

# MiGROS



**Migros Ticaret A.Ş.**

**01.01.2014 – 31.12.2014**

**Activity Report**

**(CONVENIENCE TRANSLATION OF  
INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT  
ORIGINALLY ISSUED IN TURKISH)**

**INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT**

**To the Board of Directors of  
Migros Ticaret A.Ş.**

**Report on the Audit of Management's Annual Report in accordance with Independent Auditing Standards**

We have audited the annual report of Migros Ticaret A.Ş. ("the Company") and its subsidiaries (together will be referred as "the Group") for the period ended 31 December 2014.

*Management's Responsibility for the Annual Report*

The Group Management is responsible for the preparation and fair presentation of the annual report which is consistent with the consolidated financial statements in accordance with the Article 514 of the Turkish Commercial Code No. 6102 ("TCC") and "Communiqué on Principles of Financial Reporting in Capital Markets" with No.14.1 of the Capital Markets Board ("the Communiqué"), and for such internal control as management determines relevant to the preparation and fair presentation of such annual report.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the Company's annual report based on our audit conducted in accordance with the provisions of the Article 397 of the TCC and the Communiqué. Our audit involves whether the financial information provided in the annual report are fairly presented and consistent with the consolidated financial statements.

We conducted our audit in accordance with Independent Auditing Standards, which is a part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial information provided in the annual report are fairly presented and consistent with the consolidated financial statements.

An audit involves performing procedures to obtain audit evidence about the historical financial information. The procedures selected depend on the auditor's judgment.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Opinion*

In our opinion, the financial information provided in the Management's annual report, in all material respects, are fairly presented and consistent with the audited consolidated financial statements.

## **Other Legal and Regulatory Requirements**

In accordance with paragraph three of the Article 402 of the TCC, nothing significant has come to our attention that may cause us to believe that the Company may not continue its activities for the foreseeable future in accordance with Independent Auditing Standard 570 "Going Concern".

