

# MİGROS TÜRK T.A.Ş.

## Corporate Governance Principles Compliance Report

### 1. STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Migros Türk T.A.Ş., on principle, adheres to Corporate Governance Principles, which were adopted by the Capital Markets Board of Turkey (CMB) Resolution No. 35/835 dated July 4, 2003 and were announced to the public in July 2003. Migros is aware of the benefits that the implementation of these principles will bring to the Company, its stakeholders and ultimately to the country. Deficiencies in implementation are reviewed with a view to continuous improvement and efforts are underway to fix these shortcomings in order for Migros to be an exemplary role model.

The Company adopted the main principles of Corporate Governance which are:

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

During the year, business processes regarding intra-company reporting and business conduct were improved and made more effective. In 2007, the Company set up the Corporate Governance Committee within the framework of compliance with the Capital Market Legislation and Corporate Governance Principles. Ömer Özgür Tort and Erkin Yılmaz serve as the members of the Corporate Governance Committee. At the Board of Directors meeting of 22 October 2008, Stefano Ferraresi and Evren Rifki Ünver have been elected as the members of the Audit Committee to serve until the General Assembly is convened to discuss the Company's 2008 activities. The developments and improvements realized within the scope of the Company's Corporate Governance Practices during the year are presented in the relevant sections of the Corporate Governance Principles Compliance Report.

In an effort to keep the shareholders informed, the Company renewed its corporate website in 2005 and enriched its substance and content during 2008, thereby allowing the shareholders to have access to more information about the Company.

The Company's Corporate Governance Principles Compliance Report can be accessed at the corporate website ([www.migros.com.tr](http://www.migros.com.tr)) in the Investor Relations section, in addition to the annual report.

## PART I-SHAREHOLDERS

### 2. Investor Relations

As a corporate policy, Migros attaches great importance to relationships with shareholders. A department that reports to the Assistant General Manager for Finance was created to respond to the shareholders' requests for information about the Company. The department manages the processes related to the general assembly, capital increases and dividend payments. This department handles all demands and transactions of the shareholders regarding capital increases and dividend payments.

In addition, the department communicates directly with various institutions including the CMB, Istanbul Stock Exchange (ISE), 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 ISE in compliance with the CMB Communiqué Serial: VIII No: 39 are among the department's other activities. Within the scope of the Public Disclosure Platform (in Turkish: KAP) of the CMB, these material disclosures and other announcements are also posted on the electronic environment using software developed by TÜBİTAK. Migros' Investor Relations Department monitors relevant legislation as well as CMB communiqués and informs the senior management about the subjects and issues requiring compliance.

The department also responds to the information requests about the Company. By making use of all available communication opportunities (one-on-one meetings, conference participations, meetings, corporate website, phone, email, investor bulletins, investor presentations, etc.), the department informs Migros shareholders and brokerage analysts about the Company. The department is responsible for the preparation of the annual report as well as the coordination of Corporate Governance operations and activities. It identifies the improvement areas and based on continuous improvement philosophy, supports the Company's senior management to make Migros a role model institution.

# MİGROS TÜRK T.A.Ş.

Corporate Governance Principles Compliance Report

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

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Phone: 0216 579 30 00 (ext. 3214)  
E-mail: [erkiny@migros.com.tr](mailto:erkiny@migros.com.tr)

Investor Relations Manager: Dr. Affan Nomak  
Phone: 0216 579 30 00 (ext. 3142)  
E-mail: [affann@migros.com.tr](mailto:affann@migros.com.tr)

A structure has been set up that makes it possible for Migros shareholders, who have not used the new share coupons or dividend coupons on the shares they own and have not yet exercised their bonus stock options and/or claimed their dividend entitlements, to perform such transactions quickly and securely. Pursuant to the relevant CMB communiqués, compliance with the transition to the dematerialized system in stocks was achieved; the Company met all requirements on the subject. Yapı Kredi Securities Inc. on behalf of Migros is undertaking the dematerialization transactions.

A total of 150 Migros and 5 Tansaş shareholders who had not exercised their bonus stock options in due time and/or claimed their dividend entitlements subsequently did so at the Company's headquarters. In addition, 450 Migros and Tansaş shareholders who phoned with information requests about the current and prior year transactions were provided with the necessary information and referred to Yapı Kredi Bank branches to exercise their rights.

Shareholders who hold printed stock certificates and have not already received bonus shares issued by the Company in previous years and/or exercised their dividend rights should apply first to the Company headquarters if the new share coupons on their certificates are numbered 11 or below.

If the new coupon numbered 11 on their certificates is used but those numbered 12 and 13 are remaining, shareholders may exchange these certificates and receive their bonus shares at Yapı Kredi Bank İstanbul-Harbiye branch or at any other branch of Yapı Kredi Bank as announced on the Company's corporate website. Dividends for year 2002 and thereafter may also be collected by presenting dividend coupons to the Yapı Kredi Bank Harbiye branch in İstanbul or any other branch of Yapı Kredi Bank as announced on the Company's corporate website.

During the year, Migros did not make a capital increase through issuance of bonus shares.

In Turkey, dematerialization of the shares of public companies and their oversight by the Central Registry Agency (CRA) in dematerialized form as per the relevant CMB communiqué was introduced on 28 November 2005.

Within this context, shareholders who hold printed stock certificates and would like to participate in the November 2007 capital increase need to apply to Yapı Kredi Bank branches announced on the Company's website and have their certificates registered and converted into tradable stock status and into dematerialized form. The Company will under no circumstance print physical shares in future capital increases. Tansaş shareholders who would like to swap their Tansaş shares for Migros shares due to the merger that occurred in 2006 can perform this transaction again in dematerialized form via the relevant Yapı Kredi Bank branches.

