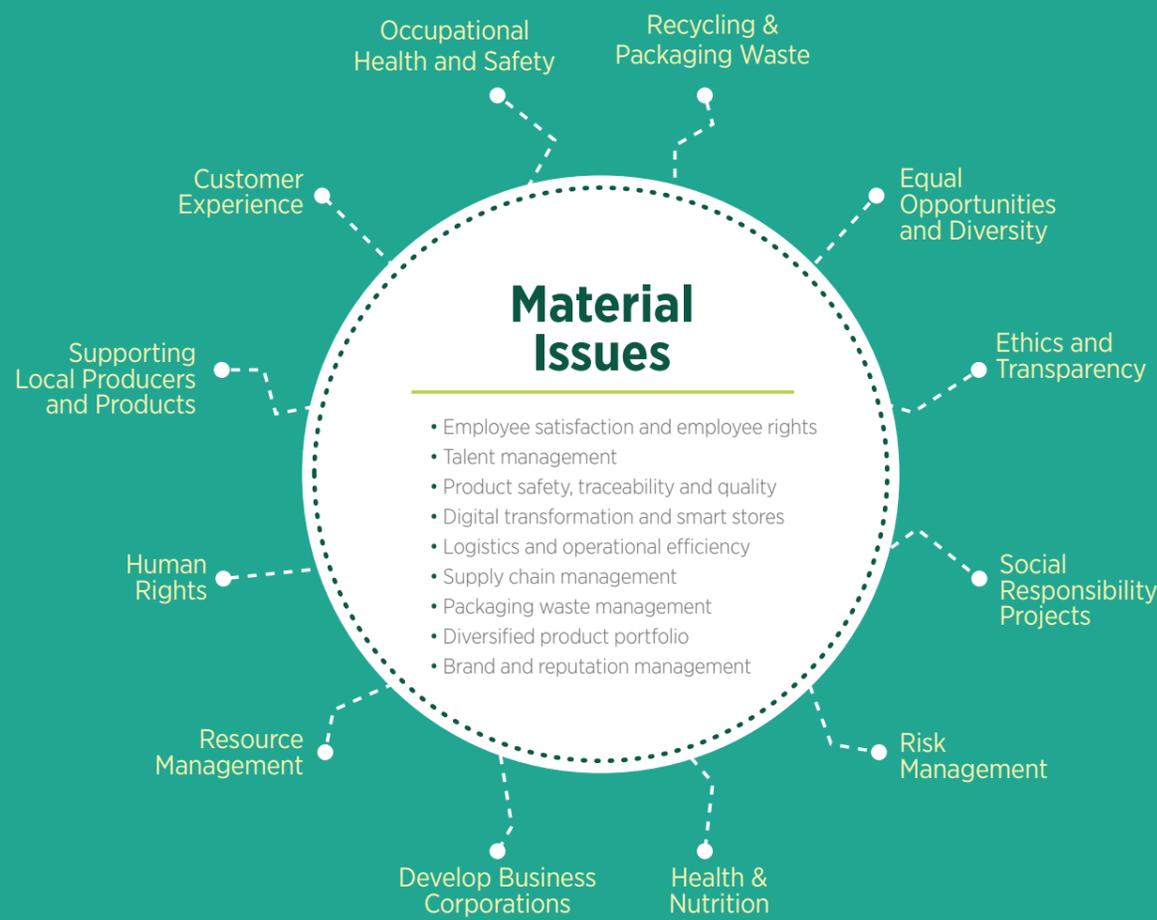
Today, a company's success is measured with the value created for its stakeholders along with financial profitability, our goal at Bizim Toptan is to increase our success while growing sustainably and doing better for the future. Thus, last year, we determined our material issues by obtaining our internal and external stakeholders' opinions.

This year, we organised a workshop with the Committee members to set goals which would carry the performance of the company on the material issues further. These goals led us to take an important step towards systematically performance monitoring in energy efficiency, digitalisation, product management, employee satisfaction, brand and reputation management, supply chain, logistics, and packaging waste.





Sustainability Issues



Communication with Stakeholders

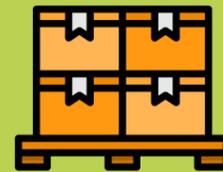
We communicate with our stakeholders using different methods.

Stakeholder Group	Communication Method	Frequency of Communication
Employees	Internal informing emails, internal communication bulletins, meetings, employee satisfaction surveys, website, social media, On Campus (corporate social communication platform)	Constantly
Customers	Website, social media, informing emails, short text messages, surveys, mobile applications, Customer Communication Centre (CCC)	Constantly
Suppliers	B2B meetings, emails, meetings, field visits	Constantly
Business Partners	Audits, B2B meetings, emails	Constantly
Non-governmental Organisations and Associations	Joint projects	At least twice a year
Investors	Events such as congresses, conferences, seminars, and joint projects	At least four times a year
Analysts	Annual reports, website, investor presentations, conferences, announcements made to Public Disclosure Platform (PDP)	Once a year

Products/Inspire

We offer high-quality and safe products to our customers under competitive conditions. We have the goal to maintain customer satisfaction at the highest level through our customer-oriented business culture.

We inspire our customers for a healthy and balanced nutrition diet through products with high nutritional value.