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



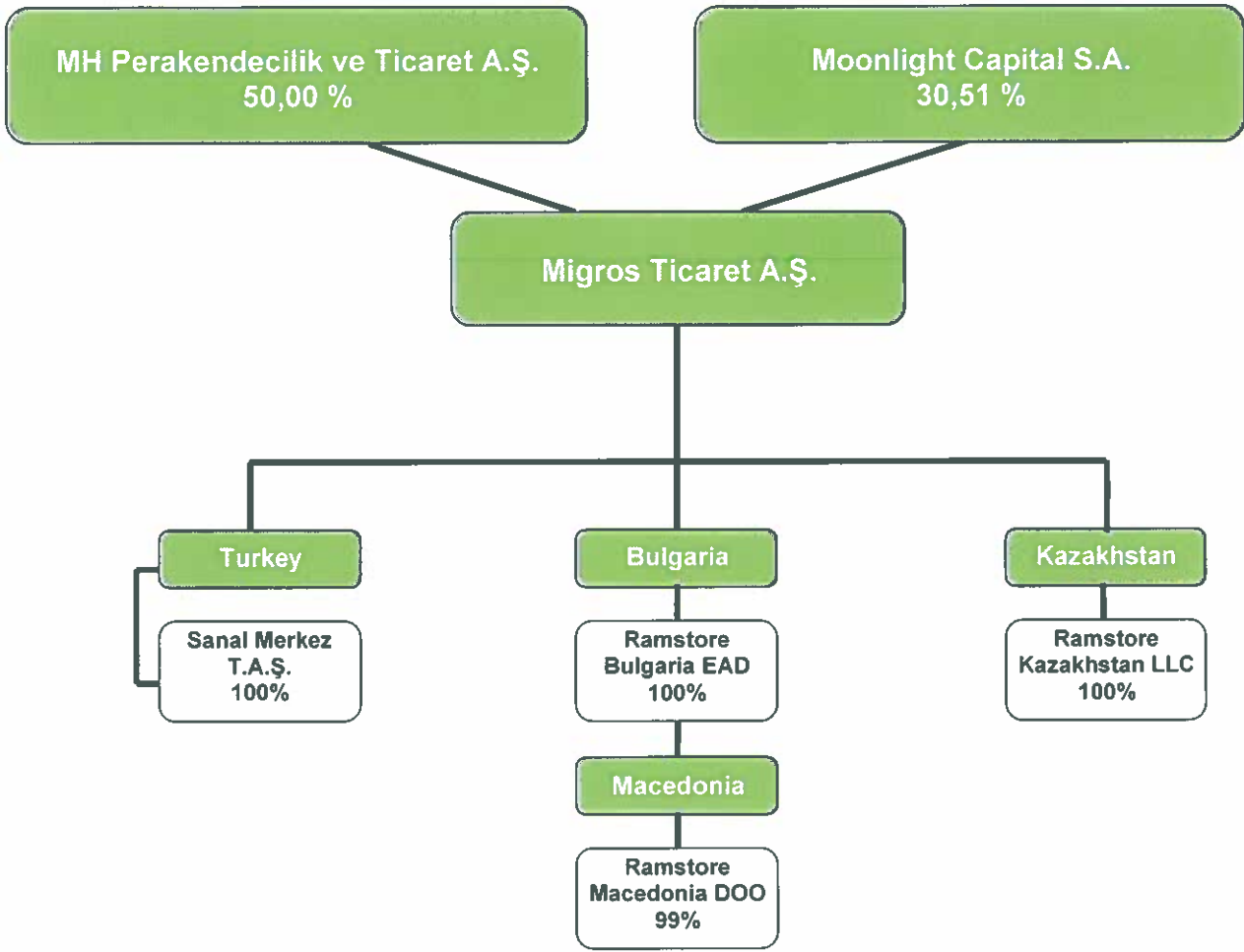
## CORPORATE PROFILE

|   |  |
|---|--|
| <b>Company</b>                              | <b>: Migros Ticaret A.Ş.</b>   |
| <b>The Date of Foundation*</b>              | <b>: 19.03.2008</b>  |
| <b>Trade Registry Office</b>                | <b>: Istanbul Trade Registry Office</b>  |
| <b>Trade Registry Number</b>                | <b>: 659896</b>  |
| <b>Tax Administration</b>                   | <b>: Büyük Mükellefler Vergi Dairesi</b>   |
| <b>Tax ID</b>                               | <b>: 6220529513</b>  |
| <b>Address</b>                              | <b>: Atatürk Mahallesi Turgut Özal Bulvarı No: 7<br/>34758 Ataşehir - İstanbul</b> |
| <b>Phone</b>                                | <b>: 0216 579 30 00</b>  |
| <b>Fax</b>                                  | <b>: 0216 579 35 00</b>  |
| <b>Corporate Web Site</b>                   | <b>: <a href="http://www.migroskurumsal.com">www.migroskurumsal.com</a></b>        |
| <b>E-mail</b>                               | <b>: <a href="mailto:malimigros@migros.com.tr">malimigros@migros.com.tr</a></b>    |
| <b>Capital</b>                              | <b>: TL 178,030,000</b>  |
| <b>Stock Exchange</b>                       | <b>: Borsa İstanbul</b>  |
| <b>Listing Year at the Stock Exchange**</b> | <b>: 2009</b>  |
| <b>Symbol</b>                               | <b>: MGROS.IS</b>  |

*(\*)*: Migros Türk T.A.Ş. and Moonlight Perakendecilik ve Ticaret A.Ş., established in March 19, 2008, were merged on April 30, 2009. Moonlight changed its name to Migros Ticaret A.Ş. subsequent to the merger.

*(\*\*)*: It is the first listing date of Migros Ticaret A.Ş. in ISE following the merger with Migros Türk T.A.Ş.

