

**CORPORATE
GOVERNANCE PRINCIPLES
COMPLIANCE REPORT
2019**

MiGROS

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Migros Ticaret A.Ş. ("Migros", "the Company", "our Company")

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| Address | Atatürk Mah. Turgut Özal Bulvarı No:7 34758 Ataşehir / İstanbul |
| Trade Registry No. | 659896 |
| Mersis (Central Registration System) No. | 0622052951300016 |
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To have its corporate governance rating renewed, the Company executed a new contract covering 2 (two) rating terms on 17 October 2019 with SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., a

corporate governance rating company holding a license from the Capital Markets Board of Turkey (CMB) to perform rating in accordance with the Corporate Governance Principles in Turkey.

In the report issued by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. on 27 December 2019, our Company's corporate governance rating, which was assigned as 9.58 (95.81) on 28 December 2018, was upgraded as 9.60 (95.98), in view of the improvements carried out by the Company during the reporting period.

The individual scores assigned for each heading to our Company are presented below:

| Headings | Weight | Assigned Score (%) |
|------------------------------------|--------|--------------------|
| Shareholders | 25% | 95.83 |
| Public Disclosure and Transparency | 25% | 98.38 |
| Stakeholders | 15% | 99.51 |
| Board of Directors | 35% | 92.85 |
| Average | 100% | 95.98 |

Included in Borsa İstanbul Corporate Governance Index, Migros was included in the BIST Sustainability Index from the first day the index was introduced. Migros has been in this index for six consecutive years.

Migros, reports its climate change action plan to CDP (Carbon Disclosure Project) and has been assigned A- grade for its most recent reporting.

PART I - STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Migros attaches great importance to the implementation of corporate governance principles as prescribed by capital market laws and regulations, the Turkish Commercial Code, and other regulatory requirements. Migros is aware of the benefits that the implementation of these principles will have for the Company, for its shareholders, and ultimately for the country as a whole. Our corporate governance practices are constantly being reviewed and improvements are made in them where necessary both so that we may be in compliance with Corporate Governance Principles Communiqué II-17.1 and so that we may be an exemplary company on such issues.

Our Company has adopted the main principles of Corporate Governance which are:

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

A corporate governance committee was formed within the Board of Directors in 2007 and charged with overseeing corporate governance matters throughout the Company and with supervising the Investor Relations Department. Capital market laws and regulations mandate that a corporate governance committee be set up and that its head be chosen from among the Company's independent board members.

In a Board resolution passed on 29 May 2019, Hüseyin Faik Açıkalin, Kamilhan Süleyman Yazıcı, Recep Yılmaz Argüden, Mehmet Hurşit Zorlu and Affan Nomak were elected to seats on the Corporate Governance Committee. Independent Board member Hüseyin Faik Açıkalin functions as the Committee Chairman.

Our corporate website (www.migroskurumsal.com) is updated daily in order to provide information on the Company to our shareholders. In addition, dedicated websites are available on each of our Company's formats for the information of the general public and our stakeholders. In addition to forming a part of its annual report, Migros' corporate governance principles compliance report may also be found in the "Investor Relations" section of its corporate website located at www.migroskurumsal.com and on the Company's page on the Public Disclosure Platform (KAP).

Within the scope of the efforts to achieve alignment with corporate governance principles in 2019;

The most recent version of the Company's articles of association that are in conformity with the Turkish

Commercial Code and the Capital Market Law are posted on the corporate website (www.migroskurumsal.com).

As required by the Capital Markets Law's communique's stipulation that announcements about general assembly meetings must be made at least three weeks before the meeting date, our Company's general assembly meeting was duly announced three weeks in advance of the date on which it was to be convened. A general assembly meeting information document containing information about such issues as Board members' résumés, the Board of Directors' profit distribution proposal and profit distribution table, reasons for proposal against profit distribution if applicable, draft amendments to the articles of association with old and new texts presented, etc. is also made available to shareholders on the corporate website at www.migroskurumsal.com, the Electronic General Assembly System of the Central Registry Agency, the PDP and other required media.

In compliance with the Turkish Commercial Code, with capital market laws and regulations, and with corporate governance principles communique, the Board of Directors has set up an Early Detection of Risk Committee. Tom Heidman, Talip Altuğ Aksoy and Hüseyin Faik Açıkalin were elected to be the members of the Early Detection of Risk Committee. As required by CMB regulations, independent board member Tom Heidman was elected to its head.

Our Company is a member of the Investor Relations Association (TÜYİD) and the Corporate Governance Association of Turkey (TKYD).

PART II - SHAREHOLDERS

2. 1 Investor Relations

The Investor Relations Department was set up under the responsibility of the assistant general manager for financial affairs. The Investor Relations Department acts in compliance with the requirements of Turkish Commercial Code, capital market laws and regulations and with CMB regulations, communiques, and principles in the conduct of its activities. The Investor Relations Department is actively involved in making it easy for shareholders to protect and exercise their rights, including but not limited to, their rights to obtain information and to examine the Company's records.

The main duties and responsibilities of the Investor Relations Department are as follows;

- Manage general assembly meeting-related matters in compliance with the requirements of laws and regulations and of the Company's articles of association;
- Conduct matters related to share capital increases;
- Conduct matters related to dividend payments;
- Represent the Company;
- Represent the Company before such agencies as the Capital Markets Board (CMB), Borsa İstanbul, the Central Registry Agency (CRA), and ISE Settlement and Custody Bank Inc. and liaise with them;
- Maintain records pertaining to the Board of Directors, to committees set up within the board, and to general assembly meetings;
- Provide the Public Disclosure Platform with information about material events as required by the Public Disclosure Communique (VII-128.6), the Material Events Communique (II-15.1), and other pertinent regulatory requirements;
- Keep track of all matters related to public disclosures covered by the Company's public disclosure policy;
- Prepare documents that may be useful to shareholders at general assembly meetings and ensure that shareholders have easy access to these documents;
- Keep track of the requirements of laws and regulations and of CMB legislation;
- Inform senior management of matters and issues with which the Company must be in compliance;
- Prepare the Company's quarterly and annual reports;
- Coordinate efforts and activities related to Corporate Governance in harmony with the Corporate Governance Committee;
- Prepare quarterly and annual informational presentations and bulletins;
- Provide investment banks/ brokerage analysts, fund managers, shareholders, and other stakeholders with information about the Company to the extent allowed by the Company's disclosure policy;
- Propose changes to keep the articles of association in compliance with current laws and regulations;
- Maintain regular and up-to-date records of all communication with investors;
- Keep abreast of and analyze information about competitors and the sector;
- Respond to shareholders' queries and requests for information to the extent allowed by the Company's disclosure policy;
- Have shareholders' paper-form securities dematerialized;
- Contribute to the initiatives and efforts regarding sustainability.
- Coordinate the changes and developments in relation to Borsa İstanbul Corporate Governance and Sustainability Indices, in which the Company is included,
- Handle the processes related to the Company's corporate bond issuances,
- The Investor Relations Department prepares and submits to the Board of Directors a report of its most recent activities monthly.

Additionally, the Corporate Governance Committee makes quarterly presentations on the Company's corporate governance practices and investor relations activities.

All shareholders who wish to obtain information about the Company may submit their requests by email to yatirimci@migros.com.tr and/or by calling 444 10 44 Customer Service Line. All other channels of communication are also available to shareholders.

Assistant General Manager for Finance: Ferit Cem Doğan

Email: cemdo@migros.com.tr

Investor Relations and Risk Management Director: Dr. Affan Nomak

Email: affann@migros.com.tr

Capital Market Activities Level 3 License No: 204627

Corporate Governance Rating Specialist License No: 700482

Investor Relations Executive: Ahmet Hüsametin Özkök

Email: ahmeto@migros.com.tr

Capital Market Activities Level 3 License No: 209815

Corporate Governance Rating Specialist License No: 702068

Investor Relations Officer: Cansel Yağmurlu

Email: cansely@migros.com.tr

The activities of the Company in 2019 are itemized below.

