

Growing Sustainably along with Suppliers

Migros manages all of its procurement processes within the framework of the **Migros Responsible Sourcing Policy** and in line with its goal of creating and maintaining supply chain sustainability. Regularly working with suppliers to reduce the environmental and social impact of supply chain operations, the company conducts systematic food safety, environmental & social impact, and ethical compliance audits.

Migros works within an ecosystem of 23,500 suppliers, farmers, and producers. 77% of the

economic value that Migros generated in 2024 consisted of payments made to the company's suppliers.

Migros has introduced a **“Producer Financing System”** to support agricultural production continuity. By enabling farmers who supply Migros with goods to receive advances on what is owed to them from Ziraat Bank, İşbank, and Akbank, this system not only supports farmers' financial sustainability but also contributes towards overall agricultural production.

Migros' supply chain consists of suppliers of food (including perishables) and non-food products. Migros' suppliers make up a vast network distributed regionally and locally all across the country. This extensive reach means that the company is simultaneously able to support production at the most basic level and provide consumers with a broader range of offerings.

Responsibilities Expected from Suppliers

Migros aims to reduce the environmental and social impact of its procurement processes. It does this by taking action to ensure that its suppliers fulfill their sustainability responsibilities.

The human rights, environmental protection, occupational health & safety, quality standards, and labor criteria which suppliers are expected to comply with within the overall framework of the **Migros Code of Ethics** are explained in detail in the company's **Responsible Sourcing**, **Anti-Bribery & Anti-Corruption**, **Human Rights & Equal Opportunity Policies**. All matters pertaining to the company's MeCom and MeMobil B2B processes are published on Migros' corporate website and are clearly stated to candidate suppliers.

Suppliers' sustainability performance is regularly monitored and audited. Whenever policy nonconformities are detected, issues in need of improvement are identified and training resources focusing on the knowledge and skills required to make the improvements are provided.

In contracts that it enters into governing all of its activities and operations in Türkiye, Migros stipulates that it expects the suppliers and business partners with which it works to commit to abiding by the company's responsible sourcing policy and all its requirements. In this way, the company obliges its suppliers and business partners to contractually pledge not to discriminate on the basis of religion, language, ethnicity, or gender; not to engage in verbal, physical, or sexual abuse; not to employ forced or underage labor; not to commit bribery or engage in any corrupt practice; to protect environmental and natural resources; to strive to continuously improve.

During 2024 Migros once again steadfastly maintained its responsible approach to supply chain management and strove to increase the socially beneficial impact of its suppliers and other stakeholders.

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Growing Sustainably along with Suppliers

Principles & standards that Migros requires its suppliers to contractually commit to

- Human rights
 - United Nations Guiding Principles on Business and Human Rights
 - ILO Declaration on Fundamental Principles and Rights at Work
 - Freedom of association and the right to collective bargaining
 - Prevention of forced labor and abuse
 - Prohibition of child labor
 - Anti-discrimination
 - Fair working conditions & wages
- Migros Code of Ethics
- Anti-Bribery & Anti-Corruption
- Occupational Health & Safety
- Protection Environment & Natural Resource
- Migros' continuous-development principle

Supplier Selection & Auditing Processes

When selecting suppliers, Migros adheres to an approach that prioritizes quality and reliability. In addition to commercial discussions and assessments, potential suppliers are subject to a two-stage examination and auditing process.

- A comprehensive assessment is conducted to identify the financial, legal, regulatory, and ethical risks and opportunities of prospective suppliers. The commercial records of these companies are examined through relevant institutions, while their business history is investigated via digital platforms in the context of bribery, corruption, and ethical matters.

- Supplier audits are regarded as a strategic process from the standpoints of both entering into and maintaining business relationships. Before a contractual business relationship begins, candidate suppliers are subjected to an initial comprehensive audit. Migros does not do business with any supplier that fails to pass this audit. The results of these examinations inform 30% of the company's supplier decision-making process.

Migros subjects its existing suppliers to regular audit processes in order to maintain quality standards. Migros audits suppliers' compliance with corporate governance, international food safety, ethical, social, and environmental standards through an independent auditing firm using a checklist of 473 criteria assessing their performance. Planning for each year's audits begins by identifying the company's critical suppliers, defined as those which, in aggregate, make up 80% of its total turnover. Audits are conducted over two consecutive days with the first being devoted to determining compliance with **IFS Food Global Market** and **IFS HPC Global Market** product-safety standards and the second to compliance with GC – Ethical Compliance international ethical, social, and environmental standards. Suppliers who are already certified with BRC, FSSC, or IFS for Product Safety audits, as well as those holding BSCI, Smeta Sedex, WCA (Workplace Condition Assessment), or SA8000 certification for GC Ethical Compliance audits, or suppliers who employ fewer than 10 people, are exempt from audits. Goods supplied by importers are checked for compliance with the requirements of laws and regulations before being put on sale in stores.