Quality and Affordable Products

As Bizim Toptan, we offer safe and high-quality products with affordable prices in line with our customer-oriented business model. By following changing shopping trends, we address the expectations and demands of the customers with our wide and diverse product portfolio. We meet the requirements of 1.5 million customers in 69 cities with approximately 5,000 product varieties. We disclose the content of the products in our stores transparently and have the purpose of inspiring consumers towards a healthy diet. We primarily focus on offering various, high-quality, safe products and supporting our customers' business processes through digital solutions.

We offer national and international branded products as well as our own branded products such as staple food, snacks, delicatessen and breakfast food, non-alcoholic beverages, sanitation and non-food products with competitive price advantage.

We diversify our product portfolio with the options of our own branded products since demands of customers vary depending on the area. 95% of the products

consist of branded products and 5% consist of our own brands. The rate of sales of our own brands within main category sales was 17.5% in 2018.

Product Safety and Quality

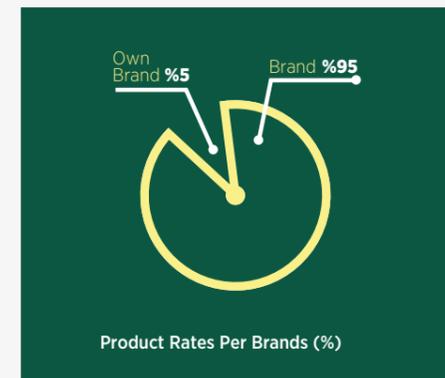
It is very important to us that our corporate customers who prefer Bizim Toptan stores shop safely and offer the products they have purchased from us with the same safety to their own customers. For this reason, we ensure that 5,000 product varieties on our shelves comply with the legal regulations and international safety and quality standards.

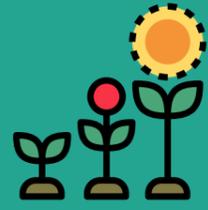
We manage all our stores through ISO 9001: 2008 Quality Management System and we initiated efforts with the purpose of establishing a system for food safety. We carry out regular audits on our suppliers in order to ensure that the products are manufactured under accurate production conditions and features in terms of food safety and that they are suitable for human health.

We have our requirements which we consider when choosing food suppliers to work with, we require them to comply with the standards that we have established. Our new suppliers of branded products are required to have ISO 22000 Food Safety Management System certificate and to successfully complete

the supplier audit report we prepare afterwards. Moreover, food suppliers to produce our own branded products are expected to have at least one of the following certificates: ISO 22000 Food Safety Management System, FSSC 22000 Food Safety Management Chart, IFS International Food Standard, BRC Food Safety Standard or AIB Standard.

We start working with the suppliers after a successful supplier audit process. We analyse and control our own branded products at least twice a year. We continue our activities to establish a food safety system in our company at the end of 2019. Currently, we provide food safety training to participants of B-Raise Management Trainee Program. In 2018, we organised trainings including Quality Management System Basic Training, Quality Management System Internal Audit Training, Turkish Standards Institution Workshop and Sustainability Platform Workshops.





Number of Customers **%37** ↑

2016	2017	2018
869,742	1,063,735	1,459,003

Customer Satisfaction

In line with our mission to become strategic business partners to our customers, we provide them competitive advantage by reducing their costs and risks. We offer advantageous products suitable to the requirements and demands of our customers and provide services to increase customer satisfaction. With a strong customer relations management, we raised the number of customers to approximately 1.5 million this year with an increase of 37% compared to the previous year.

We focus on six main customer groups as corporate, conventional channel, wholesale company, SEÇ Market, HORECA and individual customers. Trade taxpayers and individual customers are also able to shop from our stores with their membership cards. Our customers have the opportunity to shop wholesale from our stores with the membership of Bizim Card, our loyalty program. We provide a shopping experience full of various advantages to our customers who download Bizim Card Mobile Application. We have also created a loyalty program called Seçkin Nokta (Exclusive Point) which includes earning and spending points every month and every three months for the group consisting of our grocery store customers with the purpose of increasing customer loyalty. Thanks to the digitalisation of business processes, we carry out

marketing, product portfolio and pricing activities by determining customer requirements in advance. In addition to our proactive works, we also determine the areas we should improve by studying customer satisfaction levels; and take necessary steps accordingly. In 2017, we conducted the first Customer Satisfaction survey and repeated it in August-September of 2018. According to the results of the survey, customer satisfaction rate was 74% in the retail sector as a whole while the same rate was measured as 76% for Bizim Toptan. We took actions in order to improve products and services in line with the feedback we received in product diversity, price equilibrium and delivery to customers, etc.

Furthermore, we conduct mystery shopper researches in each quarter to assess our stores from the perspective of our customers. In 2018, the results of mystery shopping survey revealed a satisfaction level of 78%.

Our customers can submit any kind of feedback regarding our products and services via various channels. We receive and respond to all customer feedback through Yıldız Holding Customer Relations Centre's call centre on 0212 576 33 00 and the email address of mim@yildizholding.com.tr.

Feedback received by Yıldız Holding Customer Relations Centre is resolved by our company's Customer Experience Management Directorate. In 2018, we continued to listen to

our customers from all channels and provide solutions in 2 days (48 hours) at the latest.