# MİGROS TÜRK T.A.Ş.

## Corporate Governance Principles Compliance Report

### 3. Exercise of Shareholders' Right to Obtain Information

#### Disclosure

The Investor Relations Department responds to all information requests about the Company. During the reporting period, shareholders requested information about the prior years' dividends in terms of amount and the manner and place of their payment, participation to the Ordinary and Extraordinary General Assembly Meetings and how to exercise their rights arising from the Company's capital increase. There were also information requests from the investors regarding the dividend distribution carried out during the year. Announcements regarding all such timeliness and process and matters were made through material disclosures, as well as in newspaper ads and on the Migros corporate website. Over the course of the year, shareholders also requested information about the number of stores, net sales areas, the number of stores scheduled to open during the year, year-end sales targets, etc. in post-balance sheet period. The Investor Relations Department keeps Migros shareholders and brokerage analysts informed by using every opportunity such as one-on-one meetings, conference participations, meetings, Internet, telephone, information bulletins, etc.

#### Auditing

According to Migros' Articles of Association, "three statutory auditors are to be elected from amongst shareholders and/or non-shareholders to serve a maximum term of office of three years" by the General Assembly. In practice, Migros' statutory auditors are elected by the General Assembly every year.

In addition and as required by the CMB Regulation concerning Independent Auditing in Capital Markets, a firm is also appointed as the Company's independent auditor every year by the General Assembly. For 2008, the General Assembly decided to appoint Başaran Nas Serbest Muhasebeci Mali Müşavirlik A.Ş. as the independent auditor, which was selected by the Board of Directors and submitted for the General Assembly's approval.

In addition, the Migros Board of Directors has formed a two-member Audit Committee. At the Board of Directors meeting of 22 October 2008, Stefano Ferraresi and Evren Rifki Ünver have been elected as the members of this committee to serve until the General Assembly Meeting is convened to discuss the Company's 2008 activities.

The internal audit activities of the Company are discussed in the relevant sections of the Corporate Governance Principles Compliance Report.

### 4. Information about General Assembly

#### a) Annual Ordinary General Assembly Meeting

The Ordinary General Assembly Meeting where the activities and accounts of Migros Türk Ticaret Anonim Şirketi for the year 2007 were reviewed was held at the Divan City located at Büyükdere Caddesi No. 84, Gayrettepe/İstanbul at 11:00 on 29 April 2008 under the supervision of İsmail Yıldız, a Ministry of Industry and Commerce observer appointed for the duty by the Ministry's İstanbul Provincial Directorate letter 23964 dated 28 April 2008.

As per the law and the Company's Articles of Association, announcement of the General Assembly Meeting and its agenda were promulgated in the Turkish Trade Registry Gazette issue 7041 dated 14 April 2008. It was also announced in the 11 April 2008 national edition of the Radikal newspaper. In addition, the date and location of the General Assembly Meeting were announced to its shareholders on the Company's website.

The announcement also asked the shareholders to take part in the meeting either personally or by a proxy to represent them at the meeting to discuss and decide upon the agenda. In practice, all requests for passes were honored up until the day before the meeting. Shareholders making their request on the date of the General Assembly were admitted to the meeting as observers. Passes continued to be handed out until the scheduled start time of the General Assembly. Shareholders who wished to have themselves represented at the General Assembly by a proxy were instructed to submit their proxy form to the Company, which was to be prepared according to the form provided by the Company and duly notarized as specified in CMB Communiqué Serial: IV No: 8 published in the Official Gazette dated 09 March 1996. The sample proxy form was posted on the Company's website in addition to the newspaper announcements.

# MİGROS TÜRK T.A.Ş.

## Corporate Governance Principles Compliance Report

The Company's 2007 balance sheet, income statement, Board of Directors' annual report, statutory auditors' and independent auditors' reports and the proposal on the distribution of the annual profit were made available to shareholders for their examination at the Company's headquarters beginning on 11 April 2008.

From the General Assembly meeting's attendance roster, it has been understood that a total of 11,101,112,727.3 shares out of 17,803,000,000 for the Company's total capital of YTL 178,030,000 were represented at the meeting, of which 11,101,112,727.3 shares corresponding to YTL 111,011,127.273 were present in person and - shares corresponding to YTL - were represented in proxy. A number of media representatives also attended the meeting. During the meeting, the presiding officer gave the floor to shareholders wishing to address the General Assembly and express their views and opinions about the Company and its activities. Migros General Assembly Meetings are open to all stakeholders.

The General Assembly minutes and attendance roster were reported to the ISE the same day immediately after the meeting. In addition, the minutes of the General Assembly were published in the Turkish Trade Registry Gazette issue 7064 dated 16 May 2008 and also sent to the shareholders via facsimile and e-mail upon request. The agendas, attendance rosters, proxy forms and minutes of the last six years' General Assembly meetings are available to the shareholders on the Company's website.

### b) Extraordinary General Assembly Meeting

The Extraordinary General Assembly Meeting of Migros Türk Ticaret Anonim Şirketi was held at Migros Türk T.A.Ş. Head Office Building located at Turgut Özal Bulvarı No: 6 34758 Ataşehir Kadıköy/İstanbul at 11:00 on 04 September 2008 under the supervision of Nevzat Özer, a Ministry of Industry and Commerce observer appointed for the duty by the Ministry's İstanbul Provincial Directorate letter 54063 dated 03 September 2008.

As per the law and the Company's Articles of Association, announcement of the General Assembly Meeting and its agenda were promulgated in the Turkish Trade Registry Gazette issue 7126 dated 13 August 2008. It was also announced in the 13 August 2008 national edition of the Radikal newspaper. In addition, the date and location of the General Assembly Meeting were announced to shareholders on the Company's website.

The announcement also asked the shareholders to take part in the meeting either personally or by a proxy to represent them at the meeting to discuss and decide upon the agenda. In practice, all requests for passes were honored up until the day before the meeting. Shareholders making their request on the date of the General Assembly were admitted to the meeting as observers. Passes continued to be handed out until the scheduled start time of the General Assembly. Shareholders who wished to have themselves represented at the General Assembly by a proxy were instructed to submit their proxy form to the Company, which was to be prepared according to the form promulgated and duly notarized as specified in CMB Communiqué Serial: IV No: 8 published in the Official Gazette dated 09 March 1996. The sample proxy form was posted on the Company's website in addition to the newspaper announcements.