## Migros Ticaret A.Ş. Ownership Structure and Its Subsidiaries as of December 31, 2014



## INTRODUCTION: AN ECONOMIC REVIEW AND RETAIL MARKET

Gross Domestic Product (GDP) grew by 2.8% in the first 9 months of 2014 in real terms. Food, beverage and tobacco spend increased by 2.2% in real terms and 13.9% in nominal terms, during the same period. In the first 9 months of 2014, the consumption expenditure of households rose by 1.9% at constant prices and 8.5% at current prices with respect to the first 9 months of 2013.

The CPI, which was 7.40% in 2013, rose to 8.17% in 2014. The prices of food and non-alcoholic beverages grew by 12.73% in comparison to last year. The CPI for 2015 is expected to be in downward trend. According to the Central Bank of Turkey (CBT), the annual CPI is expected to be 5.5% in 2015.

According to Turkstat, calendar adjusted retail turnover with current prices increased by 8.1% in December 2014 compared with the same month of previous year. In the same month, food, drinks and tobacco sales increased by 15.0%.

Calendar adjusted retail sales volume with constant prices increased by 5.0% in December 2014 compared with the same month of previous year. In the same month, food, drinks and tobacco sales increased by 3.2%.

## SECTION 1: CORPORATE INFORMATION

### Board of Directors

Board Members of our Company are shown below.

### Board of Directors

|                                 |   |
|---------------------------------|---|
| Fevzi Bülent Özaydınlı          | Chairman  |
| Nicholas Stathopoulos           | Board Member / Member of the Corporate Governance Committee   |
| Stefano Ferraresi               | Board Member / Member of the Early Recognition of Risk Committee  |
| Ömer Özgür Tort                 | Board Member / General Manager  |
| Giovanni Maria Cavallini        | Board Member  |
| Glen Allen Osmond               | Board Member  |
| Jacob Cornelio Adriano de Jonge | Independent Board Member / President of the Early Recognition of Risk Committee                                 |
| Tayfun Bayazit                  | Independent Board Member / President of the Audit Committee / Member of the Early Recognition of Risk Committee |
| Hakkı Hasan Yılmaz              | Independent Board Member / President of the Corporate Governance Committee / Member of the Audit Committee      |

Information on external positions held by Board members and Independent Board Members' Affidavit is provided at the Company corporate website at [www.migroskurumsal.com](http://www.migroskurumsal.com). 17 Board of Directors resolutions were taken throughout the year with the attendance of at least 5 signatories.

### Authorities and Duties of the Board of Directors

According to the Articles of Association of the Company, the Board of Directors have the authority to take any decision with the exception of matters that needs the resolution of the General Assembly in accordance with the laws and Company's Articles of Association.

### Authorities and Duties of the Auditors

Article 400 ("Auditors") of the Turkish Commercial Code reads:

An auditor may be any individual who is licensed pursuant to the Certified Public Accountancy and Chartered Accountancy Act (Statute 3568 dated 1 June 1989) to perform independent audits as a chartered accountant or as a certified public accountant and who has been authorized to do so by the Public Oversight, Accounting, and Auditing Standards Authority and/or by a joint-stock company whose shareholders consist of such individuals.

At the Company's 2013 Ordinary General Assembly Meeting dated April 10, 2014, "DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş." (a member of Deloitte Touche Tohmatsu Limited) was elected as auditor for 2014 fiscal year.

The Audit Committee consists of two independent board members, Tayfun Bayazit, the committee president and Hakkı Hasan Yılmaz, the committee member. The Audit Committee convenes four times a year.

