

Risks & Opportunities

How Migros Identifies Risks and Opportunities

Migros employs an integrated analysis framework in its strategic and operational management, enabling it to pinpoint risks and opportunities. This is done both to increase the company's long-term financial and environmental sustainability and to enable the company to adapt to changing market conditions. Risk and opportunity assessment extends beyond internal operations and encompasses such factors as supply chain, regulatory framework changes, consumer expectations, and global sustainability trends. All risk factors affecting the business's operational and financial processes are systematically assessed in order to determine their impact, likelihood, and financial implications. Climate-change risks and opportunities that may affect Migros' financial position, financial performance, and cash flows in the short, medium, and long term are addressed in accordance with TSRS S2 (Türkiye Sustainability Reporting Standard: Climate-Related Disclosures). These are presented in detail in the **"Extensive Combat Against Climate Change"** section of this report.

Along with mandatory Türkiye Sustainability Reporting Standards (TSRS), Migros adheres to Sustainability Accounting Standards Board (SASB), Task Force on Climate Related Financial Disclosures (TCFD), Climate Disclosure Standards Board (CDSB), and Global Reporting Initiative (GRI) principles to ensure that its risk and opportunity assessments are aligned with internationally recognized sustainability reporting frameworks. This approach makes it possible to analyze both financial and environmental risks and opportunities holistically.

Migros makes use of the Value Reporting Foundation's "6 Capital Model" when analyzing the sustainability risks and opportunities arising from the conduct of its own business operations. Inputs, outputs, outcomes, and consequences are assessed from the standpoint of each capital element; the results of this analysis are subsequently used as input when determining Migros' long-term strategies. Things that are detrimental are classified as risks; things that are beneficial are classified as opportunities.

Risk Management and Opportunity Creating Factors

To manage the sustainability risks that it identifies, Migros formulates risk-specific solutions and processes and develops proactive strategies for dealing with them. Actions that need to be taken to manage these risks are systematically presented in a **Risk & Opportunity** matrix. All issues included in these matrixes are considered from the standpoint of their potentially broad impact on Migros' operations. Reputation, workforce, technological, operational, compliance, environmental, financial, sectoral, and natural disaster risks are regarded as critical risk categories. For each risk element, the severity of its impact if realized; the probability of this impact occurring in the short, medium, or long term; the short, medium, and long-term environmental, social, and financial-performance consequences of the risk; the difficulty of compensating for these consequences; and strategies for managing the risks are all explained in detail. Besides helping the company to devise proactive risk management approaches and formulate crisis-management

strategies, the results of this analysis also serve as input for sustainable-growth policy-development.

Along with managing sustainability risks, Migros also looks for ways to create strategic advantages for itself by leveraging sustainability opportunities. As their name makes clear, risk & opportunity matrixes also present opportunities and in such cases, Migros explains how the company benefits from them. Strategic decisions are considered from the standpoint of their costs and benefits, with efforts being made to strike a balance between potential short-term gains and long-term costs.

Migros makes use of the Value Reporting Foundation's "6 Capital Model" when analyzing the sustainability risks and opportunities arising from the conduct of its own business operations.