42% of 4320 customer notifications have been communicated via e-commerce and social media channels. We ensure providing privacy and data security for our customers as part of Personal Data Protection Law and act in accordance with the Customer Relations Centre Policy of Yıldız Holding.



The Stars of the Year Award for F2F Big Gain Project

F2F (Face to Face) Big Gain was awarded in the category of GOYA as part of The Stars of the Year, organised by Yıldız Holding. We conducted face to face interviews with our customers who have not shopped for the last two months and more from Bizim Toptan stores. By visiting approximately 25,000 customers every month we learned the reason why they did not come to the stores and at the end of the interview our goal was to ensure they come back for shopping.

As a result of the project, we re-gained 28,764 customers in 2018 and made a contribution of TRY 98 million in the turnover. We achieved TRY 59 million of turnover directly by gaining 14,478 new customers. We achieved TRY 157 million of turnover by reaching a total of 43,246 and TRY 13.8 million of gross profit.

Professional Sales Team: Prosaf



In 2018, we extended our services by establishing our professional sales team, Prosaf, with the purpose of delivering all the brands we have in our stores to conventional and non-domestic consumption points. With Prosaf, a micro distribution channel, we carry out product supply and distribution activities to points such as fuel station convenience stores, school and hospital cafeterias, fast food points, buffets and cafes for all the products they need, by making short or long term agreements, offering special

advantages and providing delivery service. We offer all products with advantages such as one-point-supplier, online order, flexible payment options, delivery, easy return and replacement.

We provide services to 6,000 businesses with Prosaf which operates in 41 cities and 52 Bizim Toptan stores. We carry out various activities according to the Prosaf road map.

Customer segmentation

We create a special product portfolio specific to each customer group and supply the whole product range they require.

Prosaf Marine Servis

In seasonal areas where marine tourism is high, we deliver the products demanded by marina



customers to their boats with special teams, refrigerated vehicles and vehicles with electric engines. Thus, we opened Marine Service-specific Göcek Marina store in 2018.

Corporate and Chain Customers

We supply all office food and provisions requirements of middle and large-scale companies with a wide product portfolio including branded and our own branded products, competitive prices and extensive distribution network.

New Product Portfolio Specific to Prosaf

We enrich our portfolio with new products that fulfil the requirements of customers through strategic moves in product categories.



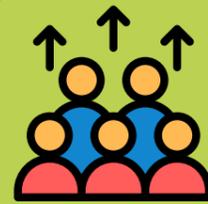
Technological developments and digitalisation have a big impact on the change observed in shopping habits. Increasing digital commerce volume brings with it various opportunities for the retail sector as well. In 2017, we launched our digital sales platform, bizimtoptan.com.tr, in line with this perspective and put our website into service in March 2018 after updating it. Customers are able to order approximately

2,500 product varieties via website and mobile application. In 2018, the number of customers shopping via online channels increased 6 times compared to the previous year. We also offer various logistic options such as cargo or vehicle delivery depending on the content and size of the orders in order to facilitate work processes of our customers. We have the goal to increase the number and variety of products in the following period.

People/ Empower

We adopt a business model that supports social and economic development for employees, suppliers and business partners.

We empower our stakeholders and reach our goals with our joint force.



Strategic Supply Chain Management

We are Turkey's largest and most widespread Cash & Carry operator in terms of store number and customer accessibility. We take innovative steps with the purpose of growing our company in a sustainable manner. Among these steps, innovative transformation in supply chain management plays an important role. In the transformation of our company, we empower our suppliers and business partners. As of 2018, we work with 518 suppliers and all of these suppliers are local. Thus, we directly contribute to the local socio-economic development by preferring local suppliers.

We digitalise business processes with the purpose of managing easily accessible store network with 174 stores in 69 cities in the most effective manner; while we have been managing the supply chain through a central system since 2017. Two departments consisting of demand-supply and planning-order management as well as logistics management are managed under Supply Chain Department. We improved our ordering, planning and dispatching processes in line with the feedback of suppliers; thus we achieved significant

gains and saved from labour and time on both sides. We can work on the same system with our suppliers after digitalisation of work processes. This enables us to minimise turnover losses, increase product availability rates in our stocks and improve our dispatching performance. With Enterprise Resource Planning (ERP) system, we integrate the communications between field teams and stores into the mobile applications and ensure fast processes of orders and confirmations.

We can check the logistics network by using the Warehouse Management System and also monitor input, output and delivery processes of orders. We calculate loads according to the capacities of lorries and trucks during the planning process of orders and carry out route optimisation works. As a result of these activities, the load factor of vehicles reached 99.4%. We dispatch regular shipments to the stores all around Turkey from our warehouses in Adana, Izmir, Gebze, Erzurum and the cold-storage warehouse in Tuzla.

We set certain criteria as part of the Environmental Policy along

with the requirements of food safety and quality standards implemented during supplier election process. Hence, we have the goal to offer environmentally friendly products in supply processes and minimise suppliers' impacts on the environment. We audit suppliers in terms of environmental criteria. In 2018, the number of suppliers that were audited according to the environmental criteria reached 75, with an increase of more than two times compared to the previous year and corresponded to 14% of the suppliers.