Teleconferences conducted during the year: 4

Investor presentations concerning the Company's financial results: 4

Financial press releases concerning the Company's financial results: 4

Material event disclosures sent to the Public Disclosure Platform: 81

Board of Directors resolutions passed: 33

Domestic and international conferences and roadshows taken part in: 12

Analysts and fund managers met with during the year: 200+

2.2 Shareholders' Rights to Information Disclosure

The Investor Relations Department endeavors to respond to requests for information about the Company that it receives as quickly as possible and without making any distinctions among shareholders. Mindful of shareholders' right to be informed and of their right to have simultaneous, convenient access to information, announcements about the Company are also published on the Company's corporate website.

Immediately after each announcement of the Company's quarterly results, teleconferences concerning the investor presentation published on our website were conducted. During these teleconferences, detailed information was provided about the presentation.

The shareholders' right to receive and review information as stipulated by the law is not eliminated or restricted neither by any provision contained in the Company's articles of association, nor by any practice based on the Company management's decision.

Auditing

At the meeting of the Board of Directors of Migros, held on 29 March 2019, it was decided according to the proposal by our Audit Committee that DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. be elected as the independent audit company for the 2019 fiscal year. This decision will be

submitted to the General Assembly for approval, according to the Board's resolution.

The Migros general assembly of shareholders voted to approve, as the Company's independent auditor for 2019, the firm of DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., which had been selected by the Board of Directors.

A two-member Audit Committee has been formed by the Board of Directors of Migros. Under article 4.5.3 of the CMB's "Communique concerning corporate governance principles (II-17.1)", all of the members of the Audit Committee must be selected from among the Company's independent board members. At a meeting of the Board of Directors on 29 May 2019, a resolution was passed to reconstitute the Audit Committee as a two-person body whose members are both independent board members and İzzet Karaca and Şevki Acuner were elected to fill these seats. As also required by Capital Markets Board regulations, İzzet Karaca was designated as the committee's chairman.

The Company's articles of association contain no provisions that complicate the conduct of a special audit. The Company management avoids undertaking any transaction that would complicate the execution of a special audit. Two shareholders made a motion for appointment of a special auditor while an agenda item was being discussed at the Company's Ordinary General Assembly Meeting convened on 16 May 2019, which was declined as a result of the voting cast among the shareholders. Other than that, no requests for

performance of a special audit at the Company have been received during the reporting period.

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

2.3 General Assembly Meetings

Attention is given to covering all issues whose discussion is statutorily mandated when determining items for the agendas of general assembly meetings. Care is taken to use a lucid language in the General Assembly agenda and to state each proposal under a dedicated heading. General assembly meeting announcements are published in the Turkish Trade Registry Gazette, on the Public Disclosure Platform (KAP), on the Central Registry Agency's electronic general assembly portal (e-GAM) and e-Company portal, and on the Company's corporate website so as to give all shareholders convenient access to these announcements. Additionally, a general assembly meeting information document containing detailed information about agenda items that are to be discussed at the meeting is also published on the Company's corporate website at www.migroskurumsal.com, on the electronic General Assembly System (e-GAM) and e-Company portal.

General assembly meetings are held physically at the Company's headquarters (Atatürk Mahallesi, Turgut Özal Bulvarı No: 7, 34758 Ataşehir, İstanbul) and are simultaneously conducted electronically through the electronic general assembly system. General assembly meetings are open

to all stakeholders and are attended by media representatives.

Company officers responsible for the preparation of financial statements and a representative of the independent auditor attended the general assembly meeting so as to provide such information as might be needed and to respond to any questions.

A separate item concerning charitable donations provided during the year is included in general assembly meeting agendas and shareholders are provided with information about them.

Annual General Assembly Meeting

The annual general assembly meeting at which Migros' 2018 activities and accounts were examined took place on 16 May 2019 at 14:00 at the Company's head office building located at the address of Atatürk Mahallesi, Turgut Özal Bulvarı No: 7, 34758 Ataşehir, İstanbul for the convenience of those attending and it was also simultaneously conducted electronically through the CRA's e-GAM. The meeting was observed by ministry representative Güner Kaki, who had been charged with this duty by the Ministry of Customs and İstanbul Trade Directorate letter E-00044405022 dated 15 May 2019.

2018 balance sheet and income statement, the Board of Directors' annual report, draft amendment to the articles of association, independent auditors' report, and proposal for the distribution of the year's dividends were made available for the examination of shareholders at the Company's headquarters, on its corporate website at www.migroskurumsal.com, and on the

electronic general assembly portal during the three weeks preceding the meeting.

An examination of the attendants list showed that 13,607,883,077.2 shares out of a possible 18,105,423,300 corresponding to TL 136,078,830.772 of the Company's TL 181,054,233 in capital were represented at the meeting.

Immediately after the meeting, its minutes and attendants list were reported to the Public Disclosure Platform and were also published under the "Information about general assembly meetings" heading of its corporate website at www.migroskurumsal.com. Additionally, the general assembly meeting's minutes were also promulgated in issue 9839 of the Turkish Trade Registry Gazette on 23 May 2019. Prior to the meeting, no shareholders submitted any proposals for items to be included in the meeting's agenda.

Shareholders at the Company's annual general assembly meeting were informed about the donations and assistance provided by the Company during the year. In 2018, the Company's charitable donations to organizations including Anadolu Education and Social Assistance Foundation, Koç University, Mehmetçik Foundation etc. amounted to TL 492,423.

In 2018 no company shareholder with a controlling stake, nor any board member, nor any manager with administrative responsibilities nor any spouse or relative (whether by blood or marriage unto the second degree) of any of these has engaged in any transaction with the Company or with any of its subsidiaries

or affiliates that might be deemed to involve a conflict of interest; nor did any of them perform, on their own behalf or on behalf of another, any transaction of a business nature falling within the Company's own or its subsidiaries' or affiliates' object and scope; nor did they act as a partner with unlimited liability in another company engaged in the same kind of business.

The decisions passed at the 2018 Ordinary General Assembly Meeting have been carried out.

2.4 Voting Rights and Minority Rights

As is stipulated in Migros' articles of association, there are no special voting rights at the Company. All votes are of equal weight. Every shareholder at a general assembly meeting is entitled to cast as many votes as the number of shares that they hold. There are no shareholders with cross-shareholding interests. The articles of association provide for no special privileges and/or similar rights with respect to representation on the Board of Directors. Four of the twelve members of the Board of Directors are independent members.

The Company avoids engaging in any and all manner of practices that might obstruct the exercise of shareholders' voting rights and takes maximum care to make sure that the Company's minority rights are exercised in view of the applicable legislation and the provisions of the articles of association.

Those who are entitled to cast votes at general assembly meetings may exercise those rights personally and they may

also designate a proxy, who may or may not be a shareholder themselves, to do so on their behalf. A specimen of the proxy statement for shareholders not personally attending a meeting is posted at the Company's headquarters, on its corporate website (www.migroskurumsal.com), and at the Public Disclosure Platform (KAP) and the CRA's e-GAM portal and is also published in the Turkish Trade Registry Gazette along with the general assembly meeting summons.

Voting on agenda items at general assembly meetings is by an open show of hands by shareholders who are physically present; electronic voting is provided for shareholders who are attending meetings in an electronic environment. Once voting has been completed, the results of physically cast and electronically cast votes are consolidated in the e-GAM.

2.5 Dividend Rights

There are no privileges regarding participation in the Company's profit. Profits are distributed within statutorily prescribed periods of time and as soon as possible after a general assembly meeting has taken place. The actual payment dates are determined by the general assembly.

Payment of dividends has always been an important matter for Migros, which always aimed to protect the interests of its shareholders. The utmost attention is given to the fine balance between the growth strategy and dividend payment policy.

Dividend Policy

"Taking the Company's long-term strategies, investments, financing plans, and profitability as well as compliance with CMB communiqués and regulations into account, the Board of Directors may submit, for the approval of the general assembly, a proposal that a portion—such as may be determined by the board—of current-year profit be paid out as cash, or as bonus shares, or as a specific mix of these two or else that it be retained within the Company.