From the attendance roster, it has been understood that a total of 14,989,407,075 shares out of 17,803,000,000 for the Company's total capital of YTL 178,030,000 were represented at the meeting, of which 14,989,407,075 shares corresponding to YTL 149,894,070.75 were present in person and - shares corresponding to YTL - were represented in proxy. During the meeting, the presiding officer gave the floor to shareholders wishing to address the General Assembly and express their views and opinions about the Company and its activities.

The Extraordinary General Assembly meeting minutes and attendance roster were reported to the ISE the same day immediately after the meeting. In addition, the minutes of the Extraordinary General Assembly were published in the Turkish Trade Registry Gazette issue 7147 dated 11 September 2008 and also sent to the shareholders via facsimile and e-mail upon request. The agendas, attendance rosters, proxy forms and minutes of the last six years' General Assembly meetings are available to the shareholders on the Company's website.

# MİGROS TÜRK T.A.Ş.

## Corporate Governance Principles Compliance Report

### 5. Voting Rights and Minority Rights

The Company merged with Tansaş in 2006. Prior to its merger with Migros, Tansaş' Articles of Association contained privileges in article 6 about the capital, article 7 about the transfer of shares, article 8 about company shares, article 10 about the Board of Directors, article 16 about statutory auditors and their responsibilities, and article 17 about the General Assembly. None of these privileges were carried into the Migros' Articles of Association.

As stipulated in Migros' Articles of Association, none of the Company's shares enjoy privileged voting rights. All votes are equal. Every shareholder is entitled to one vote for each share of stock he holds at the General Assembly meetings. There are no shareholders with cross shareholding interest.

### 6. Dividend Payment Policy and Timing

There are no privileges regarding participation in the Company's profit. Dividends are paid within the legally prescribed time periods, on the date determined by the General Assembly.

Migros has been generating a net profit every year since it was first quoted on the stock market in 1991. In parallel, the Company has uninterruptedly paid a dividend over the last seventeen years in different percentages of its capital, amount of which is determined by the distributable net profit. Dividends have always been paid in cash, except in 2005 when it was added to the capital and paid in bonus shares. Migros has always put the utmost importance in dividend payments for the benefit of its shareholders, which is reflected in our dividend payment policy. The crucial balance between the Company's growth strategies and its dividend payment policy is managed conscientiously.

In line with the Company's long-term strategies, investment and financing plans and profitability, dividends corresponding to at least to 20% of the attributable profit, computed in accordance with the CMB communiqués and regulations, can be distributed in cash or in the form of bonus shares, or a combination of the two. This is the Company's policy for the next three years. Any change in this policy will be publicly disclosed.

Pursuant to the CMB communiqués Serial: XI No: 29 and Serial: IV No: 27, profit of an associate, a subsidiary or an investment is not included when calculating the attributable profit, unless their general assemblies decided to distribute profit to the shareholders, even if this profit is reflected in the parent company's consolidated financial statements.

### 7. Transfer of Shares

The Company's Articles of Association contain no provisions restricting transfer of shares. According to the Articles of Association, the Board of Directors is authorized to make decisions on issuing shares priced above their nominal value and to impose restrictions on existing shareholders' rights to acquire new shares.

## PART II-PUBLIC DISCLOSURE AND TRANSPARENCY

### 8. Company Disclosure Policy

The Company's public disclosures are made in an accurate and timely manner pursuant to the CMB Communiqué Serial: VIII No: 39 on Principles Governing Disclosure of Material Events. In addition, public disclosures are also made on all important issues that might impact the decisions of shareholders as well as other stakeholders.

Whenever questions are directed to the Company by shareholders, the Investor Relations Department makes every effort to respond to them accurately, completely, and mindful of the principle of equality in line with the Company's public disclosure policy.

Migros' public disclosure policy requires it to share any and all information upon demand unless such information is a commercial secret or would provide a competitive advantage to third parties and would adversely affect the Company's operations.

# MİGROS TÜRK T.A.Ş.

## Corporate Governance Principles Compliance Report

### 9. Disclosure of Material Events

In 2008, the Company made a total of 189 material disclosures, excluding announcements about Migros made by Takasbank, CRA and other publicly held companies, within the framework of CMB Communiqué Serial: VIII No: 39 on Principles Governing Disclosure of Material Events. In cases where the ISE requested additional explanations relating to the news that appeared in the press, the Company expediently fulfilled these requests. Within the scope of the Public Disclosure Platform of the CMB, material disclosures and all other public announcements are also made available in the electronic environment.

### 10. Company Website and its Content

Migros launched its website at [www.migros.com.tr](http://www.migros.com.tr) for its shareholders and customers in 1997.

The corporate website was redesigned in 2005 in line with the increasing requirements and its content was enriched in 2006, 2007 and 2008. The Migros website contains sections entitled About Migros, Customer Relations, Migros Club, Campaigns, Stores, Migros Own-Label Goods, Investor Relations, Press Room, and Human Resources, plus various subsections under these main headings and many more issues including those stipulated in Article 1.11.5 of section II of CMB's Corporate Governance Principles.

On the Company website, the Investor Relations heading covers the main sections of "Migros, Corporate, Financial Reports, Information on Capital Increases and Dividends, Information on General Assembly Meetings, Material Disclosures, Announcements to Shareholders, FAQ and Contact Us". The subsections under these main sections offer detailed information about Migros to our investors. The Investor Relations webpage is updated as necessary, thus ensuring our investors to have easy access to current data.

### 11. Disclosure of Non-Corporate Ultimate Shareholder(s) Who Have a Controlling Interest:

The shareholding structure of Migros Türk T.A.Ş. is presented below.