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Risk Area	Risk/Opportunity Description	Duration	IMPACT MATERIALITY			FINANCIAL MATERIALITY			Managing Risks	Potential Opportunities	Risk & Opportunity Tradeoffs	
			Impact of Magnitude (Environmental & Social Impact)	Likelihood of Occurrence	Priority	Impact Materiality	Impact of Magnitude (Financial Performance Impact)	Likelihood of Impact on Financial Performance				Financial Materiality
Reputation	<ul style="list-style-type: none"> - Adverse publicity, public perception, or uncontrollable events affecting corporate reputation caused by customers, partners, competitors, press, social media, etc.* - Reputation risk arising from company actions (e.g., related to product/service quality, strikes, etc.) - Reputation risk arising from the actions of business partners (e.g., related to product/service quality, brand image, etc.) - Reputation risk arising from external events 	Short-term	Significant	Possible/Likely	Significant	<ul style="list-style-type: none"> - May adversely affect brand image, impair customer trust, and/or reduce business partners' support - Product/service quality issues may adversely impact customer satisfaction and erode market standing - Supply chain disruptions may affect Migros' brand perception and lead to customer attrition - Uncontrollable events may effect customer perception and go viral on social media and similar platforms 	Significant	Possible/Likely	<ul style="list-style-type: none"> - May necessitate crisis-management expenditures; however reputation can be protected and potential long-term revenue losses prevented through proactive communication strategies - Investments in quality control systems and employee satisfaction may generate short-term costs but are important for maintaining brand value and supporting growth - Crises may necessitate management and media campaigns expenditures but proactive approaches can limit potential financial impact 	<ul style="list-style-type: none"> - Proactive communication and media management strategies are deployed; crisis-communication training is regularly provided - Quality-control processes are strengthened; employee satisfaction-improving measures are deployed - Crisis management plans are formulated; unfavorable public perceptions are managed by monitoring social media and intervening to provide accurate and comprehensive information 	<ul style="list-style-type: none"> - Social media monitoring dashboards are used to quickly detect negative comments so that corrective action can be taken before potential crisis situations escalate 	<ul style="list-style-type: none"> - Proactive media relations management is crucial to avoid the spread of inaccurate or incomplete information; however this process must be carefully planned in terms of time and resource management - Stricter quality-management processes may make supply chains less flexible - Stricter supplier and business partner selection standards and controls may protect long-term brand value but may also increase supply-chain costs and complexity
Workforce	<ul style="list-style-type: none"> - Challenges in finding, developing, and retaining qualified employee - Challenges in recruiting employee skilled in adapting to new business lines and technologies - Productivity losses due to shortened working hours/or and failure to provide suitable working environments; inability to find enough qualified employee - Challenges in creating a uniform workplace culture 	Medium-term	Significant	Frequent/Probable	Medium	<ul style="list-style-type: none"> - Employee skill development and engagement are important to organizational productivity - Recruiting employees capable of adapting to new technologies increases innovation capacity - Deficiencies in the workplace may lead to long-term productivity losses 	Significant	Frequent/Probable	<ul style="list-style-type: none"> - Investments in employees support financial sustainability - Technology-focused investments in employees increase innovation - Productivity losses may impair financial performance 	<ul style="list-style-type: none"> - Employee development programs, flexible benefits, and reward systems are used - This risk is reduced