When a general assembly decides to distribute profits it may itself determine when the dividends are to be paid and similarly it may also authorize the Board of Directors to make such a determination. In all cases, the payment of dividends must begin no later than the end of the fiscal year in which was held the general assembly meeting at which the decision to pay them was taken. Matters related to dividend payments specified in the Capital Markets Law and in CMB communiqués must also be complied with.

There are no shares in the Company that are entitled to special dividend rights; neither is there anyone who is entitled to a share of company profits who is not a shareholder."

At an Annual General Assembly Meeting of Migros held on 16 May 2019, it was proposed against distributing profit for 2018 fiscal year since the Company's consolidated financial statements for 2018, which were drawn up in accordance with the Turkish Commercial Code and CMB requirements, showed a net loss for the period, and the General Assembly passed a resolution to that effect.

2.6 Transfer of Shares

The Company's articles of association contain no provisions restricting the transfer of its shares.

Transfers of the Company's shares are subject to the provisions of the Turkish Commercial Code and of capital market laws and regulations.

Subject to the satisfaction of specific conditions, the Company may acquire its own shares and accept them as collateral.

The Company's capital structure as of 31 December 2019 is as follows:

| Migros Ticaret A.Ş. Shareholder structure | | |
|---|-------------------|-----------|
| Shareholder | Share Amount (TL) | Share (%) |
| MH Perakendecilik ve Ticaret A.Ş. | 89,046,058 | 49.18 |
| Kenan Investments S.A. | 21,308,336 | 11.77 |
| Migros Ticaret A.Ş. * | 2,962,116 | 1.64 |
| Others | 67,737,723 | 37.41 |
| Total | 181,054,233 | 100.00 |

PART III - PUBLIC DISCLOSURE AND TRANSPARENCY

3.1 The corporate Website and Its Content

Any and all manner of information and announcements that might have an impact on the exercise of shareholders' rights is made available to shareholders on an up-to-date basis via the corporate website. The website addresses all of the matters set forth in Corporate Governance Principles.

The Company has a dedicated website for each one of its formats. Our corporate website contains the following sections and their associated sub-sections:

- About Us
- Our Brands & Stores
- Corporate Social Responsibility
- Migros Quality
- Investor Relations
- Migros Career

Besides addressing the matters set forth in section 2.1 ("Corporate Website") of CMB Corporate Governance Communique II-17.1, the Migros corporate website also contains information about many other subjects.

The Investor Relations section of our corporate website covers the main headings of "Sustainability Report", "Migros Corporate", "Migros - Kipa Merger Documents", "Financial Reports", "The Increase of Company Capital and Distribution of Dividends", "Information about the General Assembly Meetings of Shareholders", "Material Disclosures", "Announcements to Shareholders", "Frequently Asked Questions", and "Contact Us". Our investors can find more detailed information about Migros in the subsections under these main headings. Our "Investor Relations" page is updated as circumstances warrant and as required by law. Every effort is made to make such information easily accessible to stakeholders.

The corporate website also contains trade registry information and the shareholding structure in Turkish and English as required by law.

In addition, the Company's "Privacy and Data Security Policy" is also available at our corporate website. The Policy is intended to clarify the types of data we collect, the reasons and methods of data collection, the purposes such data are used for, and the steps taken to ensure their security.

3.2 Annual Report

The annual report is prepared in such a way as to contain all of the matters specified in the Turkish Commercial Code, in "Regulations concerning the determination of minimum content in companies' annual reports" (published in issue 28395 of Official Gazette on 28 August 2012), and in the corporate governance principles set forth in the appendix to CMB Corporate Governance Communique II-17.1. As so required, the Board of Directors has an annual report prepared that provides the public with complete and truthful information about the Company's activities.

The following information is provided under the "Board of Directors" heading of the corporate governance principles compliance report section of the annual report: statements pertaining

to information about members of the Board of Directors, to duties that executives undertake outside the Company, and to the independence of independent members; information pertaining to committees set up within the Board of Directors that includes their working principles, members, frequency of meetings, and performance along with the board's assessments of the committees' effectiveness; information pertaining to the number of Board of Directors meetings held during the year and members' attendance at them.

The corporate governance principles compliance report also contains, in appropriate sections, information about: changes in the legal framework that may significantly affect the Company's activities; significant lawsuits filed against the Company and their potential consequences; conflicts of interest between the Company and those from which it obtains investment advisory, rating, and similar services along with measures taken by the Company to preclude such conflicts; cross-shareholding interests that involve more than a 5% capital stake; information about corporate social responsibility issues including employee rights, professional/occupational training, and other company activities that have social and/or environmental consequences.

PART IV - STAKEHOLDERS

4.1 Informing Stakeholders

Migros corporate governance practices observe stakeholders' rights as embodied in laws and regulations and in its contractual agreements. The Company keeps stakeholders informed about issues that may be of concern to them through a variety of communication channels including, but not limited to, its corporate website at www.migroskurumsal.com. Policies and procedures concerning stakeholders'

rights (Anti-Bribery and Anti-Corruption Policy, Compensation Policy, Responsible Supplier Policy, etc.) are posted on the corporate website. Company employees, shareholders, and other individuals and entities with which the Company has a shareholding and/or business relationship may submit suggestions and complaints about such issues directly to company executives. All such submissions are considered and responded to as circumstances require.

Migros publishes the names and contact information of the department heads of the Company on its corporate website thus making it possible for stakeholders to directly contact the manager overseeing a particular issue and direct their questions and opinions to the relevant person firsthand. The objective of this model is to allow for the establishment of a more transparent and effective communications model between the Company and its stakeholders.

Necessary mechanisms have been set up to let stakeholders report any violations of laws and regulations by the Company and any involvement by the Company in dealings that may be unethical, if applicable. Stakeholders are provided with clear and explicit information about the Corporate Governance Committee, the Audit Committee, and the members of both so that they may contact these committees directly in order to report any such issues.

The Company keeps shareholders and other interested parties informed through such means as press releases and investor presentations.

The section of the Migros Code of Conduct concerning employees is presented under the title of "Rules of Ethics" and other principles are presented below:

The Responsibilities of Migros Towards Other Companies

1. Migros abides by the law in all of its activities.
2. Migros does not derive any unlawful benefit from any person or entity under any circumstances. Procurement decisions regarding goods and services are made based on well-established and publicly disclosed criteria.
3. It is important for Migros that its business partners do not damage its image and reputation and that they respect the accepted business values of the Company.
4. Migros checks and monitors the services it obtains on an ongoing basis from other organizations to ensure that they are provided in full legal compliance.
5. Migros does not share the confidential information of its suppliers with any third party without permission.

Social Responsibilities of Migros

1. Migros strives to upgrade its service standards in order to satisfy the expectations of its customers.
2. Migros seeks to set an example for the community by fulfilling all of its tax and other obligations in a complete and timely manner.
3. Migros does not make any derogatory, derisive or offensive statements about other companies, organizations, products or individuals.
4. Migros takes the utmost care in all its activities to preserve nature and historic integrity while acting in accordance with customs and traditions of the community and observing legal rules and regulations.

5. Migros stands for business ethics in its industry and strives for the establishment, dissemination and adoption of these principles.

The responsibilities of Migros Employees Towards The Company

1. Migros employees categorically reject any pecuniary or non-pecuniary incentives which may come from any third parties within their areas of responsibility.
2. Migros employees inform their immediate superiors whenever they enter into a direct business relationship with a company in which a close relative is employed or he/she is a minority or majority partner.
3. Migros employees take utmost attention and care in their duties and they make every effort to ensure that the work they perform is higher in quality, faster and more efficient.
4. Migros employees are obliged to refrain from endangering the health and safety of themselves and of other employees who are affected by their actions and their jobs in line with the occupational health and safety training they received and with the employer's relevant instructions.
5. Migros employees are obliged to operate the machinery, equipment, devices, tools, dangerous materials, transportation equipment and other production machinery in the workplace in accordance with their respective guidelines, to properly use protective equipment, not to remove and change such protective equipment arbitrarily, and to cooperate with the employer and employee representatives to assure occupational health and safety in his/her respective job area, in accordance with the employer-provided training and instructions.