Business Partnership Supply Model

We have been implementing business partner supply model since 2014 as part of channel-based growth strategy with the purpose of developing the business model and differentiating our company in the sector. We became the first and the only wholesale company with business partnership supply model after acquiring 196 business partner stores of Şok Marketler affiliated with Yıldız Holding with the purpose of increasing the growth in the grocery stores channel.

Our strategy in this model consists of growing together with our business partners through win-win approach as part of B2B.

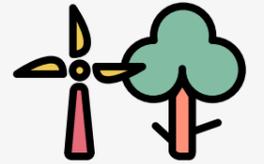
We are continuing our business partner supply model with SEÇ Market brand since 2016. Every year we continue to increase geographical extent and accessibility of SEÇ Market. In 2018, the number of SEÇ Market stores increased by 41% compared to the previous year, reaching to 539 and contributed to our company's sales revenues with TRY 278 million.

We offer the SEÇ Market name to our business partners within the business partnership supply system which belongs to Bizim Toptan with all its legal rights. This model is based on providing goods and services to the grocery stores within the system with affordable prices through our wide product portfolio and purchasing power.

We aim to join our company's purchasing power with the power of our business partners' grocery stores in the field as part of business partnership supply system. Hence, we offer discounted prices and additional bonuses within the wide product range consisting of branded and our own branded products. We support the growth and increased competitive power of our business partners by enabling convenient plus fast ordering and sharing marketing and operational know-how with them along with logistic, promotional, publicity supports. Improving SEÇ Market system is among our priorities in 2019 as well.



Social Investment



At Bizim Toptan, we place great importance on implementing policies that are respectful and supportive in terms of environment, education and public health; and invest in the social issues. We support social responsibility projects carried out by Yıldız Holding and perform additional works in the company, as well.

We cooperate with various non-governmental organisations on the third Thursday of November every year since 2014 as part of *Make Happy Be Happy* event. In 2018, we provided support for children on behalf of all our employees through the agency of Kızılay. Moreover, we make our customers happy with tasty treats in our stores as part of

celebrations of Make Happy Be Happy day.

Güzel Bir Hareket (*A Nice Gesture*) team, established voluntarily by women employees under the leadership of Human Resources department, organises social responsibility projects. In 2018, provision aids collected by the employees on a voluntary basis were delivered to the families in need during the holy Ramadan by Human Resources Department. Donations collected through the sales of food that were prepared by *Güzel Bir Hareket* team in the office were used to aid the people in need with water ejectors, newborn packages and therapeutic food packages through UNICEF.

New social responsibility projects are planned every year as part of *Güzel Bir Hareket*.

Furthermore, we facilitate food donations of our customers by bringing them together with associations working in food banking field.





Employees

Our employees are the biggest factor in our success. The expertise and skills of our employees which they improve every day at Bizim Toptan are key in customer satisfaction.

We contribute to employee development through career and performance management and plan trainings according to changing trends in the sector as well as employees' needs. We design programs to retain our talents as well as to attract young talents to Bizim Toptan.

In line with our human resources approach we provide a workplace in which career and education opportunities are offered, employee satisfaction is increased and employee health and safety are continuously improved. We attach importance to offering equal opportunities; offer remuneration without gender discrimination, and do not discriminate based on gender during our processes, from application stage to career, education and promotion opportunities.

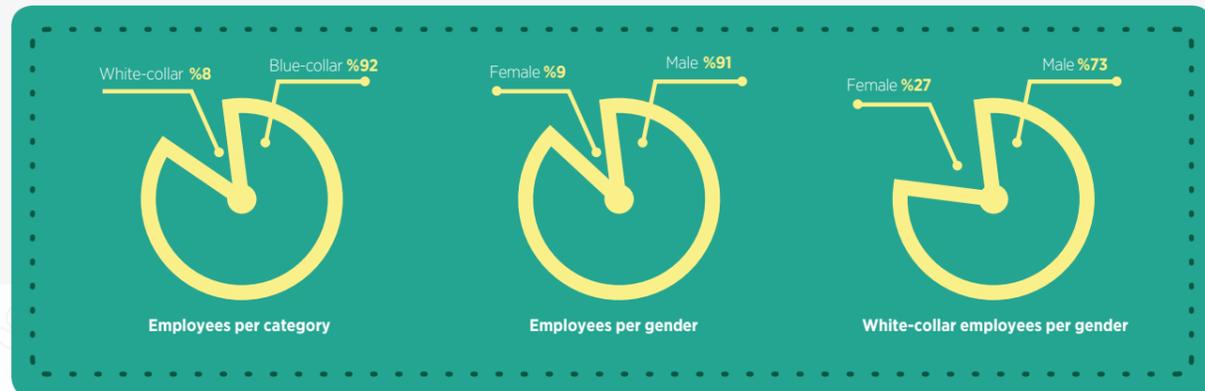


Our Human Resources Policy is based on,

- Developing strategies according to the opportunities and development areas in the sector,
- Analysing the requirements of Bizim Toptan and developing human resources accordingly,
- Adopting a customer satisfaction approach that would raise the level of sectoral standards,
- Becoming an employee brand in Turkey,
- Increasing satisfaction and motivation levels of employees,
- Sustaining Happy Employee Happy Customer approach.