by means of strategic hiring plans, university partnerships, and in-house training programs - Work environments are made ergonomic; flexible-work models are used 	<ul style="list-style-type: none"> • Formulate a roadmap based on employee opinions expressed during annual worklife assessment surveys; strengthen employee engagement through continuous-development programs and practices • Provide employees with career and personal-development resources through Migros Retail Academy • Policies and practices that strengthen employees' problem-solving, accurate decision-making, and job-ownership skills • Employee health and wellness programs • Develop new ideas for in-house deployment through Intrapreneurship Development Program • Use the "Good Idea Good Project" program as a fair and transparent platform on which employees may bring their ideas and projects to life • Initiatives and targets that prioritize gender equality, equal opportunity, and inclusivity across all operations • Increase the percentage of women in management roles to 35% by 2027 and to 50% by 2050. 	<ul style="list-style-type: none"> - Flexible-work models increase employee satisfaction but require effective team coordination and operational process management - External recruiting of qualified employees for new business lines promotes innovation but requires careful management of company-culture adaptation processes
Technology	<ul style="list-style-type: none"> - Failure to ensure IT system continuity - Disrupted operations due to IT infrastructure failures or interruptions - Threats to the security/privacy of sensitive information and personal data - Online operational continuity disruption - Cyberattacks; proprietary data breaches - Loss of competitiveness due to inability to keep pace with technological innovations 	Medium-term	Significant	Possible/Likely	Medium	<ul style="list-style-type: none"> - IT infrastructure problems cause operational disruptions - Data-security breaches adversely impact customer confidence - Cyberattacks create operational-process and reputation-loss risks - Shortcomings in technological adaptability hinder long-term growth objectives 	Significant	Possible/Likely	<ul style="list-style-type: none"> - IT problems increase operational costs - Inadequate data security may result in fines and other financial costs - Cyberattacks may cause operational and financial losses - Inadequate technological resources affect long-term growth 	<ul style="list-style-type: none"> - IT infrastructure redundancy is increased; systems are regularly tested - Personal data protection policies are complied with; cybersecurity measures are increased - Risks are reduced by means of advanced firewall systems, regular security tests, and employee awareness training - RGD investments are increased; new advances in technology are regularly monitored 	<ul style="list-style-type: none"> - Back up server systems and data in the Data Recovery System (DRC); ability to perform backups effectively thanks to active-active system operation mode • Possess control systems that regularly measure network and system infrastructure capacity • Include and enforce confidentiality and penalty clauses in all IT service-provider contracts • Be audited for compliance with Payment Card Industry rules; conform to PCI standards when processing payment-card transactions • Define and implement Data Loss Prevention (DLP) processes • Possess an RGD center; use the knowledge and experience the center generates to improve and enhance IT capabilities 	<ul style="list-style-type: none"> - Investing in a robust IT infrastructure is necessary to ensure operational continuity - Investments in data centers and cloud solutions can increase infrastructure security but may also increase costs - Additional security layers and backup systems are needed to prevent disruptions - Robust cybersecurity measures are needed to protect personal data - Additional investment and stringent audits are needed to ensure data-security regulatory compliance (Turkish Personal Data Protection Act, EU General Data Protection Regulation, etc) - Security protocol enhancement may complicate user interactions and slow down business processes