6. Migros employees refrain engaging in any action or behavior which would damage the image and reputation of the Company and during work hours they comply with the generally accepted code of conduct and the dress policy of the Company.

7. Migros employees do not remain indifferent or silent in any situation which runs counter to the interests of the Company and shall notify the concerned business units.
8. Migros employees avoid waste by putting all the fixtures, tools and equipment owned by the Company to use for their intended purposes. The employees do not use the resources and facilities of the Company for their own private benefit.
9. Migros employees do not divulge any confidential or private information which they might be privy to due to their position or the work they perform outside the Company and they do not give interviews or make statements of any kind to any media organization without the prior consent of the Company management.

The responsibilities of Migros Employees Towards Other Employees

Migros employees do not share the private information regarding their co-workers they might be privy to with other third parties outside the Company. Our Company is against any and all sorts of behavior that will tarnish its employees' reputation and honor, or that constitutes infringement of its employees' personal and employment rights; and any and all sorts of harassment (psychological harassment, mobbing, sexual harassment) that disturbs physical, psychological and social health and negatively affects the working life of our employees and

our Company, and aims to develop and maintain a fair and respectful working environment for all employees.

Migros employees are obliged not to endanger the health and safety of themselves and of other employees who are affected by their actions and their jobs in line with the occupational health and safety training they received and with the employer's relevant instructions.

General Responsibilities

"The Migros Business Ethics Committee" is responsible for dealing with issues that are not addressed by the principles set forth above.

4.2 Stakeholders' Participation in the Company Management

The employees' participation in management is regulated by internal guidelines. Article 7 of "The Company's Responsibilities toward its Employees" section of the Migros Code of Conduct reads as follows: "In matters that are related to employees, Migros seeks to include the opinions of its employees as much as possible in any decision concerning the future of the Company."

Accordingly, management of Migros gives a great deal of attention towards the achievement of this goal. Stakeholders' opinions are sought in material decisions bearing impact with respect to them. As part of our business conduct, Migros employees participate in the decision-making processes concerning their respective areas of work. Migros employees have the opportunity to communicate their new ideas, proposals and demands to the senior management of the Company and Members of the Board of Directors directly or electronically via intranet, the Company's internal communication platform.

The management body, through which our employees are represented at our stores, is the Workplace Union Representative committees. In addition to overseeing the enforcement of the provisions of the collective bargaining agreement, Workplace Union Representatives discuss the complaints and requests communicated by our employees or by our Company with the employer representatives. In addition, they are also represented in various committees such as the Occupational Health and Safety Committee on which they are members, and on committees set up for various projects.

A "Working Life Assessment Survey" is conducted every year by an independent research company in order to measure and further improve the levels of Migros employees' job satisfaction and company loyalty. The findings from the survey form the basis of new administrative decisions to be made each year.

An annual Goal-Awareness Workshop is conducted in order to ensure that the Company's targets and strategies are fairly, equally, and clearly understood by all Migros employees. Representatives attending the workshop have a direct impact on the determination of the Company's annual goals. The goals setting the main strategy of the Company are objectively deployed across all departments.

4.3 Human Resources Policy

The Human Resources Department of Migros, in executing the Company's strategies, aims to develop systems which will ensure the continuous improvement, motivation and management of the human resources staff and implement these systems in line with the corporate principles of the Company. Our human resources are our most important asset. The quality of our products and services reflects the quality

of our employees. In our endeavor to create a Company spanning generations, we choose attracting and employing the best and most competent people; taking maximum advantage of our people's abilities, strengths and creativity; increasing their individual productivity; providing them opportunities to develop themselves; and creating a workplace in which teamwork and solidarity flourish.

The Company has espoused an employment policy providing equal opportunities and succession planning for all key managerial positions. The said planning is reviewed every year by the senior management.

Information about company employees' job descriptions and accountabilities and about performance and reward criteria is provided for employees' information through the Migros Human Resources Portal.

Our Principles

Strategic Use of Human Resources:

The Human Resources Department of Migros places the human element on a high pedestal by giving it great strategic importance and creates awareness of its strategic value in all of domestic and overseas units of Migros. Human resources strategies are designed to create and develop a reliable, fast and proactive organizational structure to sustain the industrial leadership of Migros in a competitive business environment. Employees are considered a strategic resource for it is believed that their experience and creativity would be the driving forces in the adaptation of the Company to fast-changing competitive environment and new markets.

Superior Business Ethics and Integrity:

In all dealings with employees, the Company accepts as a fundamental principle to act fairly, in good faith and in an understanding manner abiding by the rules of law and ethics.

Occupational Safety:

Migros assures its employees that it will fulfill all of its obligations towards them, including those at all of its subsidiaries, in compliance with the relevant laws and regulations. The Company, in order to ensure the safety of its employees in the workplace, complies not only with all legal requirements and regulations stipulated by the Labor and Occupational Safety Law but also with the industry standards on ergonomics and improvement of the working environment. Civil defense activities, which are of great importance for our country, and theoretical and practical training are also provided in cooperation with the concerned public institutions.

Equal Opportunities:

Migros provides services to its customers both in Turkey and abroad through an employee workforce comprising of individuals coming from many different linguistic, religious and ethnic backgrounds. All human resource-related decisions from recruitment and placement to compensation are governed by job position profiles defined in detail. Through the human resource staff evaluation systems, Migros objectively monitors and assesses the competencies, skills and performances of its employees by common principles applied to all. Migros provides equal training, promotion, and career development and compensation opportunities to each of its employees based on the evaluation results through the Integrated Human Resource systems deployed by the Company.

Human Resources Management:

The management of human resources processes and 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; this function is clearly defined and undertaken within the regulations and business ethics principles of the Company.

Participation and Transparency:

Managers and employees at Migros' domestic and overseas subsidiaries are the integral parts of human resources practices at Migros. Employees are updated on their roles and responsibilities regarding human resources policies and provided with guidance in fulfilling those responsibilities.

Human resources policies and processes are shared with employees on a regular basis by means of the communications resources (intranet, e-mail, distance learning and meetings) of the Company. Employees have access to employee evaluations and are able to receive training and information on the practices and can monitor their individual results.

Assemblies are also conducted as necessary to inform and discuss with employees issues of concern to them such as the Company's financial standing, compensation, career paths, training, and health.

Competitiveness:

Migros plans and manages the professional development of its employees to help them sustain their competitiveness not only within the Company itself but also on a professional level so as to allow the contribution of positive values to the economy, environment and community.

Commitment to Shared Values:

Our Corporate Culture is based on our shared values. These values are:

1. Reliability
2. Leadership
3. Empathy
4. Customer-orientation
5. Productivity
6. Innovativeness.

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

Our employees who have completed one working year with our Company receive indemnity payment in cases set out by the law, and necessary financial provisions are set aside for this purpose, which are publicly disclosed in our financial statements.

4.4 Code of Ethics and Social Responsibility

The Principles of Business Ethics of Migros are grouped under the following headings:

- The responsibilities of the Company towards its employees
- The responsibilities of employees towards the Company
- The responsibilities of Migros towards other companies

- Responsibilities of the Company towards the society
- General responsibilities.

The responsibilities of the Company towards its employees and the information about the other categories of business ethics principles have been described in the various sections of this Corporate Governance Compliance Report. The Migros Code of Ethics may be accessed from the Company's corporate website at www.migroskurumsal.com.

The Company considers its employees as one of its most valuable assets in today's tough market conditions. One of our Company's greatest competitive advantages is its experience in the industry and qualities possessed and continuously improved by its employees.

The responsibilities of Migros towards its employees:

1. Migros is in full compliance of its legal obligations to its employees; in situations where the requirements of law are ambiguous, Migros consults professionals who are experts in the relevant fields.
2. Migros protects the rights of its employees within the framework of its business ethics rules in situations where laws do not sufficiently address to.
3. Candidates for employment, promotion and appointment are evaluated based on their qualifications; all employees are provided equal opportunity.
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 helps its employees to develop professionally and personally by providing them training.

6. Migros does not discriminate on the basis of sex, age, ethnic origin or religion.

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 future of the Company.