### The shareholding structure of Migros Ticaret A.Ş.

The names of shareholders, shareholding amounts and percentages of the shareholders holding more than 10% of the TL 178,030,000 capital, are as follows:

As of December 31, 2014;

| Migros Ticaret A.Ş.               |               |                    |
|-----------------------------------|---------------|--------------------|
| Shareholder                       | Share (%)     | Amount (TL)        |
| MH Perakendecilik ve Ticaret A.Ş. | 50.00         | 89,015,000         |
| Moonlight Capital S.A.            | 30.51         | 54,308,336         |
| Other                             | 19.49         | 34,706,664         |
| <b>Total</b>                      | <b>100.00</b> | <b>178,030,000</b> |

In order to indirectly acquire 40,25% shares of Migros Ticaret A.Ş., Anadolu Endüstri Holding A.Ş. ("AEH") made a non-binding offer to the main shareholder of Migros (BC Partners). On 31 December 2014, a share purchase agreement was signed between Moonlight Capital S.A. (the sole owner of MH Perakendecilik) and AEH for the purpose of the indirect acquisition of 40,25% of the shares of Migros by AEH subject to obtaining required approvals from relevant official and regulatory authorities and other pre-conditions. In the footnote 33 'Subsequent Events' of the Consolidated Financial Statements, necessary explanations are provided on the matter.

### Information About the Most Recent Capital Increase

No increase was made in the capital during January 01 – December 31, 2014.

### Information on General Assembly Meeting

#### General Assembly Meeting

Meeting Minutes and List of Attendees pertaining to 2013 Ordinary General Assembly Meeting of our Company dated April 10, 2014 were disclosed in our corporate web site ([www.migroskurumsal.com](http://www.migroskurumsal.com)). In the Ordinary General Assembly Meeting, the statutory and the consolidated financial statements dated 31.12.2013, which was prepared in accordance with IFRS and the other agenda articles were duly accepted.

During the General Assembly Meeting, as per the Communique of the Board of Capital Markets on Independent Auditing Standards, it was resolved by the Board of Directors that "DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş." (a member of Deloitte Touche Tohmatsu Limited) which was recommended by the Audit Committee and selected for the year 2014 be authorized to act as independent external auditor.

### Amendments in the Articles of Association

No change was made in the Articles of Association during January 01 – December 31, 2014.

The Articles of Association is posted to the Investor Relations page of the corporate website of the Company ([www.migroskurumsal.com](http://www.migroskurumsal.com)).

### The Dividend Policy of Migros

As it was submitted to shareholders at the Ordinary General Assembly Meeting on April 10, 2014;

In line with the Company's long-term strategies, investments and financing plans and profitability, the amount of dividend, which determined by the Board of Directors and submitted for the approval of the General Assembly, computed in accordance with the CMB communiqués and regulations, can be distributed in cash or in the form of bonus shares of stock, or some combination of the two, or retain in the Company.

If General Assembly approves dividend distribution; due dates for distribution will be either decided individually by the General Assembly or General Assembly may authorize Boards of Directors. In any case, distribution should start the latest by the end of the fiscal year, in which the General Assembly approves the dividend distribution. Additionally, distribution is complied with all other requirements stated in Capital Market Law and CMB communiqués.

There are no preferred stocks and any individual to take part in the profits other than shareholders in the Company.

This is the Company's policy for the next three years. Any change in this policy will be publicly disclosed.

### The Dividend Distribution

At the Ordinary General Assembly Meeting of our company held on April 10, 2014;

In light of the principles set forth in the Capital Markets Board (CMB) Communique on Profit Shares (II-19.1) as well as the provisions of the Articles of Association of our Company and the framework of the profit distribution policies disclosed to the public by our company, it was decided that no profit be distributed for 2013 since the company recorded a net loss according to the 2013 consolidated financial statements prepared in accordance with CMB legislation.

## SECTION 2: FINANCIAL INFORMATION

### Sales

(thousand TL)

|                             | January 1 – Dec. 31, 2014 | January 1 – Dec. 31, 2013 |
|-----------------------------|---------------------------|---------------------------|
| Domestic sales              | 7,898,055                 | 6,897,693                 |
| Foreign sales               | 437,035                   | 419,992                   |
|                             | 8,335,090                 | 7,317,685                 |
| Other sales                 | 13,752                    | 13,590                    |
|                             | 8,348,842                 | 7,331,275                 |
| Less: Discounts and returns | (226,175)                 | (204,350)                 |
| <b>Sales revenue – net</b>  | <b>8,122,667</b>          | <b>7,126,925</b>          |

### The Financial Ratios

#### The financial resources and the risk management policies

##### Loans

As of December 31, 2014, the outstanding loans of the Company stands at TL 2,352,789 thousand, out of which TL 569,963 thousand, is due within the next 12 months.