In our headquarters and 174 stores in 69 provinces we employ 2.012* people and we contribute to the socio-economic development of Turkey and to regional employment. 92% of the employees are blue collar employees and 8% are white collar employees. One out of every four white-collar employees is female.

*2018 closing.



Career and Performance Management

We prioritise investing in human resources in order to respond to changing customer requirements and expectations in the wholesale sector and adapt to the trends that influence the sector. Our employees are employed at where they can use their talents most accurately and make the most contribution to Bizim Toptan while enabling them to discover career opportunities. We offer personal and professional development opportunities to our employees in order to create improvement opportunities in their careers.

Training

The most important part of career management consists of training. Trainings do not only enable competency development of the employees at Bizim Toptan, but also contribute to the development of the qualified labour in the sector. Employees can participate in catalogue trainings prepared by Yıldız Holding in various subjects such as personal development, leadership, technical and professional training, and foreign languages. Moreover, leadership seminars with experienced senior managers of Yıldız Holding are held each month at the human resources department's headquarters and various conferences are organised with the participation of experts in the related fields each month in various subjects such as technology, leadership, parent-child relation, and performance management, etc.

Newly recruited employees are provided orientation trainings to familiarise them work processes and facilitate their process of adaptation to the company. White-collar employee orientation training takes 2 hours and blue-collar personnel training takes 1 business day.

In 2018, we provided an average of 21.4 hours of training per employee. The ethics training and other training programs designed specifically for functions and according to training requirements all impacted the increase we achieved in average training hours per employee.

B-Raise Management Trainee Program

This year, we extended the B-Raise Management Trainee program which was implemented last year with the purpose of raising qualified store managers with different perspectives who will carry Bizim Toptan to the future. The program allows newly graduated and young professionals to join our team. Through the program, we provide training on corporate culture, internal audit, customer management, finance and human resources, etc. through expert, in-house trainers. At the field part of the training, management trainees are given roles in different functions such as counters, sections, warehouse and goods acceptance departments in pilot stores located in various regions of Turkey for three months, they alternate between pilot stores and thus they get the opportunity to experience all roles that they will one day manage. Before

being assigned as store managers and deputy managers, B-Raise management trainees complete the training process by making presentations to a committee consisting of senior management team at the headquarters. This year, 49 employees participated in the program.

Store Manager Development Program

We designed the Store Manager Development Program to enable Bizim Toptan to reach its future goals and to take action from today to support the entire team to move towards the same goal. In addition to in-class courses of 6 days, we complemented the program with e-learning trainings. As of September 2018, we completed the trainings of the first module with the participation of 157 of our managers. Second Module Sales Focused Merchandising Training started in December 2018. 142 Store Managers completed the second module trainings. With the last program planned in July 2019, the second module trainings will be completed.

Important issues included in the program are Positive Attitude and Relationship Management in Retailing & Team Management in Retailing, Being Store Manager and Strategic Retail Management, Target and Financial Factors Management in Store, Sales and Customer Management, Store Space Management and Activities to Increase Sales.



Customer Representation Trainee Program

We implemented Customer Representation Trainee Program in order to raise customer representatives who will play an active role in getting new customers to the stores by including them in the training process and to extend the talent pool. In 2018, 34 employees participated in the program. Moreover, 11 interns got the opportunity to experience the job as part of JOB internship program of Yıldız Holding with the purpose of offering young talents internship chance as well as employment opportunities. With the OnCampus project, a social learning platform implemented in combination with digitalisation we paved the way for employees to learn from each other and from experts and increased communication.

Performance Management

We measure development and competency levels as well as progress toward business goals through performance assessment system.

We organise Goal Setting Workshops every year in January using balanced goal card methodology for all white-collar employees working at the headquarters. We assess employee performance in terms of finance, customers, work processes and human factor dimensions as part of this methodology. We implement a performance assessment system that is constituted of three stages: once a year goal setting, interim assessment and

final assessment. We ensure increase in the success of the company with the realisations emerging at the end of the year.

For blue collar employees, we use a performance assessment system that measures key performance indicators (KPI) such as quarterly sales, profitability, customer satisfaction, inventory management and audit. The results obtained through the performance assessment system also influence Human Resources Plans prepared once a year. We make assessments for newly opened positions, we prioritize existing employees and consider them for recruitment. Moreover, we determine competencies required by the company and employees by taking into account the potentials of employees and create development plans for them.

Performance assessment is determinant in development planning of human resources as well as in incentives and premiums. It also impacts the process of determination of development requirements specific to the job and position and career plans.

Employee Satisfaction and Loyalty

Employees who are happy at their work environment and committed to their work play an important role

in gaining competitive advantage and creating difference in the sector. We place great importance and measure employee satisfaction and loyalty levels. We conduct Employee Satisfaction Survey once in every 2 years on the employees working at headquarters and once in every 3 years on employees working at the stores. The last survey we conducted on white collar employees revealed an employee loyalty score of 76.

A fair remuneration system is also an important factor in obtaining employee satisfaction regarding work conditions. We consider wage balance within the company through remuneration policy; we support competition and high performance and maintain the balance with external remuneration policies in the market in a fair way. We use an international remuneration policy based on the position's workload as well as premium systems based on objective measurements in which all employees progress toward the same goal. We also offer various fringe benefits to the employees based on their roles and responsibilities.