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Operational	<ul style="list-style-type: none"> - Inability of stores and distribution centers to provide service due to natural disasters or technical problems - Merchandise losses due to unfavorable ambient conditions (temperature etc) during storage and logistics operations - Business continuity disruption - Supply chain sustainability disruption - Service-process disruptions caused by employees - Occupational health and safety risks 	Long-term	Significant	Possible/Likely	Medium	<ul style="list-style-type: none"> - Disruption of store-provided services impairs customer satisfaction - Unsuitable ambient conditions impair merchandise quality and logistical service productivity - Supply chain sustainability deficiencies disrupt business processes - Service processes may be disrupted by employee absence, poor motivation, incompetence, malfeasance etc 	Significant	Possible/Likely	<ul style="list-style-type: none"> - Store closures may lead to revenue losses - Supply chain problems may increase operational costs - Logistical losses may adversely affect financial results 	<ul style="list-style-type: none"> - Risks are analyzed; insurance coverage is contracted; operational continuity plans are put in place - Temperature-controlled storage solutions and logistical services - Long-term supplier agreements; alternative sources of supply - Employees are provided with training resources; work processes are automated. 	<ul style="list-style-type: none"> - Have all business and operational premises checked for structural integrity; have alternatives available for relocation - Maintain stock levels capable of coping with supply chain process delays - Enhanced product control and efficiency due to the fact that a significant portion of distribution operations is conducted via company-owned distribution centers - Ability to integrate local producers into national distribution networks 	<ul style="list-style-type: none"> - Merchandise storage and logistics-process solutions that are more resilient to ambient conditions may protect the product quality but developing them may necessitate process optimization - Identifying alternative sources to ensure supply chain management sustainability can enhance supply security but it also necessitates flexibility in strategic planning - Increasing investment in employee training and development can strengthen service quality but it also necessitates careful management of continuous-improvement processes - Widespread adoption of automation and digitalization solutions can increase operational efficiency but it may also necessitate careful planning in solution-integration processes
Policy and Regulatory Compliance	<ul style="list-style-type: none"> - Financial and commercial losses arising from legal & regulatory frameworks - Fines and/or reputational loss arising from non-compliance with personal data protection laws and regulations - Shelf-placement, product-category, and marketing-communication restrictions - Restrictions on store openings, location changes, and business days - Violations of competition law in the conduct of marketing and sales operations 	Short-term	Significant	Possible/Likely	Medium	<ul style="list-style-type: none"> - Non-compliance with laws and regulations may give rise to serious fines and financial losses - Lapses in personal data protection undermine customer satisfaction and trust - Constraints on marketing affect brand reach and sales - Location constraints diminish operational flexibility 	Significant	Possible/Likely	<ul style="list-style-type: none"> - Non-compliance penalties generate immediate financial loss - Lapses in data security lead to customer loss and penalties - Marketing constraints may diminish revenue streams - Location constraints may stifle revenue growth 	<ul style="list-style-type: none"> - Legal compliance is regularly checked; expert consulting services are outsourced - Data processing procedures are made more rigorous; employees are regularly provided with data-protection training - Close contact is maintained with regulatory authorities; proactive compliance strategies are put in place - Local regulations are taken into account when planning operations 	<ul style="list-style-type: none"> - As a member of the Consumer Goods Forum, keep a close watch on regulatory developments in other countries; refine internal processes so as to be ready for the introduction of similar practices at home - Use Migros Approved Supplier certification to encourage suppliers to comply with Migros' food-safety standards and environmental & social impact criteria - Manage multi-format stores with varying sizes and product ranges while maintaining regulatory