##### Risk management policies

The company's exposure to the fluctuations in foreign exchange rates and interest rates, is mainly due to the foreign exchange denominated loans in its Balance Sheet. Foreign exchange risk from loans and fluctuations in Euribor rates are continuously monitored and partially limited by hedging derivative instruments. Detailed information has been provided at Note 29, titled Financial Risk Management, of Consolidated Financial Statements for the Year Ended 31 December 2014 of the Company.

Risk management is implemented by each subsidiary within the framework of policies decided by the Board of Directors.

At the Board of Directors meeting dated 9 October 2012, Tayfun Bayazit, Jacob Cornelio Adriano de Jonge, Stefano Ferraresi and Erkin Yılmaz were elected to the Early Recognition of Risk Committee which was founded in accordance with the New Turkish Commercial Code, Capital Markets Code and Corporate Governance Principles. Jacob Cornelio Adriano de Jonge was elected as the President of the Committee in accordance with Capital Markets Board regulations. The committee, consists of four members, convenes six times in a year.

The Early Recognition of Risk Committee coordinates to take precaution against predictable risks that the company might face as a result of its financial structure.

##### The significant events that take place from ending of the fiscal period to publication of the respective financial statements

In the footnote 33 'Subsequent Events' of the Consolidated Financial Statements, necessary explanations are provided on the matter.

##### The quality and amount of the capital market instruments that have been issued

N/A.



Financial Statements

| <b>Migros - IFRS Consolidated Income Statement Summary<br/>(Thousand TL)</b> | <b>Jan. 01 –<br/>Dec. 31, 2014</b> | <b>%</b>     | <b>Jan. 01 –<br/>Dec. 31, 2013</b> | <b>%</b>     |
|--|------------------------------------|--------------|------------------------------------|--------------|
| <b>Net Sales</b>   | <b>8,122,667</b>                   | <b>100.0</b> | <b>7,126,925</b>                   | <b>100.0</b> |
| Cost of sales (-)  | -5,956,383                         | -73.3        | -5,232,223                         | -73.4        |
| <b>Gross Profit</b>  | <b>2,166,284</b>                   | <b>26.7</b>  | <b>1,894,702</b>                   | <b>26.6</b>  |
| Operating Expenses   | -1,838,282                         | -22.6        | -1,603,262                         | -22.5        |
| Other Operating Income / (Expense)   | -92,739                            | -1.1         | -55,398                            | -0.8         |
| <b>Operating Profit</b>  | <b>235,263</b>                     | <b>2.9</b>   | <b>236,042</b>                     | <b>3.3</b>   |
| Income / (Expense) from investment activities                                | -1,764                             | 0.0          | -5,755                             | -0.1         |
| <b>Operating Income Before Finance Income / (Expense)</b>                    | <b>233,499</b>                     | <b>2.9</b>   | <b>230,287</b>                     | <b>3.2</b>   |
| Financial Income / (Expense)   | -49,501                            | -0.6         | -615,004                           | -8.6         |
| <b>Income/Loss Before Tax</b>  | <b>183,998</b>                     | <b>2.3</b>   | <b>-384,717</b>                    | <b>-5.4</b>  |
| Tax Income / (Expenses)  | -85,278                            | -1.0         | -70,938                            | -1.0         |
| Deferred Tax Income  | -214                               | 0.0          | -7,478                             | -0.1         |
| <b>Net Profit / Loss</b>   | <b>98,506</b>                      | <b>1.2</b>   | <b>-463,133</b>                    | <b>-6.5</b>  |
| <i>Income For The Period-Non-controlling Interest</i>                        | -7                                 | 0.0          | 42                                 | 0.0          |
| <i>Income For The Period-Parent Company Shares</i>                           | 98,513                             | 1.2          | -463,175                           | -6.5         |