Migros Türk T.A.Ş. Shareholder	Share (%)	Amount (YTL)
Moonlight Perakendecilik ve Tic. A.Ş.	97.92	174,323,340
Publicly Held	2.08	3,706,660
<b>Total</b>	<b>100.00</b>	<b>178,030,000</b>

There are no privileged shares.

The changes that occurred in the shareholding structure in the reporting period are discussed in the relevant sections of the 2008 annual report.

Pursuant to the CMB Communiqué Serial: VIII No: 39, the Company's chairman and the members of the Board of Directors, general manager and assistant general managers, other persons with significant decision-making authority and responsibilities in the partnership and shareholders directly or indirectly owning more than 5% of the Company's shares or parties acting together with such shareholders are required to make material disclosures when they buy or sell Migros shares.

# MİGROS TÜRK T.A.Ş.

## Corporate Governance Principles Compliance Report

### 12. Public Disclosure of Those Who Have Access to Insider Information

Names of the members of the Company's Board of Directors, statutory auditors and of those in senior management as well as any changes that took place in senior management during the year are presented in the annual report.

Fevzi Bülent Özaydınlı	Chairman of the Board of Directors & Executive Member
Antonio Belloni	Member of the Board of Directors
Francesco Conte	Member of the Board of Directors
Nicholas Stathopoulos	Member of the Board of Directors
Stefano Ferraresi	Member of the Board of Directors
Brice Cedric Dubourdieu	Member of the Board of Directors
Paolo Federico Ceretti	Member of the Board of Directors
Evren Rifki Ünver	Member of the Board of Directors
Ömer Özgür Tort	Member of the Board of Directors / General Manager
Warith Mubarak Said Al Kharusi	Member of the Board of Directors
Pedro Miguel Stemper	Member of the Board of Directors
Mustafa Bilgutay Yaşar	Statutory Auditor
Yüksel Toparlak	Statutory Auditor
Recep Bıyık	Statutory Auditor
Ömer Özgür Tort	General Manager
Ahmet Fuat Yanar	Assistant General Manager
Erkin Yılmaz	Assistant General Manager
Demir Aytaç	Assistant General Manager
Cem Lütfi Rodoslu	Assistant General Manager
Muvaffak İhsan Ünsel	Assistant General Manager
Mustafa Hoccoğlu	Assistant General Manager
Hakan Şevki Tuncer	Assistant General Manager

At the Company's General Assembly meeting convened on 29 April 2008, the Board of Directors was formed with nine members where Dr. Bülent Bulgurlu served as the Chairman, K. Ömer Bozer as the Vice Chairman, and Semahat Sevim Arsel, Dr. Nusret Arsel, Ömer M. Koç, Y. Ali Koç, Uğur Çatbaş, Oktay İrsidar and Levent Çakıroğlu as members.

At the Company's Board of Directors meeting held on 30 May 2008;

It has been decided to appoint Fevzi Bülent Özaydınlı, Evren Rifki Ünver, Francesco Conte, Nicholas Stathopoulos, Brice Cédric Dubourdieu, Stefano Ferraresi, Antonio Belloni and Paolo Federico Ceretti to succeed Dr. Bülent Bulgurlu, K. Ömer Bozer, Semahat Sevim Arsel, Dr. Nusret Arsel, Ömer M. Koç, Y. Ali Koç, Uğur Çatbaş and Oktay İrsidar who had resigned from their seats on the Board effective 30 May 2008. Fevzi Bülent Özaydınlı has been elected as the chairman of the Board of Directors and Managing Director.

At the Company's Board of Directors meeting held on 24 July 2008;

The Board decided to accept the voluntary resignation of Levent Çakıroğlu from his position as the General Manager and his seat on the Board of Directors, and to appoint Ömer Özgür Tort, the Company's Assistant General Manager for Human Resources and Industrial Relations to the Board of Directors membership and General Manager position, effective 01 August 2008. It has also been decided that Ömer Özgür Tort would be empowered to represent the Company as Class A 1<sup>st</sup> degree signatory.

# MİGROS TÜRK T.A.Ş.

## Corporate Governance Principles Compliance Report

At the Company's Extraordinary General Assembly meeting convened on 04 September 2008,

The Assembly decided to amend the article 7 Company's Articles of Association concerning the Board of Directors as per the Board of Directors decision no. 867 dated 17 June 2008, in accordance with the preliminary approvals of the CMB dated 08 July 2008 and no. 1120-11352, and the Ministry of Industry and Commerce dated 22 July 2008 and no. 3713. Following the modification of the registration of article 7 of the Company's Articles of Association, the number of the Board members increased from nine to eleven and Warith Mubarak Said Al Kharusi and Pedro Miguel Stemper were appointed as the members of the Board of Directors in addition to the existing members; Fevzi Bülent Özyaydınlı, Antonio Belloni, Francesco Conte, Nicholas Stathopoulos, Stefano Ferraresi, Brice Cedric Dubourdieu, Paolo Federico Ceretti, Evren Rifki Ünver and Ömer Özgür Tort.

### PART III-STAKEHOLDERS

#### 13. Keeping Stakeholders Informed

Corporate governance practices of Migros guarantee the rights of its stakeholders, which are governed by the laws, regulations and mutual agreements. The Company's employees, shareholders, affiliates, and third-party individuals and entities with which the Company has business relationships may submit suggestions or report violations on such issues directly to the Company's management. Such submissions and reports are evaluated and responded as appropriate. Migros publishes the names and contact information of the Company's department heads on its corporate website thus making it possible for stakeholders to directly contact the manager in charge of a particular issue and direct their questions and opinions to the relevant person first-hand. The objective of this model is to enable a more transparent and a more effective communication between the Company and its stakeholders.

Stakeholders are kept informed on matters related to the Company that are of interest to them. Potential investors who are considering buying the Company's stock can request information by directly contacting our Investor Relations Department. The Migros Investor Relations Department responds to their inquiries about the Company by e-mail or telephone or in one-on-one meetings.