8. Migros provides hygienic and safe working conditions as dictated by the requirements of law and circumstances, and seeks to improve them to the best of its ability.

9. Migros holds private information about its employees that it may receive through various means in strict confidentiality and does not divulge any of it (e.g. medical records, shopping habits, economic data, and the like).

Within the framework of its ethical guidelines, Migros defines its responsibilities to society as follows.

1. Migros strives to satisfy the service quality standards that its customers expect of it.

2. Migros seeks to fulfill its tax and other legally prescribed obligations in a complete and timely manner and to conduct itself in an exemplary manner in the public eye.

3. Migros makes no statements that could be deemed to be condescending, sarcastic or offensive concerning other companies or organizations, goods, or individuals.

4. Migros takes pains in the conduct of its activities to protect the natural environment, to avoid harm to the historical heritage, and to act in keeping with customs, habits, and traditions. Migros complies with the requirements of law on all such issues.

5. Migros stands for business ethics in its industry and strives for the

establishment, dissemination and adoption of these principles.

Migros' corporate culture includes its concern for public health and hygiene, sensitivity toward identifying and satisfying societal needs, 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" sensitive to the environment.

As required by its sense of corporate social responsibility, Migros operates in compliance with laws, the rules of ethics, and respect for human rights in the conduct of all consumer-related services; fulfills the responsibilities incumbent upon it in the furtherance of registered-economy activities that give back to society by enriching national resources; contributes to formal employment through its upholding of statutorily-mandated employee rights. The Company also shares its sense of social responsibility with its social stakeholders - employees, suppliers, subsidiaries, investors and consumers and with the public at large. Great importance is given to supporting and spreading of such pioneering and value-adding practices for the improvement of the society.

Migros is aware a good reputation can be ruined in a single blunder. Migros acts ethically and with integrity in every practice it engages in. The Company is well aware that trust cannot be won easily, and that it is a bond that grows and develops slowly over a long period of time between a company and its customers and that once broken, cannot be saved by quick fixes. Migros has been protecting the good health and rights of its customers since its inception. Many innovative practices introduced by Migros encourage good shopping habits and foster consumer awareness. These practices subsequently became industry

standards and some have even been made into law.

Detailed information about the Company's social responsibility activities is provided in appropriate sections of the annual report.

PART V - BOARD OF DIRECTORS

5.1 Structure and Composition of the Board of Directors

All of the members of the Migros Board of Directors possess the qualifications required of them in article 4.3 of CMB Corporate Governance Communiqué II-17.1. All of them are professionals distinguished by virtue of their exemplary business knowledge, experience, and background.

The Board of Directors identifies strategic objectives taking into account both the requirements of laws and regulations and the Company's articles of association and internal directives. The board formulates the most appropriate balance among between growth and the issues of risk vs return in line with these objectives and, mindful of the Company's long-term interests, administers the Company transparently, accountably, justly, and responsibly.

The Migros Board of Directors consists of twelve members, all of whom are elected by shareholders at a general assembly meeting. The board's membership consists of non-executive board members, except Özgür Tort. Among the board members are independent members who have the ability to act with absolute impartiality in the conduct of their duties.

According to article 4.3.4 of CMB Corporate Governance Communiqué II-17.1, the number of independent board members must not be fewer than one-third of a board's total membership. When determining how

many independent board members a board must have, fractions are rounded up to the nearest whole number but in no case may the number of independent board members be fewer than two. In compliance with this rule, four of the twelve members of the Migros Board of Directors are independent members.

Under the articles of association, board members serve for three-year terms at most unless a shorter term of office is specified at the general assembly meeting at which they are elected. A board member whose term of office expires may be reelected. Shareholders assembled in a general assembly meeting may, for just cause and at any time that they deem such action to be necessary, dismiss any board member whether or not such an item is on the meeting agenda.

The Corporate Governance Committee, which performs the duties of a nomination committee at Migros,

has created a pool of prospective independent board members during 2019 and the nominees have been presented in a report to the Board of Directors.

There are no binding rules governing board members, other than independent board members, undertaking duties outside the Company. However, the conditions stipulated in the Corporate Governance Communiqué are abided by with respect to outside duties undertaken by independent board members. According to the limitation imposed, they may not serve as independent board members at more than three companies where shareholders having management control over the Company have management control and in the aggregate, at more than five companies traded on the stock exchange. The duties board members undertake outside the company are presented for the information of

shareholders through the General Assembly Information Document at the General Assembly Meeting.

While women members served on the Board of Directors in previous years, there are no woman members on the current Board of Directors. The Corporate Governance Committee has set a target (25%) for reassignment of women members on the Board of Directors in the years ahead, and has made a recommendation in writing to the Board of Directors. The Board of Directors is planning accordingly in this respect. As a matter of principle there are no barriers to or limitations on women serving as members of the Board of Directors. All members of the board—male and female—are considered and evaluated entirely on the basis of their professional and sectoral experience and their academic qualifications.

Board of Directors

| Name | Title | Appointed on | Term |
|--------------------------|--|--------------|--------|
| Tuncay Özilhan | Chairman (Non-executive) | 16.05.2019 | 1 Year |
| Kamilhan Süleyman Yazıcı | Vice Chairman (Non-executive) | 16.05.2019 | 1 Year |
| Nikolaos Stathopoulos | Member (Non-executive) | 16.05.2019 | 1 Year |
| Talip Altuğ Aksoy | Member (Non-executive) | 16.05.2019 | 1 Year |
| Salih Metin Ecevit | Member (Non-executive) | 16.05.2019 | 1 Year |
| Rasih Engin Akçakoca | Member (Non-executive) | 16.05.2019 | 1 Year |
| Recep Yılmaz Argüden | Member (Non-executive) | 16.05.2019 | 1 Year |
| Ömer Özgür Tort | Member and General Manager (Executive) | 16.05.2019 | 1 Year |
| İzzet Karaca | Independent Member (Non-executive) | 16.05.2019 | 1 Year |
| Hüseyin Faik Açıkalın | Independent Member (Non-executive) | 16.05.2019 | 1 Year |
| Şevki Acuner | Independent Member (Non-executive) | 16.05.2019 | 1 Year |
| Tom Heidman | Independent Member (Non-executive) | 16.05.2019 | 1 Year |

Affidavits

Independent Board Members' Affidavit

To the Board of Directors of Migros Ticaret Anonim Şirketi ("the Company"):

Owing to my having been proposed as a candidate for a seat as an independent board member on your Company's Board of Directors at your Company's general assembly meeting for the year 2018, I hereby declare and wish it to be known by all Company organs, shareholders, and other interested parties that I am a candidate to serve as an independent board member at the Company within the framework of the Company's articles of association and the criteria of the Capital Markets Board's Corporate Governance Principles and that I possess the qualifications to do so and furthermore:

- a) That neither I, nor my spouse, nor any relative of mine whether by blood or by marriage unto the second degree, have, within the most recent five years, entered into any employment relationship in an administrative capacity involving significant duties and responsibilities, owned more than 5% of the capital or voting rights or privileged shares either jointly or individually, or have established a significant commercial relation with the Company, or with corporations over which the Company holds management control or significant influence or with shareholders who hold management control over the Company or have significant influence over the Company, or with legal entities controlled by these shareholders,
- b) That within the most recent five years, I have not been a shareholder (5% and more), not worked in an administrative capacity undertaking significant duties and responsibilities or not served as a member of the board of directors in any company, particularly companies involved in the Company's auditing (including tax audit, statutory audit, internal audit), rating, or consulting functions that the Company purchases or sells a substantial amount of goods or services within the framework of the contracts executed, during the period of such sale or purchase,
- c) That, as may be seen from my resume, I am possessed of the professional training, knowledge, and experience necessary to duly fulfill the duties I shall undertake as an independent member of the Board of Directors;
- d) That, as of the date on which my candidacy for board membership was proposed and this affidavit is submitted, I am not a full-time employee of any public agency or organization and that, if elected, I shall not be for the duration of my term of office;
- e) That I am a resident of Turkey as defined in the Income Tax Law; *
- f) That I am possessed of ethical standards and of professional repute and experience sufficient to enable me to make a positive contribution to the Company's affairs, to maintain my impartiality in any disputes that may arise among the Company's shareholders, and to come to decisions freely on the basis of all stakeholders' interests;
- g) That I will be able to devote to the Company's affairs an amount of my time sufficient to keep track of the conduct of the Company's activities and to fully satisfy the requirements of the duties I will be undertaking
- h) I have not served as a member on the Company's board of directors for more than six years within the last ten years,
- i) I have not served as an independent board member in more than three companies over which the Company or the controlling shareholders of the Company hold management control and in more than five listed companies in total.