Productivity also plays an important role in increasing satisfaction. This year, Human Resources Senior Management and IT Directorate initiated IKON project for digitalisation of human resources processes. With IKON, we have the goal to digitalise processes such as payroll viewings, promotion-transfer-rotation processes, temporary assignments, instant rewarding, leave procedures, recruitment, and performance assessments. We completed the first phase of the project successfully and progressed to the second phase to widen its scope.

Communication

One of the most important ways to strengthen communication with the employees is to inform them about the developments at Bizim Toptan. This year, we issued our quarterly internal communication bulletin, BİZDEN (news from Bizim Toptan), for the first time with the purpose of informing employees about company related developments, success stories and rewarding.

Furthermore, we increased interaction levels of employees through events outside of work such as Bizim Toptan Bowling Tournament and enabled them to spend time with each other outside of business hours as well.

Employee Volunteering

Volunteering is one of the key factors to increase employee loyalty. Consisting predominantly of woman employees, Güzel Bir Hareket (A Nice Gesture) social responsibility team coordinated provision aid for families in need. Donations were collected through selling food that was prepared by

the employees within the office and given to UNICEF.

Occupational Health & Safety

It is our responsibility to consider the occupational health and safety (OHS) of our employees at the workplace. We invest in processes such as digitalisation in order to manage OHS activities in our store operations extending to 69 cities in a systematic and centralised manner and implement OHS applications with the goal of Zero Work Accident. We perform risk analyses all year long and monitor processes and applications with the purpose of eliminating OHS risks. We were provided a total of 1,192 hours of OHS services from 41 OHS specialists working in authorised OHS firms. In 2018, a total of 1,353 employees were provided OHS training (67% of all employees). 148 employees working at the headquarters, stores and warehouses completed their first aid training.

Moreover, in 2018, we revised and completed the OHS documentation including Emergency Action Plans and risk assessments of 149 stores, the headquarters and 1 warehouse.

We fully comply with the laws and regulations regarding health and safety at our headquarters and stores. The Occupational Health and Safety (OHS) Board, consisting of senior managers working at the headquarters, directly reports to the General Manager. Members of the OHS Committee consist of Human Resources Senior Manager, Finance Director, Sales Operations Director, Construction Works Manager, Technical Purchasing Manager, Safety and Risk Chief, Publicity Manager, Workplace Doctor and Health & Safety Specialists, working under the leadership of General Manager. The Sub-committees working under the Committee take actions at the stores for issues related to health and safety.

In 2018, we provided an average of 6.6 hours of training per employee including fire training and first aid training.



Planet/ Restore

We protect our natural capital which is critical in fulfilling the requirements of the future generations and enabling continuity of our sector.

We improve our environmental impact through projects on energy efficiency and saving.



Environmental Management

Increasing population density, limited natural resources and extreme weather conditions emerging due to climate change such as floods, drought, tornado bring along certain risks that are of great concern for food and retailing sectors which have a direct link to the soil. We have to fight with these risks and protect our natural capital for the continuity of food and retailing sectors. Being a pioneering company in the business world plays a critical role at this point. Therefore, we carry out our activities in line with the responsibilities of being one of the leading companies in the sector.

Thus, we develop projects in order to improve our environmental performance, enable energy efficiency and manage wastes and water effectively. We focus on reducing our packaging waste, enabling efficiency in the supply chain and reducing our carbon footprint with the purpose of decreasing our environmental impact. We fulfil the requirements of national and international regulations and obligations in all our activities. Bizim Toptan Environmental Policy issued in 2018 is an important guideline in

our environmental management. We manage all our processes, whether within our operations or with our suppliers, in line with our Environmental Policy. We monitor and assess environmental performances of our suppliers in acceptance and auditing processes according to this Policy as well.

We perform environmental management in compliance with international standards by going beyond our corporate policies and local regulations. In 2019, we completed certification process of ISO 14001 Environmental Management System initiated in 2018. As part of the requirements of ISO 14001 Environmental Management System and Packaging Waste Control Regulation, we created collection and storage points in the stores. We also have the goal to raise consumers' awareness in recycling, who visit our stores. Hence, we prepared classifications as well as visuals for recyclable wastes and non-recyclable wastes and batteries on the boxes that were prepared as collection and storage equipment. We continue our activities to include all stores and headquarters.

We regularly monitor and record our environmental performance in order to provide effective environmental management. Hence, we particularly monitor all energy consumption values, direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions, our water consumption and raw materials and materials used in packaging.



- You can access Main Principles Concerning Environmental Management System which was created to regulate communications and responsibilities between the Sustainability Committee and environmental management from [here](#).
- Environmental Policy can be found [here](#).



Energy Efficiency

We place great importance on energy efficiency with the purpose of improving our environmental performance. We achieve improvements in our environmental performance by enabling operational efficiency also within the supply chain. The Supply Chain Department puts efforts to increase efficiency in processes such as ordering, planning and logistics by managing all supply processes from a single centre.

We completed projects in the fields of digital transformation of processes, route optimisations in logistics, space saving by smart packaging and parcelling in transportations, and reusing reusable palettes between suppliers and markets. Besides, we achieved savings by increasing the efficiency of the coolers we use in our operations, by transitioning into smart and energy-efficient illumination systems, by integrating digitalisation within the processes and by extending our digital sales channels.