The section of Migros Code of Conduct concerning employees are presented under the heading "Ethics Rules". Other principles are presented below.

#### Responsibilities of Migros towards other companies

1. Migros abides by law in all of its activities.
2. Migros does not derive an unfair benefit from any person or entity under any circumstances. Procurement decisions of all of goods and services are based on well established and publicly disclosed criteria.
3. It is important for Migros that its business partners refrain from tarnishing the image and reputation of Migros in their own business activities and that they give importance to proven business values.
4. Migros checks to ensure that the services it obtains on an ongoing basis from other organizations are provided in compliance with the requirements of law and it follows up accordingly.
5. Migros does not share the private information of its service suppliers with the third parties without their permission.

#### Responsibilities of Migros towards the Community

1. Migros strives to reach the service standards expected by its customers.
2. Migros seeks to fully and timely fulfill all of its tax and other obligations and to set an example for the community.
3. Migros does not make derogatory, derisory, or offensive statements about other companies, organizations, products, or individuals.
4. Migros takes the utmost care in all its activities to preserve the nature, historical fabric and to act in accordance with customs and traditions of the community and observe the legal requirements.
5. Migros advocates business ethics in its sector and strives for establishment, prevalence, and adoption of these principles.



# MİGROS TÜRK T.A.Ş.

## Corporate Governance Principles Compliance Report

### Responsibilities of Employees towards the Company

1. Migros employees within their areas of responsibility strictly reject any material or other favors from third parties made to influence their business decisions to the benefit such third parties .
2. Migros employees inform their immediate managers whenever entering into a one-on-one business relationship with any company for which a close relative works , in which he or she has a partnership interest minority or majority.
3. Migros employees exhibit maximum attention and care when fulfilling the duties assigned to them and they make every effort so that the work they perform is of higher quality, faster, and more efficient.
4. Migros employees refrain from any act or behavior that would damage the Company's image and reputation. During working hours they remain within the generally accepted code of conduct or code of conduct established by the Company for business dress and behavior.
5. Migros employees do not remain indifferent or unresponsive in any situation that is contrary to the Company's interests and they notify the appropriate company units.
6. Migros employees avoid waste and use all of the Company's fixtures, tools, and equipment for their intended purposes. They do not use the Company's resources and facilities for their own private benefit.
7. Migros employees do not divulge any confidential or private information outside the Company, which they might be aware of due to their position or the work that they perform. They do not give interviews or make statements of any kind to any media organization without the prior consent of the Company management.

### Responsibilities of Employees towards Employees

- 1- Migros employees do not share the private information about other company employees that they become aware of as a consequence of their jobs except where it is a requirement of their jobs.

### In General

The Migros Business Ethics Committee set up within the Company is responsible for dealing with and clarifying any issues that are not addressed by the principles set forth above.

### 14. Stakeholder Participation in Management

Article 7 of "The Company's Responsibilities toward its Employees" of the Migros Code of Conduct states: "In matters that are related to employees, Migros seeks to include their opinions as much as possible in any decisions that are concerned with the Company's future."

In line with this, Migros management exhibits all due sensitivity on this matter. As a part of the Company's business conduct, Migros employees are included in the decision-making process in their area of work. Migros employees have the opportunity to communicate their suggestions and demands to the Company's senior management and the members of the Board of Directors directly or electronically through the intranet.

### 15. Human Resources Policy

The Migros Human Resources Department aims to develop systems that will ensure the constant improvement, motivation and management of human resources to create competitive advantages in the execution of the Company's strategies, and to implement these systems in line with the Company's corporate principles. Our most important capital is our people. The quality of our products and services begins with the quality of our employees. Attracting the best and most competent people and employing them in our Company, taking maximum advantage of our people's abilities, strengths, and creativity, increasing their individual productivity, giving them opportunities to progress, and creating a working environment in which cooperation and solidarity flourish is the way we have chosen to ensure that our Company will survive generation after generation.

# MİGROS TÜRK T.A.Ş.

## Corporate Governance Principles Compliance Report

### Our Principles

#### Strategic Importance of Human Resources

Human resource management at Migros focuses on the importance given to people by recognizing their strategic value; it creates awareness for human resources to be treated as a privileged factor. Human resource strategies are structured in order to create and develop a reliable, agile and proactive organizational structure so that Migros is able to maintain its leadership in the sector within a competitive environment. Employees are treated as a strategic resource out of the belief that their experience and creativity will be the driving force in the Company's adaptation to changing competitive conditions and newly-penetrated markets while establishing leadership in them.

#### Superior Business Ethics and Honesty

In all dealings with employees, it is the Company's fundamental principle to act fairly, in good faith and considerately; to abide by the laws and the rules of ethics.

#### Workplace Safety

Migros assures its employees that it will fulfill all of its obligations toward them within the framework of laws and regulations.

To enable employees to perform their jobs safely at Migros Türk T.A.Ş., the Company complies not only with all of the requirements of the labor law and associated laws, regulations, and administrative provisions but also with sector standards concerning ergonomics and the improvement of the working environment. In the case of civil defense activities, which are of great importance in our country, theoretical and practical training is also provided in cooperation with the public authorities concerned.

#### Equality of Opportunity

In Turkey and in its foreign subsidiaries, Migros provides service through employees who have tremendous diversity in terms of language, religion, race and nationality. All human resource-related decisions from recruitment and placement to compensation are governed by job position profiles that are defined in detail. Through the human resource evaluation systems it has developed, Migros monitors and assesses the competencies, skills and performances of its employees objectively within the framework of common principles. Based on evaluation results, Migros provides equal opportunity to its employees for training, promotion, career development and compensation through the Company's Integrated Human Resource systems.