compliance - Operate nationwide online home-delivery platforms featuring a broad range of offerings including special product range and a variety of service options 	<ul style="list-style-type: none"> - Although proactively ensuring compliance with anticipated changes in laws and regulations may be competitively advantageous, it may also adversely impact operational pace and flexibility - Adjusting product variety to comply with regulations while simultaneously satisfying customer demand could necessitate new supply chain management procedures - Developing store-location strategies compliant with local regulations supports sustainable growth in the long term but may necessitate alternative short-term solutions
Environment	<ul style="list-style-type: none"> - Adverse impact of climate change on infrastructure and supply chains - Lost sales revenues and higher costs due to harvest losses and supply-side issues as a result of water-resource depletion and drought - Operational disruptions caused by natural disasters and extreme weather events (floods, storms) - Impact of contagious diseases on workforce and operations - Low-carbon transition adaptation challenges - Restrictions/bans on the use of some refrigerant gases - Water, air, soil, environmental pollution caused by operations 	Medium-term	Moderate	Possible/Likely	Medium	<ul style="list-style-type: none"> - Climate change threatens supply chain continuity - Drought and water depletion adversely impact the agricultural sector and its production processes - Natural disasters may disrupt operations - Epidemics constrain workforce availability and disrupt operations - Low-carbon transition necessitates strategic investments 	Moderate	Possible/Likely	<ul style="list-style-type: none"> - Climate change risks impact financial stability - Developing alternative sources and processes may necessitate additional costs but can also have long-term benefits from the standpoint of sustainability - Natural disasters increase operational costs - Epidemics complicate labor costs and financial planning - Carbon-management investments may generate short-term costs but regulatory compliance and reduced energy costs may have long-term financial benefits - Although legal compliance investments may impose short-term financial burdens, achieving legal compliance enhances brand reputation and reduces litigation risk 	<ul style="list-style-type: none"> - Sustainable energy resources are used; green logistical service practices are adhered to - Water-sparing production methods and alternative suppliers are developed - Insurance is contracted; disaster-resilience projects are carried out - Health protocols are put in place; remote-working infrastructure is strengthened - New technologies capable of reducing carbon emissions are invested in - Alternative refrigerant gas and energy resources are investigated and tested for possible deployment - Employees are provided with comprehensive training aimed at heading off potential environmental problems and protecting employee health 	<ul style="list-style-type: none"> - Achieve a 42% base-year 2020 absolute reduction in Scope 1 and Scope 2 carbon emissions by 2030; become carbon net-zero by 2050 - Identify operations in areas exposed to water risk; set water-reduction targets for them - Reduce base-year 2023 sales-area/per-day water consumption performance by 10% by 2030 - Increase stores' use of Migros-patented chilled-water refrigeration systems that eliminate up to 90% of refrigerant gas leakage - Help fight food wastage by reducing base-year 2018 food-destruction rates by 50% by 2030 - Convenient access to a variety of products and a strong supply chain through an extensive network of suppliers and farmers - Increase percentage of sustainability-certified (organic, GAP, regen ag etc) fruits and vegetables to 50% of all fresh-produce procurements by 2030 - Renewable energy investments: <ul style="list-style-type: none"> - Solar power systems installed on the roofs of the Adana, Muğla, Diyarbakır, and Torbalı Distribution Centers, MİGET, and Kocaeli Derince 5M Migros - Generate about a third of all electricity needed from company-owned renewable energy sources by end-2026 	<ul style="list-style-type: none"> - Although creating alternative sources of supply may safeguard supply continuity, it may also make logistical service processes more complex - Although shifting towards agricultural products that consume less water optimizes production processes, it may pose transition challenges for existing suppliers and producers - Although transformation processes aimed at reducing carbon emissions provide environmental benefits, they may increase the need to restructure operational processes