İzzet Karaca

Hüseyin Faik Açıkalın

Şevki Acuner

Tom Heidman

* Applies to resident members.

5.2 Operating Principles of the Board of Directors

As specified in corporate governance principles, the Board of Directors conducts its activities in line with the corporate governance principles of transparency, accountability, fairness, and responsibility. Taking the opinions of its internal committees into account, the Board of Directors devises internal control systems that incorporate risk management and information mechanisms and processes capable of minimizing the adverse impact of risks that might affect company stakeholders. The effectiveness of risk management and internal control systems is reviewed at least once a year. Information about the functionality and effectiveness of the internal control system is provided in the annual report.

As required by CMB Corporate Governance Communique II-17.1, the Board of Directors plays a proactive role in ensuring effective communication between the Company and its stakeholders and in addressing and resolving any disputes that may arise. To accomplish this, it cooperates closely with the Corporate Governance Committee and with the Investor Relations Department. During 2019 the Migros Board of Directors passed 33 resolutions on a variety of subjects. Majority of the full membership were present at every meeting in which these decisions were taken and the decisions were passed by a majority of those in attendance. Under the articles of association, invitations to board meetings may be sent out by the chairman (or his deputy) at least three days in advance of the meeting date by means of fax, letter, or email. These invitations indicate the meeting date, time, place, and agenda. Whenever the board is convened, it may agree upon a schedule for the regular conduct of meetings during the year.

A secretariat is charged with organizing and conducting meeting-related matters both before and after meetings are held. This secretariat is also responsible for the regular maintenance of meeting-related records, for making entries in the Board of Directors Book of Resolutions, and for making this register accessible to board members for their inspection. Any and all manner of views may be expressed during board meetings. If any dissenting votes are cast against a particular resolution, information about this is included in the minutes along with the justifications for such dissent. No dissenting opinions were entered into the minutes of any board meetings that took place during 2019. Any questions that may be raised by board members and the answers given to them are also entered into the minutes. Issues pertaining to board meetings and decision quorums are governed by the Turkish Commercial Code and the and the Articles of Association.

The agendas for board meetings are determined in line with the suggestions and guidance of board members and senior executives. Even if no other item has been placed on a meeting's agenda, the Company's monthly financial statements and investment program are discussed.

Each member of the Migros Board of Directors is entitled to one vote. No members have been granted weighted voting or veto rights.

Members of the Migros Board of Directors are covered by insurance against the risk that the Company may suffer a loss on account of misjudgment and errors in the performance of their duties. Liability insurance policies in the amount of USD 25 million have been taken out on board members and senior executives in 2019. This matter has been announced on KAP (Public Disclosure Platform).

Members of the Board of Directors are not allowed to vote in the issue of acquitting board members of their fiduciary responsibilities at general assembly meetings.

Duties and powers of the Board of Directors members can be found in the Company's Articles of Association available on the Company's corporate website (www.migroskurumsal.com) and on KAP (Public Disclosure Platform).

5.3 Number, Structure, and Independence of Committees Established within the Board of Directors

An audit committee, a corporate governance committee and an early detection of risk committee have been set up both in compliance with the requirements of CMB Corporate Governance Communique II-17.1 and in order to help the Board of Directors better fulfill its duties and responsibilities. Owing to the structure of the board, neither a nominating committee nor a remuneration committee has been set up: the functions of such committees are performed by the Corporate Governance Committee. These committees' areas of responsibility, their working principles, and their memberships are determined and publicly disclosed by the Board of Directors.

Under CMB Corporate Governance Communique II-17.1, all audit committee members and the heads of other committees must be selected from among a board's independent members. Care is taken to avoid having any single board member serving on more than one committee. No executive board member or general manager may serve on these committees.

The activities of the board's Audit Committee, Corporate Governance Committee, and Early Detection of Risk

Committee for 2019 have been reviewed and assessed by the board. It was ascertained that in the conduct of their operations these committees had been mindful of the requirements of laws and regulations and that their activities had a beneficial impact on the Company's practices.

a. Audit Committee

| Audit Committee | | | |
|-----------------|--------------------|--------------------|---------------|
| İzzet Karaca | Committee Chairman | Independent Member | Non-executive |
| Şevki Acuner | Member | Independent Member | Non-executive |

At a meeting of the Board of Directors held on 29 May 2019, it was decided that the Audit Committee should consist of two independent board members and that İzzet Karaca and Şevki Acuner were elected to fill these seats. In compliance with CMB regulations, İzzet Karaca was chosen to serve as committee chairman.

Besides auditing the Company's accounting system and its publicly disclosed financial statements, the Audit Committee also oversees the operation and effectiveness of independent auditing and of the Company's internal control and internal audit systems. As required by Corporate Governance Principles, the selection of independent auditors, the preparation of independent auditing contracts and the initiation of independent auditing processes, and every stage of the activities of the independent auditors are subject to the oversight of the Audit Committee.

The Audit Committee determines methods and criteria that are to be applicable when examining and finalizing any complaints the Company receives about its accounting and internal control system or its independent auditing and when company personnel are given access to confidential reports about in-house accounting and independent auditing matters.

Every year, the Audit Committee submits its proposal for the designation of the Company's independent audit firm for the fiscal year from 1 January until 31 December.

Prior to the public disclosure of annual and interim financial statements and having consulted and obtained the opinions of the Company officers concerned and of the independent auditors, the Audit Committee provides the Board of Directors with a written declaration concerning its own assessment of the statements' compatibility with respect to the Company's approved accounting principles and of their truthfulness and accuracy.

The Audit Committee convenes at least four times a year. The results of these meetings are set down in minutes that are submitted to the Board of Directors along with any decisions that are taken. Information about the Audit Committee's operations and meeting results is included in the Company's annual report.

The Audit Committee works in coordination with the Early Detection of Risk Committee by way of holding joint meetings.

The Audit Committee immediately notifies the Board of Directors in writing of any findings it makes concerning its

duties and areas of responsibility and of its assessments and recommendations concerning such matters.

Operating Principles of the Audit Committee

Purpose and Scope

Set up under the Capital Market legislation, the Audit Committee reports to the Board of Directors.

The purpose of the Audit Committee is to verify that the Company's accounting and reporting system runs in accordance with applicable laws and regulations, to supervise the audit and public disclosure of financial information, and the operation and efficiency of independent audit and internal control system.

Authority

The Audit Committee is formed and authorized by the Board of Directors, which also sets out its duties and operating principles. As and when it deems necessary, the Audit Committee seeks opinion from independent experts regarding its activities, and the cost of necessary advisory services are borne by the Company.

The Audit Committee acts within the frame of its authorization and responsibilities, and makes recommendations to the Board of Directors, which is ultimately responsible for the final decision at all times.

Detailed information about the Committee structure and meetings, duties and responsibilities, basis and enforcement is provided under the Investor Relations tab on our corporate website. (www.migroskurumsal.com)

b. Corporate Governance Committee

The Migros Board of Directors has set up a corporate governance committee

to oversee corporate governance practices at the Company and to coordinate the activities of the Investor Relations Department. The Committee targets continuous improvement of the Company's corporate governance practices. At its meeting on 29 May 2019, the board decided to elect Hüseyin Faik Açıkalin, Kamilhan Süleyman Yazıcı, Recep Yılmaz Argüden, Mehmet

Hurşit Zorlu and Affan Nomak as the members of the Corporate Governance Committee. In compliance with CMB regulations, the board also decided to appoint Hüseyin Faik Açıkalin to head the committee. The Committee meets at least four times a year and is formed of 5 members.