Waste Management

One of the most important impacts of our products and services on the environment, whether directly or indirectly, is waste. In line with the importance we place on waste management, we achieve the necessary improvements by reviewing our processes. Hence, we focus on reducing waste at the source and re-using these waste in the processes in a cyclical system. Furthermore, we facilitate recycling by increasing the percentage of recyclable products within our products and services. We also dispose the non-recyclable waste in line with the most accurate conditions as per the legal regulations.

We implement innovative applications together with our customers with the purpose of reducing waste especially due to packaging. In 2018, plastic raw material used in plastic bags per customer was 0.43 kg/customer. Thus, we achieved 6% reduction compared to 2017. We offer plastic bags to our customers for a fee in accordance with



the Packaging Waste Control Regulation which entered into effect as of 1 January 2019. Furthermore, we have the goal to reduce the plastic bag consumption of customers; thus reduce used plastic amount through environmentally-friendly, durable and reusable bags.

Water Consumption

Although the water consumption figures due to our activities are low, we monitor water consumption figures in all our operations and work to improve our performance. We effectively monitor our performance and achieve efficiency through the integration of technological equipment with the purpose of decreasing our water consumption. Along with the purpose of reducing our water consumption, we also work to improve the quality of wastewater discharge. Another important issue along with wastewater amount is water quality. We monitor water quality as per local regulations.



Performance Indicators

Social Performance Indicators

Employees by Gender	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Employees	122	1658	164	1691	179	1893
Total	1780		1855		2012	

Employees by Category	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
White collar	19	96	41	112	42	116
Blue collar	103	1562	123	1579	137	1717
Total	1780		1855		2012	

Number of Employees by Employment Type	2016		2017		2018	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Full-time	1.780		1.855		2007	
Part-time	0		0		5	

Number of Employees by Employment Type and Category	2016		2017		2018	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
White collar	115	0	153	0	156	2
Blue collar	1.665	0	1.702	0	1.851	3

Number of Employees of Contractors by Category and Employment Type	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Full-time	4	35	4	280	5	31
Part-time	0	0	0	0	0	0
Total	39		32		36	

Number of Employees by Term of Employment	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
0-5 Years	117	955	149	726	172	1000
5-10 Years	1	335	10	510	6	451
> 10 Years	4	368	4	456	1	382

Number of Employees on Parental Leave and back from Parental Leave by Gender	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Number of Employees at Parental Leave	6	72	3	157	4	186
Number of Employees Returning to Work After Parental Leave	6	72	3	157	4	186

Number of New Recruits by Gender and Age

	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
< 30 Years Old	21	112	62	222	44	294
31-49 Years Old	4	68	20	100	16	158
> 50 Years Old	0	3	0	2	0	0
Number of newly recruited employees	25	183	82	324	60	452

Number of positions filled by internal candidates

	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Number of positions filled by internal candidates (Headquarters)	0	0	0	2	1	3
Number of positions filled by internal candidates (Field)	13	400	11	424	27	447

Number of Employees Left by Gender and Age

	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
< 30 Years Old	59	176	54	240	83	410
31-49 Years Old	15	193	16	197	2	270
> 50 Years Old	0	11	0	9	0	8
Number of employees left	454		516		793	

Number of Employees subject to Performance Evaluation by Gender

	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Number of employees	15	89	26	104	43	113

Employee Training

	2016	2017	2018
Total Training Hours	110	511	43.104
Total OHS Training	-	-	13.196

OHS Performance

	2016	2017	2018
Number of accidents	51	62	15
Number of fatalities	0	0	0
Occupational disease rate*	0	0	0
Absence (lost labour total)	-	-	9.582
Absence as a result of accidents	-	-	276
Accident frequency rate (IR)**	-	-	3,30
Lost day rate (LDR)***	-	-	60,76
Absence rate****	-	-	0,0005

* Occupational disease rate (ODR): Number of occupational diseases * 200,000 / Total working hours

**Accident frequency rate: Total number of accidents / (Total working hours-Lost hours) * 1,000,000

***Lost day rate: Total number of lost days * 1,000,000 / Total working hours

****Absence rate (AR): Lost work hours / Total working hours

Environmental Performance Indicators

Energy Consumption*	2016	2017	2018
	(MWh)	(MWh)	(MWh)
Buildings fuel & power	22.819	24.241	26.053
Power purchased	20.616	22.314	24.408
Natural gas & fuel oil & LPG	2.203	1.927	1.352
Generators (Diesel)	0	0	294
Vehicles fuel	476	585	2.731
Diesel	476	585	2.731
TOTAL	23.294	24.826	28.784

* Energy consumption is supplied in TRY and calculated taking average unit prices (references such as EMRA, natural gas distribution companies, etc.) into account.

Lower heating values of energy resources and conversion coefficients are taken from the tables published in the official gazette no. 28097 dated 27 October 2011 "Enerji Kaynaklarının ve Enerjinin Kullanımında Verimliliğin Arttırılmasına Dair Yönetmelik (Regulation on Increasing Efficiency in the use of Energy Resources and Energy)" Annex -2 Lower heating values of energy resources and conversion coefficients to oil equivalents.