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Financial	<ul style="list-style-type: none"> - Adverse impact of financing on funding costs and balance sheet - Financial losses caused by economic volatility and changes in market interest rates - Impact of mandatory/regulatory changes in payment terms on cashflow - Increase in energy and product costs due to fluctuations in exchange rates 	Medium-term	Significant	Possible/Likely	Medium	<ul style="list-style-type: none"> - Difficulties in accessing sources of financing adversely impact growth plans - Economic volatilities make cost and pricing strategies more complex - Changes in payment terms adversely impact cashflow - Exchange-rate volatilities may increase costs and reduce profit margins 	Significant	Possible/Likely	<ul style="list-style-type: none"> - High financing costs may constrain growth - Economic volatilities make budget management more difficult - Cashflow disruptions impact operational budgets - Exchange-rate volatilities make financial projections more complicated 	<ul style="list-style-type: none"> - Financial risks are regularly monitored; strategies are developed to cope with them - Policies are developed to manage FX and interest rate risk exposure - Systems are developed to manage cashflows - FX rates are hedged; preference is given to domestic suppliers 	<ul style="list-style-type: none"> • Protect net cash position • Secure cost-effective financing from organizations which support sustainability initiatives that are aligned with our own sustainability practices • Provide suppliers with additional financial support to ensure supply chain sustainability • Deploy subsidiaries to create new business models 	<ul style="list-style-type: none"> - Although securing financing for investment projects and expansion strategies supports growth, it may increase borrowing costs and balance-sheet liabilities - Although opting for equity-based funding keeps debt levels low, it can limit the resources the company has for other investment opportunities - Although developing strategies to hedge against interest rate increases maintains financial stability, the strategies may entail additional costs associated with derivative instruments and insurance coverage - Although maintaining high cash reserves to increase liquidity provides financial flexibility, it can also limit the use of those funds for other purposes
Sectoral	<ul style="list-style-type: none"> - Increased competition in offline and online retailing - Inability to keep pace with changing customer expectations - Increased competition due to new entries into the sector - Inability to foresee new consumer trends in time; difficulties in adapting to them 	Medium-term	Significant	Possible/Likely	Medium	<ul style="list-style-type: none"> - Inability to keep pace with customer expectations may lead to market loss - Greater competition may make it difficult to establish a market position - Inability to adapt to new trends may lead to strategic-advantage loss 	Significant	Possible/Likely	<ul style="list-style-type: none"> - Customer loss affects financial performance - Increased competition puts pressure on profit margins - Inability to keep pace with trends may lead to revenue losses 	<ul style="list-style-type: none"> - Customer analytics and data-driven decision support systems are used - Innovative product and service development strategies are embraced - Market research and trend analyses are conducted regularly 	<ul style="list-style-type: none"> • Deploy the Migros Up co-innovation platform to create strategic partnerships among entrepreneurs and Migros specialists working together as teams • Deploy the Migros Interaction Platform to host AI-supported applications and provide needs-based self-service solutions by anticipating questions customers are likely to ask • Ability to respond to inquiries from call centers, social media, and mobile applications within 48 hours • Migros Yellow-Label system directs customers' attention to a large number of best-quality/lowest-price items throughout the year • Manage multi-format stores with varying sizes and product ranges while addressing local needs and ensuring regulatory compliance • Operate nationwide online home-delivery platforms featuring a broad range of offerings including special product range and a variety of service options • Partner with brands to create special product ranges under the "Only at Migros" portfolio 	<ul style="list-style-type: none"> - Although investing in digitization and e-commerce to rapidly align with customer demands is competitively beneficial, it may also necessitate short-term operational restructuring and budget planning - Although innovative solutions to maintain market share provide a sustainable advantage in the long term, they may also necessitate channeling more resources into R&D and new-product development processes - Although rapid changes in the product portfolio to capture trends allow for better responsiveness to customer demand, they may also increase the need for flexibility in supply chain management
Earthquakes	<ul style="list-style-type: none"> - Interruption of operations due to earthquakes* - Damage to distribution centers and disruption of their operations - Damage to stores and disruption of their operations - Damage to headquarters; employees unable to perform jobs; disruption of services across nationwide - Damage to server systems; nationwide disruption of IT services 	Medium-term	Devastating	Possible/Likely	Significant	<ul style="list-style-type: none"> - Operational process disruptions may impact supply chains and customer satisfaction - Reduced regional access and service capacity may also adversely affect customer experience - Disruptions may occur in corporate governance and coordination; critical processes may be adversely impacted - IT infrastructure failures can disrupt digital services and lead to a loss of confidence in customer and operational processes 	Devastating	Possible/Likely	<ul style="list-style-type: none"> - Backup storage facilities and alternative logistics plans are prepared; rapid-response crisis management and damage-control teams are formed - Regional risk analyses are conducted; structural integrity is strengthened at critical stores; mobile store solutions are used to provide temporary services - Infrastructure is installed to allow employees to work remotely; alternative management hubs are created - Backup centers, cloud systems, and data security solutions are deployed 	<ul style="list-style-type: none"> - Make structural seismic resilience testing a prerequisite for any newly-opened stores and distribution centers - Require the structural integrity of existing buildings to be inspected by chartered surveyors; have preliminary assessments performed; require property owners to have buildings reinforced when deemed necessary 	<ul style="list-style-type: none"> - Ability to ensure business continuity both by shifting operations to regionally and geographically dispersed stores and distribution centers and by getting support from other locations across the country 	