Corporate Governance Committee

| | | | |
|--------------------------|--------------------|---------------------------|--|
| Hüseyin Faik Açıkalin | Committee Chairman | Independent Member | Non-executive |
| Kamilhan Süleyman Yazıcı | Member | Not an Independent Member | Non-executive |
| Recep Yılmaz Argüden | Member | Not an Independent Member | Non-executive |
| Mehmet Hurşit Zorlu | Member | Not an Independent Member | Non-executive |
| Affan Nomak | Member | Not an Independent Member | Investor Relations and Risk Management |

It was decided that the Corporate Governance Committee should also fulfill the duties of both a nominating committee and a remuneration committee as is allowed by CMB Corporate Governance Communiqué II-17.1. Accordingly and in the fulfillment of its duties as a nominating committee, the Corporate Governance Committee is responsible for creating a transparent system capable of identifying, vetting, and training suitable candidates to fill seats on the Board of Directors and to undertake management positions that have administrative responsibilities and to develop policies and strategies for dealing with such issues. The Corporate Governance Committee also makes regular assessments of the structure and efficiency of the Board of Directors and submits to the board its recommendations for possible changes in such matters.

In the fulfillment of its duties as a remuneration committee, the Corporate Governance Committee determines and oversees principles, criteria, and

practices which are to be used in the remuneration of members of the Board of Directors and of managers with administrative responsibilities and which take the Company's long-term goals into account. The committee submits to the Board of Directors its recommendations concerning the remuneration that is to be paid to members of the Board of Directors and to managers with administrative responsibilities subject to the degree to which the recipients have satisfied remuneration-related criteria.

Operating Principles of the Corporate Governance Committee

Purpose and Scope

Set up under the Capital Market legislation, the Corporate Governance Committee reports to the Board of Directors.

In line with the CMB Corporate Governance Communiqué (II-17.1), the purpose of the Corporate Governance Committee is to establish whether corporate governance principles are implemented at our Company, the

reasons for non-implementation, if applicable, and conflicts of interest resulting from failure to achieve complete alignment with these principles. The Committee is responsible for suggesting improvements regarding corporate governance practices to the Board of Directors and for overseeing the activities of the Investor Relations Department.

Pursuant to the Corporate Governance Communiqué, the Corporate Governance Committee fulfills the functions of the Nomination Committee and the Remuneration Committee, as well.

Authority

The Corporate Governance Committee is formed and authorized by the Board of Directors, which also sets out its duties and operating principles. As and when it deems necessary, the Corporate Governance Committee seeks opinion from independent experts regarding its activities, and the cost of necessary advisory services are borne by the Company.

The Committee acts within the frame of its authorization and responsibilities, and makes recommendations to the Board of Directors, which is ultimately responsible for the final decision at all times.

Detailed information about the Committee structure and meetings, duties and responsibilities, basis and enforcement is provided under the

Investor Relations tab on our corporate website. (www.migroskurumsal.com)

c. Early Detection of Risk Committee

At a meeting of the Board of Directors held on 29 May 2019, it was decided to elect Tom Heidman, Talip Altuğ Aksoy and Hüseyin Faik Açıkalin to seats on an

early detection of risk committee which had been set up in compliance with the requirements of Turkish commercial law, capital market laws and regulations, and corporate governance principles. As also required by Capital Markets Board regulations, Tom Heidman was designated as the committee's head.

Early Detection of Risk Committee

| | | | |
|-----------------------|--------------------|---------------------------|---------------|
| Tom Heidman | Committee Chairman | Independent Member | Non-executive |
| Talip Altuğ Aksoy | Member | Not an Independent Member | Non-executive |
| Hüseyin Faik Açıkalin | Member | Independent Member | Non-executive |

As defined by the Board of Directors in accordance with the Turkish Commercial Code and capital market laws and regulations, the activities of the Early Detection of Risk Committee consist of identifying, at an early stage, risks that might endanger the Company's existence, well-being, and continuity; of taking measures needed to deal with such risks; and of managing risk. The Early Detection of Risk Committee performs a review of risk management systems at least once a year. The committee convenes six times a year.

Operating Principles of the Early Detection of Risk Committee

Purpose and Scope

Set up under the Capital Market legislation and in accordance with Article 378 of the Turkish Commercial Code, the Early Detection of Risk Committee reports to the Board of Directors.

The purpose of the Early Detection of Risk Committee is to early detect the risks that may threaten the existence, development and survival of the Company, to implement the necessary measures in relation to identified risks, and to manage the risk.

Authority

The Early Detection of Risk Committee is formed and authorized by the Board of Directors, which also sets out its duties and operating principles. As and when it deems necessary, the Early Detection of Risk Committee seeks opinion from independent experts regarding its activities, and the cost of necessary advisory services are borne by the Company.

The Early Detection of Risk Committee acts within the frame of its authorization and responsibilities, and makes recommendations to the Board of Directors, which is ultimately responsible for the final decision at all times.

Detailed information about the Committee structure and meetings, duties and responsibilities, basis and enforcement is provided under the Investor Relations tab on our corporate website. (www.migroskurumsal.com)

5.4 Risk Management and Assessment by the Management

Loans

As at 31 December 2019, TL equivalent of the Company's loan payables is TL 4,403,039 thousand. The repayment schedule for the nominal principal amount of the Company's financial payables as at 31 December 2019 is as follows:

| (TL thousand) | Tenge loan (TL equivalent) | Euro loan (TL equivalent) | TL Loan | Total (TL equivalent) | Share (%) |
|-----------------------------------|----------------------------|---------------------------|-----------|-----------------------|-----------|
| 1 January 2020 - 31 December 2020 | 5,093 | 200,283 | 451,340 | 656,716 | 15.1% |
| 1 January 2021 - 31 December 2021 | 15,870 | 913,887 | 83,583 | 1,013,340 | 23.3% |
| 1 January 2022 - 31 December 2022 | 18,089 | 1,085,218 | 598,316 | 1,701,623 | 39.1% |
| 1 January 2023 - 31 December 2023 | 15,672 | 656,822 | 157,250 | 829,744 | 19.1% |
| 1 January 2024- 12 September 2024 | 4,003 | 0 | 148,080 | 152,083 | 3.5% |
| | 58,727 | 2,856,210 | 1,438,569 | 4,353,506 | 100.0% |

Risk Management

Pursuant to the applicable provisions of the Turkish Commercial Code, the Early Detection of Risk Committee, which is charged with early diagnosis of risks that may threaten the existence, development and survival of the Company, and with ensuring that necessary actions are taken in relation to those risks, carried on with its activities in 2019.

Within the scope of the activities conducted with the Company employees, the Committee follows up various risk indicators, which have been created to ensure identification of the risks that could preclude the achievement of the Company's strategic business goals, to monitor the factors that make up these risks, to determine and measure the probability and impact of the risks, and follows up the risk criteria deemed important.

Within the scope of the activities conducted with the Company employees, the Committee has identified the major types of risks that the Company may be exposed to. Various risk indicators have

been created to monitor and measure the factors that make up these types of risks. These risk indicators are analyzed and followed up by the related Company units, and changes are monitored by the Risk Committee. In periodic meetings, the Early Detection of Risk Committee evaluates whether appropriate actions have been taken.

The Committee met six times in 2019. Reportings and committee assessments are periodically presented for the information of the Board of Directors in accordance with the principles set.

Internal Audit Mechanism

In the conduct and performance of its audits, the Internal Audit Department adheres to the following principles.

- Effective utilization of the resources of the Company,
- Effectiveness of the internal control mechanisms on operations,
- Confirmation of Company assets
- Efficiency and effectiveness of business operations,
- Compliance of employees with the quality management documentation

and administrative instructions approved by the management,

The basic activities of the Internal Audit Department consist of, among others, investigating/examining activities and transactions which involve previously identified and reported risk elements in order to ascertain the degree at which such risks have been eliminated or taken under control in line with management-approved recommendations, and repeating the audit in cases where detailed examinations are necessary.