#### Human Resources and Industrial Relations

The management of human resources processes and of relations with employees at our Company in line with established human resources policies and principles is the responsibility of the Assistant General Manager for Human Resources and Industrial Relations and is clearly defined and committed to in the Company regulations and in the Company's business ethics principles.

#### Participation and Transparency

Managers and employees are inseparable elements of human resource practices at Migros. Employees are kept informed about their roles and responsibilities in human resources policies, and provided with guidance in fulfilling those responsibilities.

Human resources policies and processes are continuously shared with employees by means of the Company's communication resources (intranet, e-mail, e-learning and meetings). Employees have access to all of their evaluations and are able to obtain training and information on practices, and can view their individual results.

# MİGROS TÜRK T.A.Ş.

## Corporate Governance Principles Compliance Report

### Competitiveness

Migros plans and manages the professional development of its employees not only to keep them competitive within the Company but also on all professional platforms so as to enable the creation of positive values for the economy, the environment and the community.

### Commitment to common values

Values shared in common make up the foundation of our corporate culture. These values are:

- 1- Reliability
- 2- Leadership
- 3- Sensitivity
- 4- Customer-focus
- 5- Productivity
- 6- Innovation

Actions of employees contradicting with the Company's common values are dealt with appropriately and impartially through warning systems and discipline committee procedures. Conducting relations with employees at Migros is the primary function of the Recruitment, Placement and Industrial Relations Department. The objectives of this department are to ensure that all laws and regulations are fully complied with by the Company, to oversee the rights of the employees arising from laws and contracts, and to manage employee rights so as to maintain labor peace and fulfill all legal obligations.

### 16. Relations with Customers and Suppliers

Underlying more than half a century of Migros' leadership in its sector is a dynamic corporate culture infused with experience and the ability to pioneer under changing conditions. Important elements of Migros' innovative style include a thorough familiarity with both customers and the market, an ability to keep abreast of developments, and act proactively, and spearheading change. For this reason, a number of firsts took hold in the sector only after they were introduced at Migros, such as consumer rights launched as early as in the 1960s and 1970s. In 1998, Migros introduced the Migros Club system, designed to enable the Company to become better acquainted with its customers and provide them with diversified service. Analysis of customer data makes it possible to approach customers not merely collectively but also individually. In addition to its modern, contemporary and large supermarkets, Migros expanded and diversified its formats tailored according to the changing customer needs such as the Şok discount outlets introduced in 1995 and the e-commerce platform Migros Virtual Market introduced in 1997. As a result of the Company's merger with Tansaş Perakende Mağazacılık T.A.Ş. in 2006, Tansaş and Macrocenter stores also joined the Migros family. A new format introduced by Migros to its customers in 2007 has been the 5M stores. The target is to fulfill customer expectation through different formats.

In the retail sector, anything seen in the stores can be imitated quickly; however, differentiation that cannot be imitated so quickly in customer relations is warranted by experience combined with a deeply-rooted innovation concept in the corporate culture, as well as investments in technology to back them up.

In the 1990s, Migros was the first to introduce the barcode system and electronic cash registers that have dramatically reduced waiting time at the checkout as well as the Company's operating costs. The same pioneering spirit led the Company to set up a B2B system for its suppliers. By reducing operating and logistical costs while providing savings and gains for all sides, this system benefits all stakeholders and especially the customers.

Since 1994, Migros has utilized its Customer Satisfaction Survey to identify customer expectations in advance and has acted proactively to self-improve. With the addition of Tansaş stores to the portfolio in 2006, a Customer Satisfaction Survey was given to 9,500 customers for Migros, Tansaş and Şok stores in 2008. Data from these surveys are analyzed to determine existing levels of customer satisfaction and to develop models to spot future trends in customer expectations. Occasional surveys conducted from kiosks inside the stores on specific issues provide the company with the chance to hear the customers and track customer expectations. The feedback from these activities helps the Company understand customer expectations of present as well as for future and to review and revise its objectives accordingly.

# MİGROS TÜRK T.A.Ş.

Corporate Governance Principles Compliance Report

Our objectives include launching pioneering practices targeting new trends and expectations based on the findings derived from Customer Relations Management (CRM) practices resulting from the analysis of Migros Club data and from the mystery shopper survey aimed at improving the employees' attitudes. Mystery shopper surveys are a unique Migros quality-based performance tool that employs scientific methods to measure and benchmark the quality of service provided at points of sale within the framework of our corporate culture and company rules, from the standpoint of physical standards and customer relations, and in line with customers' views and evaluations.

Some other important activities undertaken to achieve customer satisfaction include the following:

- In August 2005, Migros earned the ISO 9001-2000 Quality Management System certification as an outcome of integrating its long-standing process analysis and process-based documentation and Quality Management System established in accordance with the ISO 9001:2000 standard.
- Migros was certified in December 2006 for the TS EN ISO 22000 Food Safety Management System by the Turkish Standards Institution (TSI) after detailed inspections. The scope of the certificate is retail, wholesale and online sales services, as well as design and provision of organizational and logistic support services. In addition, Tansaş and Macrocenter stores were added to the scope of the TS EN ISO 9001-2000 certificate that had been previously earned. In 2007, Migros Türk T.A.Ş. included Şok discount stores under the scope of ISO 9001 and ISO 22000 certifications. This signifies introduction of good quality by Migros Türk T.A.Ş. to discount stores, as well.
- Migros carefully selects each one of its suppliers. Supplier companies are audited at regular intervals by competent independent organizations, and the products are subjected to periodic quality control analyses. Migros-labeled products are included in the same quality control process.
- Every new product that is put up for sale at Migros undergoes a preliminary quality control process.
- Before the products purchased from suppliers are admitted to warehouses, food engineers subject them to sensory, chemical, physical and microbiological quality control tests; products that do not meet the quality standards are rejected.
- Products in the stores, warehouses and on the shelves are regularly checked by veterinarians to ensure food safety.
- Personnel employed in all stores attend training programs about hygiene in order to ensure food safety.
- In the Company's promotional program Aksiyon, products are offered for sale at discount prices for fifteen days, with the guarantee that there will be sufficient stock for the duration of the sale.
- All customer suggestions received at the stores or at the Call Center are evaluated and the results are communicated to the customers as soon as possible. Customers can forward their complaints quickly and easily to company store managers, via a toll-free customer line and by e-mail directed to the management at every level.