|                |                |             |                |             |
|----------------|----------------|-------------|----------------|-------------|
| <b>EBITDA</b>  | <b>532,005</b> | <b>6.5</b>  | <b>469,255</b> | <b>6.6</b>  |
| <b>EBITDAR</b> | <b>934,075</b> | <b>11.5</b> | <b>812,916</b> | <b>11.4</b> |

| <b>Migros IFRS Consolidated Balance Sheet<br/>Summary (Thousand TL)</b> | <b>December 2014</b> | <b>%</b>     | <b>December 2013</b> | <b>%</b>     |
|---|----------------------|--------------|----------------------|--------------|
| Current Assets  | 1,729,234            | 30.9         | 1,980,727            | 34.2         |
| Non-current Assets  | 3,864,261            | 69.1         | 3,815,908            | 65.8         |
| <b>Total Assets</b>   | <b>5,593,495</b>     | <b>100.0</b> | <b>5,796,635</b>     | <b>100.0</b> |
| Current Liabilities   | 2,715,930            | 48.6         | 2,360,669            | 40.7         |
| Non-current Liabilities   | 1,958,399            | 35.0         | 2,605,742            | 45.0         |
| <b>Total Liabilities</b>  | <b>4,674,329</b>     | <b>83.6</b>  | <b>4,966,411</b>     | <b>85.7</b>  |
| Parent Company Equity   | 918,612              | 16.4         | 829,533              | 14.3         |
| Non-controlling Interest  | 554                  | 0.0          | 691                  | 0.0          |
| <b>Total Equity</b>   | <b>919,166</b>       | <b>16.4</b>  | <b>830,224</b>       | <b>14.3</b>  |
| <b>Total Liabilities and Equity</b>                                     | <b>5,593,495</b>     | <b>100.0</b> | <b>5,796,635</b>     | <b>100.0</b> |

### Financial Structure and Profitability Ratios

| <b>LIQUIDITY RATIOS</b> | <b>December 2014</b> | <b>December 2013</b> |
|-------------------------|----------------------|----------------------|
| Current Ratio           | 0.64                 | 0.84                 |

| <b>FINANCIAL STRUCTURE RATIOS</b>                                   | <b>December 2014</b> | <b>December 2013</b> |
|---|----------------------|----------------------|
| Financial Leverage (Total Liabilities / Total Liabilities & Equity) | 0.84                 | 0.86                 |
| Total Liabilities / Equity  | 5.09                 | 5.98                 |
| Financial Liabilities / Total Assets                                | 0.42                 | 0.51                 |
| Net Cash Position (Thousand TL)                                     | -1,673,452           | -1,887,060           |

| <b>PROFITABILITY RATIOS (%)</b> | <b>Jan. 1 – Dec. 31, 2014</b> | <b>Jan. 1 – Dec. 31, 2013</b> |
|---------------------------------|-------------------------------|-------------------------------|
| Gross Profit Margin             | 26.7                          | 26.6                          |
| Operating Profit Margin         | 2.9                           | 3.3                           |
| EBITDA Margin                   | 6.5                           | 6.6                           |
| EBITDAR Margin                  | 11.5                          | 11.4                          |
| Net Profit / Loss Margin        | 1.2                           | -6.5                          |

| <b>SHARE PERFORMANCE RATIOS</b> | <b>December 2014</b> | <b>December 2013</b> |
|---------------------------------|----------------------|----------------------|
| Market Cap (Thousand TL)        | 4,050,183            | 2,848,480            |
| Share Price (TL)                | 22.75                | 16.00                |
| Earnings Per Share (EPS) (Kr)   | 0.55                 | -2.60                |

## SECTION 3: OPERATIONAL ACTIVITIES

### Position of Migros in the Sector and Investments

Operating in the food and consumer goods sector, Migros Ticaret A.Ş. is engaged in the retail sale of all types of food products and consumer goods, as well as their wholesale for retail consumption. The Company also operates shopping malls in Turkey and abroad through its subsidiaries.