- **Product-safety compliance audits** involve examining each supplier from the standpoints of such issues as traceability, product analyses, hygiene practices, facility, machinery & equipment maintenance, product contamination control, pest control, allergen control, and their associated procedures.
- **Ethical and social compliance audits** look into such issues as workplace health & safety; wage & compensation policy; use of underage labor; use of forced or involuntary labor; discrimination; working hours; workplace arrangements for pregnant or nursing employees, including nursing breaks and maternity leave; psychological or physical abuse; unionization rights.
- **Environmental audits** include assessments of climate change impacts, carbon emissions, water usage, pollution control, waste management, soil and biodiversity-related environmental issues, natural resource utilization, and the training of relevant employees.

Audit results are reported to the Chief Marketing Officer who is the most senior executive responsible for supply chain standards compliance. Every supplier is notified about nonconformities turned up by an audit; issues that are in need of improvement are explained to them in detail. Existing suppliers who fail to pass an audit are given two more chances to bring themselves into compliance; prospective suppliers are given a suspense date by which the nonconformities must be eliminated. Migros ceases to do business with suppliers who are unable to achieve full compliance by the end of the follow-up auditing process.

In 2024, no suppliers' contracts with Migros were terminated on account of any breaches of the company's **Anti-Bribery & Anti-Corruption**, **Human Rights & Equal Opportunity**, or **Responsible Sourcing Policies** or for violations of mandatory laws and regulations in the conduct of their production operations.

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Growing Sustainably along with Suppliers

Suppliers Audit Results

| Type of Audit | Type of Supplier | Number of Suppliers Audited | Number of Audits | Rate of Successful Suppliers* | Average Pass Score | Number of Suppliers Given Follow-up Audits | Number of Follow-up Audits | Success Rate of Follow-up |
|---|-------------------------------------|-----------------------------|------------------|-------------------------------|--------------------|--|----------------------------|---------------------------|
| Product Safety - IFS Global Market | Total number of suppliers audited** | 560 | 588 | 94.8% - 531 | 89% | 26 | 28 | 86.7% |
| | Candidate suppliers | 130 | 141 | 87.7% - 114 | 84% | 11 | 11 | 100% |
| GC Ethical & Social Compliance, Environment, OHS*** | Total number of suppliers audited** | 464 | 499 | 88.8% - 412 | 82% | 33 | 35 | 75% |
| | Candidate suppliers | 103 | 117 | 82.5% - 85 | 75.8% | 13 | 14 | 92.3% |
| Product Safety - Regional & Tazedirekt | Total number of suppliers audited** | 132 | 154 | 79.6% - 105 | 71.4% | 20 | 22 | 92.9% |
| | Candidate suppliers | 58 | 64 | 63.8% - 37 | 61.1% | 6 | 6 | 83.3% |

* Suppliers whose IFS scores are at least 75% are deemed to be successful; those whose GC Ethical Compliance scores are at least 65% are deemed to be successful.

** "Total suppliers audited" means all existing suppliers. 626 suppliers were targeted to be audited in 2024.

*** Existing suppliers' overall environmental-performance and ethical-performance scores were 72.01% and 82.88% respectively in 2024.

58.4% of suppliers inspected in 2024 successfully passed their two-day audits and were awarded **"GC Migros Approved Supplier"** certifications. Migros Approved Suppliers are ranked in three categories according to their audit-pass scores: **"Gold"**, **"Silver"**, **"Bronze"**. 262 suppliers were certified "Migros-Approved" in 2024. 31 of them were rated "Gold", 131 "Silver", 106 "Bronze". Migros' supplier-certification processes are carried out for the purpose of rewarding suppliers who successfully demonstrate their commitment to and compliance with Migros' product-safety standards and ethical-behavior criteria.

- During the most recent three years, 616 (136 critical) suppliers' environmental, ethical, and

social compliance was audited by accredited independent auditors. This corresponds to about 17% of all Migros suppliers and 38.5% of critical suppliers. Human-rights and ethical-behavior risks were identified in the case of 5.6%* of audited suppliers. These risks were drawn to the attention of the suppliers concerned, corrective action was taken, and follow-up audits were planned.

- During 2024, 71% of 353 Migros' critical suppliers (defined as those which, in aggregate, make up 80% of the company's total turnover) were audited by an accredited independent auditor. Supplier audits are not limited to critical suppliers however: non-critical suppliers and

manufacturers of Migros private-label products are also included in the auditing process. The total number of all supplier audits carried out in 2024 was 1,241.

- During the reporting 2024 period, supplier audits turned up no violations of employees' rights to associate or bargain collectively or identified any suppliers who were at significant risk of such violations. 6 instances of underage labor being employed by suppliers were identified. These suppliers were all notified of the nonconformities and were required to take corrective action. Follow-up audits were conducted to ensure compliance. 67 nonconformities related to parental leave, nursing breaks, overtime, and

annual leave with pay issues were identified in 2024. Details of these nonconformities were recorded and suppliers were requested to take necessary corrective measures. No issues involving any firm in the Migros supply chain were reported to the company by any non-governmental organizations or other external agency or organization during 2024.