# MİGROS TÜRK T.A.Ş.

## Corporate Governance Principles Compliance Report

### 17. Social Responsibility

Migros' responsibilities toward the community are spelled out in Migros Code of Ethics:

1. Migros strives to reach the service standards expected by its customers.
2. Migros seeks to fully and timely fulfill all of its tax and other obligations and to set an example for the community.
3. Migros does not make derogatory, derisory, or offensive statements about other companies, organizations, products, or individuals.
4. Migros takes the utmost care in all its activities to preserve the nature, historical fabric and to act in accordance with customs and traditions of the community and observe the legal requirements.
5. Migros advocates business ethics in its sector and strives for establishment, prevalence, and adoption of these principles.

Migros believes that corporations are as equally responsible as are the governments, non-governmental organizations, and national and international standards for sustainable development of a contemporary way of life, improved standards of living and efficient use of limited resources both in Turkey and in other countries in which it is active.

The corporate culture that Migros has developed for more than half a century include concern for public health and hygiene, sensitivity toward identifying and satisfying the needs of society, organization of and participation in exemplary educational, cultural, athletic and social activities essential for social development, as well as its corporate identity as an Honest Retailer and one that is sensitive to the environment.

As a requirement of its approach to corporate social responsibility, Migros acts in compliance with laws, moral standards and human rights in all services that it offers to consumers, fulfilling the responsibilities incumbent upon it to combat the underground economy and contribute to employment by protecting legal employee rights. The Company also shares its sense of social responsibility with its social stakeholders - employees, suppliers, subsidiaries, investors and customers – as well as with the public at large. Great importance is given to supporting and spreading of such pioneering value-creating practices for development.

In its actions, Migros is guided by the awareness that a good reputation can be lost in a single moment. It adheres to ethics and honesty in everything it does knowing that trust cannot be gained easily, that it is a bond that grows and develops slowly over a long period of time between a company and its customers and once broken, cannot be mended through quick-fix concepts or by slogans. Since 1954, Migros has been safeguarding the health and rights of its customers; many innovative practices introduced by Migros encourage good shopping habits and foster consumer awareness. These practices subsequently became standards in the sector and some have even been embodied in the law.

Adopting the philosophy that quality is the quest for perfection as its starting point, Migros seeks to achieve the highest possible level of customer satisfaction through control mechanisms set up to monitor quality at every stage - from procuring the goods sold on the shelves to their consumption by customers.

Specific details of the Company's activities within the scope of social responsibility are presented in the relevant sections of the Annual Report.

# MİGROS TÜRK T.A.Ş.

Corporate Governance Principles Compliance Report

## PART IV-BOARD OF DIRECTORS

### 18. Structure and Formation of the Board of Directors and Independent Members

Migros Board of Directors consists of eleven members elected by the General Assembly.

#### Board of Directors

Fevzi Bülent Özyaydınlı	Chairman and Managing Director
Antonio Belloni	Member
Francesco Conte	Member
Nicholas Stathopoulos	Member
Stefano Ferraresi	Member
Brice Cedric Dubourdieu	Member
Paolo Federico Ceretti	Member
Evren Rifki Ünver	Member
Ömer Özgür Tort	Member
Warith Mubarak Said Al Kharusi	Member
Pedro Miguel Stemper	Member

According to the allocation of duties made among the members of the Board of Directors, Fevzi Bülent Özyaydınlı serves as the chairman.

### 19. Qualifications of Board Members

All members on the Board of Directors possess the qualifications stipulated in Articles 3.1.1, 3.1.2 and 3.1.5 of section IV of CMB's Corporate Governance Principles. They are also professionals whose knowledge, experience, and educational backgrounds are exemplary both in our sector and in the business world.

### 20. Mission, Vision and Strategic Goals of the Company

The Company's vision is to be as close to the consumer as possible by serving in different formats in modern retailing, utilizing a strategy that involves an extensive reach in Turkey and its neighboring countries as well as always keeping ahead of consumer expectations.

Migros' mission is to strengthen its leadership in the Turkish retailing sector and to become a strong and exemplary regional retail chain by ranking first or second in countries in which it operates.

In line with this mission, Migros structures its strategies to achieve sustainable quality and earn respect as the sector leader through an approach to customer satisfaction that raises the standards of retailing in the countries in which it is active.

The Company's senior management develops strategies to achieve these objectives in light of the vision defined by the Board of Directors. To this end, the basic strategy is to provide customers with high quality service that is contemporary, reliable and economical. Targets are set to achieve these strategies and these targets are made known to all organizational units and supported by business plans. The Corporate Performance Management System in place facilitates monitoring and evaluation of these targets and business results as well as their assessment and revision whenever necessary.

Annual, quarterly and monthly reporting structures have been created to enable the Board of Directors to carry out its basic administrative functions such as planning, organizing and oversight.

# MİGROS TÜRK T.A.Ş.

## Corporate Governance Principles Compliance Report

Board members are informed of the progression and direction of the Company's business via meetings where the annually updated long term five-year plan is presented and reviewed, annual budget and review meetings and quarterly meetings at which the latest quarter's results are presented and the board's feedback is sought. Detailed monthly progress reports are prepared and submitted to the Board allowing the Board members to monitor the Company's efforts to achieve objectives and immediately intervene and provide guidance when necessary.