GHG Emissions* (ton CO₂ equivalent)

	2016	2017	2018
Scope 1	639,4	603,5	1.121,3
Vehicles	128,9	158,5	739,9
Fuels used at the facility	510,5	445,0	302,6
Generators (Diesel)	0,0	0,0	78,8
Scope 2	10.129,3	11.401,2	12.365,1
Electric consumption	10.129,3	11.401,2	12.365,1
TOTAL	10.768,7	12.004,7	13.486,4

* GHG emissions (tons CO₂ equivalent) data are supplied in TRY and an average value was calculated.

Greenhouse gas emissions are calculated according to GHG protocol.

Global Warming Potential (GWP) coefficients were taken from the International Panel on Climate Change (IPCC) 6th Assessment Report.

Water Consumption (m³)*

	2016	2017	2018
Municipal water consumption	25.964,61	26.923,35	27.176,05

* Water data are supplied in TRY and calculated as an average value by taking into account workplace tariff of ISKI (Istanbul Water and Sewerage Administration).

Raw materials and materials used in packaging (tons)

	2016 (Ton)	2017 (Ton)	2018 (Ton)
Plastic (bags)	369,84	486,4	629,14
Plastic-heavy composite (stretch)	68,29	74,34	98,34

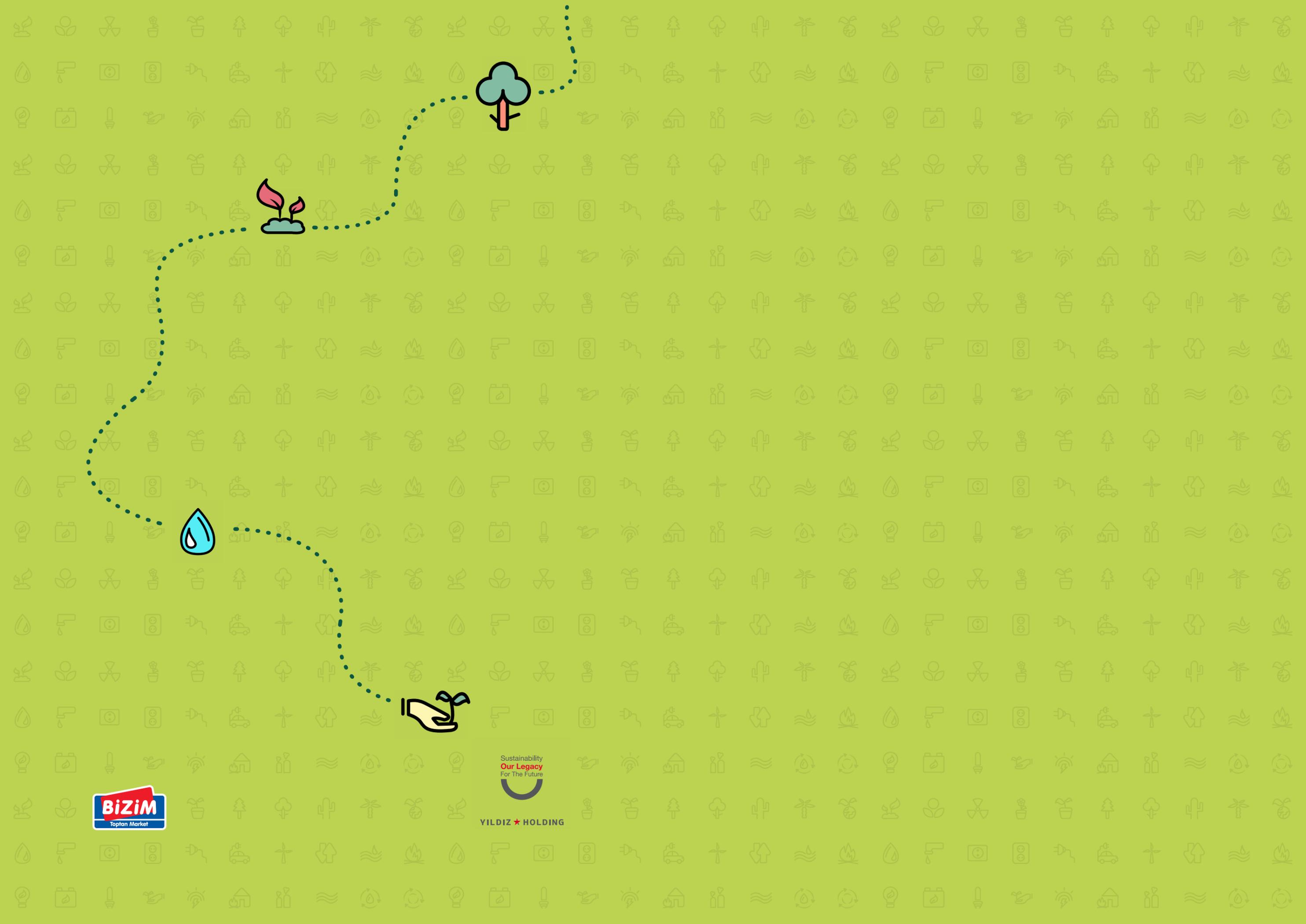
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GRI 102: General Indicators 2016

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Sustainability
Our Legacy
For The Future

YILDIZ ★ HOLDING



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