- Of the supplier nonconformities that were identified and required follow-up audits in 2024, 37.9% had to do with environmental-performance issues; 32.5% OHS; 11.0% working conditions; 3.8% resource management; 2.6%

* Ratio of suppliers with critical non-compliance in the forced labor and child labor detected within 3 years, to the number of existing suppliers

Growing Sustainably along with Suppliers

measurement analysis & performance; 2.5% planning; 2.7% discrimination; 2.1% management review; 1.3% forced or underage labor; 1.3% social responsibility policy; 1.1% statutory & regulatory compliance; 0.6% adequate documentation; 0.5% responsibility, authorization, and communication; 0.1% management accountability. Migros prefers having recourse to solutions-based approaches in the correction and resolution of nonconformities. In the case of shortcomings in suppliers' environmental performance for example, training resources are provided and additional audits are conducted in an attempt to improve that performance.

- In 2024, an independent external agency conducted audits of Migros suppliers to verify their compliance with all aspects of **Migros Responsible Sourcing Policy** concerning non-discrimination, parental leave, freedom of association & collective bargaining, and prohibition on the use of forced, involuntary, and underage labor. These audits were carried out in accordance with the **ISAE 3000 (Revised)** standard. Migros' Statement of Independent Assurance in Human Rights and Supply Chain (Selected Criteria) may be found in the **Appendices** to this report.

Supplier Training and Migros Suppliers Academy

Migros aims to support its suppliers and help them develop their capabilities. Through Migros Suppliers Academy, the company provides the small and medium-sized local producers and firms that supply Migros private-label products as well as inputs to MİGET and Tazedirekt with a variety

of training resources for dealing with such issues as statutory & regulatory compliance, pest control, cross-contamination prevention & management, labeling, infrastructure requirements, personnel hygiene, and traceability ensuring the production of safe products. Training programs focus on broadening suppliers' competencies and making their business processes more productive.

During 2024, suppliers were given ethical and social compliance training dealing with the issues of ethical behavior, mandatory social compliance, working conditions, involuntary or underage labor, and environmental management. Migros conducted comprehensive programs all year long in 2024 to improve its suppliers environmental, social, and corporate governance (ESG) performance and to strengthen their sustainability targets.

Sustainable Business Partners Network training focused on awareness-creation dealing with such issues as measuring and reducing carbon emissions and preventing food loss and food waste. Webinars were conducted to inform suppliers about internationally recognized certifications such as IFS (International Featured Standards), BRCS

(Brand Reputation Compliance Global Standards), and FSSC (Foundation Food Safety System Certification). Throughout the year, Migros led the country's food retailing sector as a company that pursues sustainable growth along with its suppliers as a source of free training and consultancy resources that strengthen the entire ecosystem.

Supporting Local Development

Migros acts with an awareness that local production is fundamental to both regional and national development. The company has developed a business model that prioritizes procurements and sales in the same region with the aim of ensuring that products are consumed near their place of production and this contribute to the local economy. Most of the fresh produce that Migros sources is sold in stores located in the same region. Migros also allocates significant space in every store for the display and sale of products and brands that are unique to their region. This approach contributes to local producers' brand-building and growth while also making it easier for consumers to find the goods that they are accustomed to.

During 2024, Migros continued to offer a model that benefited both farmers and consumers through its strategies aimed at purchasing the entire harvest from fields. In 2024 the company purchased a total of 5,200 tons of apples from orchards in Antalya, Karaman, Niğde, Isparta, and Ankara for sale and storage. It also supported local kiwi growers in Rize, Giresun, Samsun, Karacabey, Karasu, İzniç, and Gonen by purchasing 1,200 tons of their harvest. Throughout the year Migros strengthened the quality of its collaboration with local producers and continued to enhance the sustainability of its supply chain operations by providing consultancy services. In the conduct of all of those operations, Migros continued to support local producers by focusing on field-to-table quality, sustainability, and social responsibility. The company aims to expand its efforts along these lines as it moves forward.

Detailed information about the training and other resources which Migros provides to agricultural cooperatives through its **Migros Family Club** and **Supporting Women Farmers & Entrepreneurs** programs to support local producers is presented elsewhere in this report as appropriate.

1,279 supplier employees attended Migros Suppliers Academy training in 2024. Training details are presented in the accompanying chart.

| Subject | Training time-person (hours) |
|---------------------------------------|------------------------------|
| Product safety | 2,390 |
| Ethics, Anti-Bribery, Employee rights | 1,374 |
| Environmental management | 1,564 |
| GFSI certification processes | 344 |