* Determined as the top 2 risks in the company's risk assessment.

Risks & Opportunities

Risk Materiality & Impact Analysis Framework

Migros has created a comprehensive risk-materiality matrix to quantify and manage the impact of sustainability-related risks on its business. This matrix shows how Migros prioritizes risks by considering their timeframe, probability, and financial impact on the one hand and how this materiality informs the company's strategic plans on the other.

By assessing the potential contributions of risks to financial and operational losses, the analyses in the table offer a systematic approach for determining which risks are the most critical and how their management should be prioritized.

Risk Duration and Probability of Occurrence:

Migros classifies risks on the basis of their short, medium, and long-term likelihood and details their impact on its operations accordingly. Classifying risks according to their risk duration and likelihood of occurrence helps to better understand their impact over time and thus to prioritize their management.

Impact Magnitude and Financial Consequences of Risks:

For purposes of risk management, the magnitude of a risk is a measure of its potential impact on turnover and profitability; the consequences of that impact inform the company's decision-making processes. Analyzing the impact and financial consequences of risks and opportunities shows Migros' exposure to them broken down by their magnitude and effect.

Classification According to the Risk Materiality Matrix:

To compute the priority of a risk, Migros multiplies the likelihood of its occurrence by its financial impact. This calculation provides a clear framework for deciding which risks are critical and which may be dealt with less urgently.

Risk Duration		Likelihood of Occurrence		Impact Magnitude			Risk Priority (= Likelihood * Impact)	
0-1 year	Short-term	1.0-1.5 points	Rare/Unlikely	1.0-1.5 points	Less than 1% loss in turnover or profitability	Negligible	1.0-3.0 points	Low
1-5 years	Medium-term	1.5-2.5 points	Possible/Likely	1.5-2.5 points	1%-10% loss in turnover or profitability	Moderate	4-8 points	Medium
5+ years	Long-term	2.5-3.5 points	Frequent/ Probable	2.5-3.5 points	10-20% loss in turnover/10% or more loss in profitability	Significant	9-12 points	Significant
		3.5-4.0 points	Very Often / Almost Certain	3.5-4.0 points	More than 20% loss in turnover / 1 year loss in profit	Devastating	12-16 points	Critical

Double Materiality Analysis

Migros prioritizes issues in two ways taking into account both the impact of the company's operations on society and the environment on the one hand and the impact of externalities on Migros' business model and value chain on the other. For the conduct of its 2024 materiality analysis, Migros used the double-materiality methodology to determine the financial priority and impact priority of issues. This analysis approach results in a comprehensive view that takes into account the impact of key sustainability issues on Migros' finances and operations while simultaneously drawing attention to the social and environmental ramifications of those issues.

Identifying Focus Topics

When defining its sustainability value areas and focus topics, Migros keeps a close watch both on current retailing-industry developments and on national and international standards and regulations. The company shapes its business processes in line with the expectations of its employees and other stakeholders while also seeking to align itself with global sustainability dynamics.

A variety of methods are used to ensure the comprehensiveness and currency of all focus topics:

- A detailed review is conducted of the key themes that were highlighted in previous years;
- Stakeholder feedback is collected through workshops, surveys, and sectoral research;
- Global sustainability developments (especially United Nations Sustainable Development

Goals), sectorally-recognized best practices, and international reporting standards are analyzed;

- Consideration is given to risks which have been expressed by the Migros Board of Directors or by investors and shareholders at general meetings.
- All prioritization processes are regularly reviewed by means of comprehensive stakeholder surveys that are conducted every other year.

Key focus topics identified using the methods outlined above are strategically and comprehensively integrated into Migros' business and operational processes. This method effectively ensures that risks are minimized and opportunities are taken in line with the company's long-term value-creation goals. Once identified, focus topics provide the overall framework for Migros sustainability strategies and roadmaps and are communicated to stakeholders through the **Migros Better Future Plan**.

Associating Risks & Opportunities with Focus Topics

By identifying the relationship between sustainability-related risks and opportunities with Migros' key focus topics in sustainability, the company establishes its sustainability strategies on solid foundations in terms of both operational efficiency and financial sustainability. Topics with a significant impact on Migros are prioritized, and necessary actions are planned to ensure financial stability. This approach allows Migros to manage its most critical risks while simultaneously enabling the company to reap the benefit of opportunities which generate the most value but which are also consistent with Migros' sustainable-growth goals.

Linking risks to focus topics reveals the direct relationship between risk/opportunity factors on the one hand and Migros' long-term sustainability goals on the other; it also makes it possible to prioritize whatever action needs to be taken. This in turn helps ensure that the management of both operational processes and financial performance is correctly aligned with Migros' sustainability principles.

For the conduct of its 2024 materiality analysis, Migros used the double-materiality methodology to determine the financial priority and impact priority of issues.