The Company operates a network of 1,190 stores in total at the end of December 31, 2014, of these 273 Migros Jet, 319 M, 213 MM, 79 MMM Migros supermarkets, 24 5M hypermarkets, 128 Mini, 54 Midi, 30 Maxi Tansaş supermarkets and 28 Macrocenter stores in seven geographical regions throughout Turkey, as well as 26 Ramstores and 1 Macrocenter in Kazakhstan and 15 Ramstores in Macedonia operated through its subsidiaries abroad.

During January 01 – December 31, 2014, Migros Ticaret A.Ş. opened 193 supermarkets, 3 hypermarkets in Turkey and 2 Ramstore and 1 Macrocenter abroad.

#### In Turkey;

| <b>173 Migros stores</b> |                       |                       |                                |
|--------------------------|-----------------------|-----------------------|--------------------------------|
| <b>M (44 stores)</b>     | <b>MM (16 stores)</b> | <b>MMM (4 stores)</b> | <b>Migros Jet (109 stores)</b> |
| Kırklareli (1)           | İstanbul (6)          | İstanbul (2)          | İstanbul (40)                  |
| Malatya (1)              | Bursa (1)             | Tokat (1)             | Samsun (4)                     |
| Tekirdağ (3)             | Antalya (1)           | Muğla (1)             | Kırıkkale (1)                  |
| Mersin (1)               | Kocaeli (1)           |                       | Eskişehir (1)                  |
| Mardin (1)               | İzmir (1)             |                       | Kocaeli (4)                    |
| Antalya (6)              | Kırıkkale (1)         |                       | Yalova (1)                     |
| Aydın (3)                | Kırşehir (1)          |                       | Muğla (9)                      |
| Isparta (2)              | Gaziantep (1)         |                       | Antalya (8)                    |
| Erzurum (2)              | Bursa (1)             |                       | Bursa (8)                      |
| Çorum (3)                | Van (1)               |                       | Balıkesir (7)                  |
| Muğla (2)                | Karabük (1)           |                       | Aydın (1)                      |
| Balıkesir (1)            |                       |                       | Tekirdağ (2)                   |
| Kocaeli (1)              |                       |                       | Mersin (2)                     |
| Bursa (2)                |                       |                       | Adana (3)                      |
| Hatay (2)                |                       |                       | Ankara (6)                     |
| Kahramanmaraş (1)        |                       |                       | Artvin (1)                     |
| Trabzon (1)              |                       |                       | Bilecik (1)                    |
| Elazığ (1)               |                       |                       | Denizli (2)                    |
| Burdur (1)               |                       |                       | İzmir (6)                      |
| Denizli (2)              |                       |                       | Zonguldak (1)                  |
| Eskişehir (1)            |                       |                       | Manisa (1)                     |
| İstanbul (2)             |                       |                       |                                |
| İzmir (1)                |                       |                       |                                |
| Kayseri (2)              |                       |                       |                                |
| Samsun (1)               |                       |                       |                                |

| <b>15 Tansaş stores</b> |
|-------------------------|
| <b>Mini (15 stores)</b> |
| Aydın (4)               |
| Muğla (3)               |
| Balıkesir (2)           |
| İzmir (6)               |

| <b>5 Macrocenter stores</b> |
|-----------------------------|
| İstanbul (3)                |
| Ankara (1)                  |
| Muğla (1)                   |

| <b>3 5M Hypermarket stores</b> |
|--------------------------------|
| İstanbul (1)                   |
| Diyarbakır (1)                 |
| Aydın (1)                      |

#### Abroad;

| <b>2 Ramstores</b> |
|--------------------|
| Kazakhstan (1)     |
| Macedonia (1)      |

| <b>1 Macrocenter store</b> |
|----------------------------|
| Kazakhstan (1)             |