### 21. Risk Management and Internal Control Mechanism

The purpose of internal control system at Migros is to provide the Company management with independent information on the functional, operational and financial performances of audited processes or units, thus enabling the management of identified or predicted risks, and systematic establishment and operation of necessary control mechanisms. For this purpose, the Internal Audit Department has started functioning at the Company in 2005 and completed its structuring in 2006. The Department continued to work at an increasing pace in 2008 and contributed to improved productivity and more effective management of business processes across the Company by means of the reports and recommendations submitted. In the scheduled financial and operational audits carried out, the Migros Internal Audit Department investigates and reviews:

- The degree of effective and efficient utilization of the Company's resources,
- Whether the Company's resources are abused or fraud is committed;
- Efficiency and effectiveness of operations,
- Compliance of employees with the quality management documentation and administrative instructions approved by the management,
- Efficiency of the internal control mechanisms designed for operations and activities,
- Reliability of financial statements,
- The extent to which predetermined and reported operations and transactions posing a risk have been eliminated or taken under control through suggestions endorsed by the management.

Within this framework, the Internal Audit Department performed both financial and operational audits in 2008 in line with the risk analysis conducted and the annual internal audit schedule. The assessment and recommendations resulting from the audits have been presented to the Company's senior management by means of the audit reports produced, which also pointed improvement areas based on constant improvement philosophy. In addition to financial and operational audits, the Internal Audit Department also performed follow –up audits on issues that were reported to the senior management before, and for which actions plans were put in place for corrections,. The Department also targets maximum utilization of the Company's entire technological infrastructure and cooperates with the Information Technology Department for collection/obtaining of data that will be used in audits or in improving the general internal controls.

In conclusion, the efforts of the Internal Audit Department in 2008 concentrated on effective management of risk and developing control mechanisms in accordance with changes in business processes across Migros Türk T.A.Ş. Contributing to the Company's efficiency in this sense, the Internal Audit Department supports the improvement of business processes through constant self-development.

### 22. Authorities and Responsibilities of Board Members and Executives

The duties and authorities of the members of the Board of Directors are clearly stipulated in the Company's Articles of Association, which can be accessed on the Migros corporate website at [www.migros.com.tr](http://www.migros.com.tr).

The Migros Board of Directors is authorized to decide on all matters with the exception of those for which responsibility cannot be delegated by the General Assembly as per the Turkish Commercial Code and the Company's Articles of Association.

# MİGROS TÜRK T.A.Ş.

## Corporate Governance Principles Compliance Report

### 23. Operating Principles of the Board of Directors

During 2008, the Board of Directors passed 39 resolutions on various matters. At least six (6) members attended each of the meetings. Pre- and post-meeting activities are organized by a secretariat responsible for such matters. At these meetings, views are freely expressed and if there are dissenting votes against any decision, the same is entered into the minutes of the meeting along with the reasons therefor. There were no dissenting opinions entered into the minutes of any Board meeting held in 2008. In addition, questions raised by board members at the meetings are entered into the meeting minutes along with responses given.

Each member of the Migros Board of Directors controls one vote. No members have weighted voting rights or veto rights.

### 24. Prohibition on Doing Business or Competing With the Company

Migros has a leasehold relationship in a total of five stores with the chairman of the Board Rahmi Koç who served until the General Assembly dated 29 April 2008 and with board members Y. Ali Koç, Ömer M. Koç and Semahat Arsel, who served until 30 May 2008. During the reporting period, Board members were involved in no other business transactions with the Company and none were involved in any competition with the Company.

### 25. Code of Ethics

Migros' principles of business ethics are grouped under the following five headings:

- Responsibilities of the Company towards its employees
- Responsibilities of employees towards the Company
- Responsibilities of the Company towards other companies
- Responsibilities of the Company towards the community
- General responsibilities

The Company describes its responsibilities towards its employees under the main headings above. Information about the other categories of business ethics principles is presented in other sections of this Corporate Governance Compliance Report.

The Company regards its employees as one of the greatest assets it possesses in today's difficult market conditions. One of the Company's greatest competitive advantages is its business expertise and qualities that employees have and are continuously improving upon.



# MİGROS TÜRK T.A.Ş.

## Corporate Governance Principles Compliance Report

### Responsibilities of Migros towards its employees

- 1- Migros completely fulfills all of its legal obligations toward all employees. In situations where the requirements of law are not sufficiently clear, Migros consults those who have specialized knowledge on the matter.
- 2- Migros observes employee rights within the framework of its business ethics rules in situations where the laws are insufficient.
- 3- In all hirings, promotions and appointments, the only criteria to be taken into account are the qualifications for the position. Migros creates equality of opportunity among its employees.
- 4- Migros does not get involved in the personal affairs or private lives of its employees and holds all of the private information about its employees in strict confidence.
- 5- Migros provides training opportunities for its employees, helping them to improve professionally and personally.
- 6- In its dealings with employees, Migros does not discriminate in any way on the basis of sex, age, ethnic origin or faith.
- 7- In matters that are related to employees, Migros seeks to include their opinions as much as possible in any decisions that are related to the Company's future.
- 8- Migros provides healthy and safe working conditions as dictated by the requirements of law and circumstances, and seeks to improve them to the utmost.
- 9- Migros holds in strict confidentiality and does not divulge any private information (such as medical records, shopping habits, economic data, etc.) about its employees that it may receive through any means.

### 26. Numbers, Structures, and Independence of Committees within the Board of Directors

A two-member Audit Committee has been formed by the Migros Board of Directors. At the Company's Board of Directors meeting of 22 October 2008, Stefano Ferraresi and Evren Rifki Ünver have been elected as members of the Audit Committee to serve until the date General Assembly is convened at which the Company's 2008 activities are to be discussed. The Audit Committee meets four times a year.

### 27. Remuneration of the Board of Directors

At the General Assembly Meeting for year 2007 convened on 29 April 2008, the Migros General Assembly decided to pay the chairman and the members of the Board of Directors a gross monthly salary of YTL 1,355. At the Extraordinary General Assembly Meeting convened on 04 September 2008, it was resolved not to pay any gross monthly salary to the chairman and the members of the Board of Directors.