Double Materiality Analysis

Risk Categories Focus Areas	Product Data Accessibility & Transparency	Responsibility & Awareness Studies	Ecosystem Sustainability Through Transparent, Responsible, Ethical Governance	Supporting the Circular Economy	Increasing Access to Healthy/Sustainable Products and Services with Business Partners	Innovative Practices	Gender & Opportunity Equality	Good & Trustworthy Customer Experience	Extensive Combat Against Climate Change	Health & Safety of our Employees	Employee Satisfaction & Talent Management	Sustainable Agriculture & Saving Food	Generating Sustainable Economic Value
Earthquakes			X		X	X		X		X	X		X
Reputation			X		X		X	X			X		X
Workforce		X				X	X			X	X		
Technological	X		X			X		X			X		X
Operational	X	X	X	X	X		X	X	X	X	X	X	X
Compliance, Policies & Regulations	X		X		X	X		X			X		X
Environmental		X		X	X	X			X	X	X	X	X
Financial			X		X			X			X	X	X

Double Materiality Analysis

Double Materiality Analysis: Impact Materiality & Financial Materiality

Impact Materiality

Migros analyzes each risk and opportunity in terms of its current and potential impact on the company's business processes, operational productivity, and brand reputation. A stakeholder engagement survey was carried out for the purpose of prioritizing the current impact of Migros' operations and sustainability strategies. The survey aims to comprehensively understand the current sustainability impacts based on feedback solicited from all stakeholder groups which interact with Migros and its operations whether directly or indirectly. This stakeholder survey was conducted with approximately 600 participants, including suppliers, employees, customer stakeholder groups, and Sustainability Committee members. Stakeholder feedback was used to identify which topics were of the most concern to respondents. These topics were then integrated into the company's strategic governance mechanisms. The magnitude of the environmental and social impact of each risk, the likelihood of the risk's occurrence, the risk's priority, and how it was prioritized were all determined. Sustainability risks and opportunities were considered and prioritized not just in terms of their existing impact but also in light of their potential impact in the future as well, with the results of this analysis being included in strategic planning. This process provides a better understanding of Migros' environmental and social impact, enables the company to deploy its resources in the most productive way possible by channeling them into critically important areas, and ensures that Migros shapes its sustainability strategies more effectively.

Financial Materiality

Besides assessing the environmental and social impact of Migros' risks and opportunities, double-materiality analysis also allows for a comprehensive assessment of the risks' impact on the company's financial performance. In the course of this analysis, consideration was given to the magnitude and likelihood of a risk's impact on Migros' financial performance; the findings then determined how the risk should be financially prioritized. Financial materiality analysis ensures that sustainability investments are effectively managed, that risks can be minimized and long-term financial stability achieved, and that new opportunities can be tapped through revenue-enhancing activities.

Risks and opportunities that may affect Migros' financial position, financial performance, and cash flows in the short, medium, and long term are addressed in accordance with TSRS S2 (Türkiye Sustainability Reporting Standard: Climate-Related Disclosures). These are presented in detail in the "Extensive Combat Against Climate Change" section of this report.

Double-Materiality Analysis Results

According to the results of this year's double-materiality analysis, the areas which are likely to have the greatest impact on both financial performance and operational results are:

- Generating sustainable economic value
- Good & trustworthy customer experience
- Access to healthy/sustainable products and services

Initiatives in these three areas are important from the standpoint of ensuring business continuity and supporting growth.

Three issues are seen as being strategically important from the standpoint of enhancing organizational productivity and improving the company's competitive position:

- Employee satisfaction & talent management
- Sustainable agriculture & saving food
- Innovative practices

Finally, three issues are seen as contributing to more sustainable business models and as being intrinsic to the company's long-term value-creation strategies:

- Extensive combat against climate change
- Gender & opportunity equality
- Supporting circular economy

All sustainability issues are regularly and closely monitored and are reconsidered as need be in light of changing dynamics. While action to address priority issues is taken as quickly as possible, other issues are also being taken into consideration during the development processes. All action is taken in line with sustainable growth objectives. This helps ensure that resources are effectively and strategically managed so as to achieve Migros' long-term success.

Migros analyzes each risk and opportunity in terms of its current and potential impact on the company's business processes, operational productivity, and brand reputation.





Double Materiality Analysis