## SECTION 4: CORPORATE GOVERNANCE

### Statement of Compliance with Corporate Governance Principle

Migros Ticaret A.Ş. is taking necessary steps to adopt the “**Communiqué on Corporate Governance (II-17.1)**”, which were announced by the Capital Markets Board of Turkey (CMB). The application of the main principles of Corporate Governance, which are fairness, transparency, responsibility and accountability are continuously reviewed, deficiencies are addressed with the aspiration of becoming an exemplary role model. The Company has adopted the main principles of Corporate Governance which are:

- a) Fairness
- b) Transparency
- c) Responsibility
- d) Accountability.

Migros Corporate Governance Principles Compliance Report, in addition to the annual report, can be accessed at the corporate website ([www.migroskurumsal.com](http://www.migroskurumsal.com)) in the Investor Relations section.

### Corporate Governance Committee

The working principles of the Corporate Governance Committee are determined by the Board of Directors in line with the requirements of “**Communiqué on Corporate Governance (II-17.1)**” and the requirements of Turkish commercial law. The committee’s duties consist of overseeing the company’s compliance with corporate governance principles, with taking such action as may be required by current Capital Markets Law and other applicable laws, regulations, and administrative provisions, and with making such recommendations to the Board of Directors as may be deemed to be necessary to constantly improve the company’s performance in the area of corporate governance.

A corporate governance committee was set up in 2007 and charged with monitoring corporate governance activities throughout the company and with overseeing the work of the Investor Relations Department.

Hakkı Hasan Yılmaz, Nicholas Stathopoulos and Affan Nomak were elected to the Corporate Governance Committee at the Board of Directors meeting dated 9 October 2012. Besides, independent Board member Hakkı Hasan Yılmaz was elected as the President of the Committee in accordance with Capital Markets Board regulations. Furthermore, within the scope of the “**Communiqué on Corporate Governance (II-17.1)**”, it has been resolved that the Corporate Governance Committee will be responsible for the duties of the Nomination Committee and the Remuneration Committee. The committee, consists of three members, convenes four times in a year.

### Investor Relations

Investor Relations Department, founded under the Finance Department in 2003, not only manages the relations with domestic and foreign investors but also the processes related to General Assembly, capital increases and dividend distribution. All enquiries and transactions of the shareholders regarding capital increases and dividend payments are handled here by the Investor Relations Department.

In addition, the Investor Relations communicates directly with various institutions including the Capital Markets Board (CMB), Borsa Istanbul (BIST), Central Registry Agency (CRA) and Takasbank (ISE Settlement and Custody Bank Inc.) and represents the Company. Keeping records of the Board of Directors meetings and material disclosures to the Public Disclosure Platform (KAP) in compliance with the CMB Communiqué on Material Events are among the Department’s other activities. Migros’ Investor Relations Department keeps up with relevant legislation as well as CMB communiqués and informs the senior management on the matters requiring compliance.

The department also responds to the information requests about the Company. Investor Relations is also responsible for the preparation of the annual reports as well as the coordination of Corporate Governance operations and activities.

All shareholders requesting information about Migros can submit their queries by sending e-mail to [investor\\_relations@migros.com.tr](mailto:investor_relations@migros.com.tr). All other channels of communication are also available for the shareholders.

### Other Matters

The stakeholders can reach the Corporate Governance Principles Compliance Report as well as the information on corporate social responsibility activities which has an impact on social and environmental matters, employees’ rights and their vocational training at the Company corporate website at [www.migroskurumsal.com](http://www.migroskurumsal.com). The assessment of the Board of Directors on the Committees’ work guidelines and their effectiveness is included in the Corporate Governance Principles Compliance Report.

Sustainability efforts of the Company have been restructured and the related documents on Sustainability are posted on the Company corporate website under the Investor Relations page.

Information about various lawsuits filed against or in favour of the Group is provided in the Note 15 of the Consolidated Financial Statements for the Year Ended 31 December 2014 of the Company.