Any problems that may be discovered during the course of audit activities are investigated in detail to allow adoption of necessary measures while recommendations are also made for compensating the Company's ascertained loss. Necessary changes to the system and processes so as to prevent recurrence of similar incidents make up the focal point of these efforts.

In line with the annual internal audit plan created according to the risk-based audit universe, the Internal Audit Department conducted financial and operational audits of various departments and processes in 2019. Assessments and

recommendations resulting from the audits were submitted to Company's senior management in the audit reports prepared, and were also addressed in the Audit Committee meetings for pointing out the improvement areas in line with the continuous development philosophy. The Internal Audit Department also conducted follow-up audits on issues about which senior management was previously informed and for which measures were agreed upon.

The Board of Directors' opinion regarding the Company's internal control system and internal audit activities is that the internal control system in place and internal audit activities executed are being carried out effectively.

5.5 Strategic Goals of the Company

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

Migros' main strategy is to provide our customers with high quality, modern, reliable services at affordable prices. Targets set to achieve these strategies are shared with all the 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 supervising.

Members are kept informed by means of annual meetings at which the most recent five-year plan is presented to the Board of Directors, by annual budget and review meetings, and by monthly meetings at which the Company's business results are presented and the board's feedback is solicited. Detailed monthly reports are also submitted to the board for its information. In this way, all the members of the Board of Directors are able to track the Company's ongoing efforts to fulfill its targets and to immediately intervene and provide guidance when necessary.

5.6 Financial Rights Provided to Board Members and to Managers with Administrative Responsibilities

The financial rights to be provided to the members of the Board of Directors are discussed as a separate agenda item at general assembly meetings. At a general assembly meeting held on 16 May 2019, shareholders voted to pay independent board members a total annual remuneration of TL 127,500 (net) in monthly installments, to Tom Heidman residing abroad an additional attendance

fee of TL 9,000 (net) for each board meeting he attends, and not to pay any monthly salary and/or attendance fees to other board members. The remuneration of independent board members involves neither company stock options nor company performance-based compensation plans. All the benefits provided to senior executives are declared in the footnotes to the financial statements.

The Remuneration Policy applicable to members of the Board of Directors and senior executives was published on the corporate website at www.migroskurumsal.com.

Benefits Provided to Senior Executives During the Reporting Period

"Senior management" is defined as the chairman and members of the Company's Board of Directors, general manager and assistant general managers.

The benefits provided to senior executives consist of salaries, bonuses, pension contributions, company-leased automobiles, and employer's share of social security premiums.

Migros makes no loans and extends no credit to any senior executive. Neither does it extend any form of personal credit to senior executives through third parties or otherwise provide senior executives with any form of surety.

| (TL thousand) | 01 January - 31 December 2019 | 01 January - 31 December 2018 |
|---|-------------------------------|-------------------------------|
| Short-term benefits provided to employees | 46,194 | 38,595 |
| Total | 46,194 | 38,595 |

OTHER ISSUES

In 2019, there were no regulatory changes that would significantly affect the Company's operations.

Fringe Benefits of Migros Employees

Migros grants its employees fringe benefits in addition to the rights they have under the law. Fringe benefits provided to blue collar workers are determined in the collective bargaining agreement. The Company provides noncontributory health insurance and private pension system enrolment to all of its employees, in addition to social leaves, fuel allowance, food allowance, clothing allowance, leave travel allowance, holiday allowance, education allowance to employees with children in school, marriage, military service, childbirth and death allowances. Through the portal "Ailem ve Ben", the Company offers advantageous services to all of its employees in education, healthcare, shopping and similar matters. Classroom and online training in various subjects are provided to all employees via Akademig. In addition, social benefits that vary according to the duties of employees are also made available.

Other

Utmost care is taken to avoid any situations that may give rise to a conflict of interest between the Company and the entities providing services such as investment consultancy and rating, and the provisions of applicable legislation are complied with in these matters. No situations creating a conflict of interest were observed in 2019.

A number of lawsuits that have been filed against or in favor of the Company are currently being litigated. These suits are concerned primarily with receivable-, rent-, or business-related issues. At the end of each reporting period, the Company's management reviews and assesses the potential consequences and financial impact of such litigation and, based on its best judgment, provisions are set aside to cover likely losses or gains. Detailed information about such matters is provided in the consolidated financial statements. The Company is not a party to any mutual cross-shareholding.

No lawsuits have been filed against the Company or board members on account of any practices contradicting with the legislation. Although all of the Company-related information are published on KAP (Public Disclosure Platform), KAP ŞGBF (Company General Info Forms), e-General Meeting system and in the Turkish Trade Registry Gazette and although the information was up-to-date, one shareholder filed a complaint with the T.R. Ministry of Trade claiming that some company information on e-Company platform were not up-to-date; hence, upon the Ministry of Trade's filing, İstanbul Anadolu Office of the Chief Public Prosecutor initiated an investigation. Since the Company abode by the preliminary payment imposed by the Office of the Chief Public Prosecutor, non-prosecution decision has been adjudged.

As stated in our material event disclosure dated 18 June 2019, one of our shareholders filed a lawsuit for the annulment of certain articles discussed

in the General Assembly Meeting. As the claimant filed a covenant of non-claim for the said lawsuit, case was dismissed.

Since the Company's Collective Bargaining Agreement period covering 01 May 2017 to 31 December 2019 has ended, the negotiations for the Collective Bargaining Agreement for the new period were initiated on 14 January 2020.

Other matters related to Corporate Governance Principles are as follows:

Our Board of Directors steered the Company management for speeding up the sales of real estates at the targeted worth as much as possible with the objective of mitigating the Company's balance sheet risk, and accordingly, its Euro indebtedness. Along this line, real estate sales gained momentum in 2019. The sales of the Company's certain real estates located in İstanbul, İzmir, Muğla, Sakarya, Balıkesir, Yalova, Tekirdağ and Erzurum have been completed in 2019. Total value of real estates sold as such during the reporting period reached TL 526 million.

Migros stores operating in real estates sold have been hired from their new property owners from the date title deed transfers took place.

Bids were collected with announcements published in the press (Hürriyet, Milliyet and Yeni Asır dailies) and on digital media 15 days in advance for the sales of the real estate located in Ayvalik district of Balıkesir province and having a net book value of TL 32,670,000. During the bid collection process, no bids

were received other than the one given by Kamil Yazıcı Yönetim ve Danışma Anonim Şirketi, and upon assessment of the overall market conditions, it has been decided by a Board of Directors resolution bearing the signatures of the majority of independent board members to sell the said real estate to the said related party at a price of 25,000,000 TL + VAT.

Bids were collected with announcements published in the press (Hürriyet, Sabah and Sözcü dailies) and on digital media 15 days in advance for the sales of the real estate located in Çiğli district of İzmir province and having a net book value of TL 3,779,103. During the bid collection process, no bids were received other than the one given by Salih Metin Ecevit and Sarhan Ecevit, and upon assessment of the overall market conditions, it has been decided by a Board of Directors resolution bearing the signatures of the majority of independent board members to sell the said real estate to the said related party at a price of 9,250,000 TL + VAT.

The funds generated on the sales of real estate have been utilized towards reducing the Company's Euro indebtedness.

During 2019, there were no material transactions with related parties as defined in the Corporate Governance Principles. Necessary explanations about the transactions of Migros Ticaret A.Ş. with related parties are given in footnote 27 of the financial report.

a) Company Disclosure Policy

Material events are publicly disclosed in a truthful and timely manner as prescribed by CMB Communique II-15.1 concerning such matters. In addition, any and all manner of significant information that might influence shareholders' and other stakeholders' decisions is also publicly disclosed. In the public disclosure of such information, the following channels are used depending on the nature and particulars of the announcement:

- Material event disclosures sent to the Public Disclosure Platform,
- Financial reports sent to the Public Disclosure Platform,
- Annual and interim reports,
- The corporate website at www.migroskurumsal.com,
- Informational and presentation documents published for stakeholders,
- Prospectuses, circulars, notices and other documentation issued pursuant to capital market laws and regulations,
- Printed and visual media press releases,
- Notices and announcements published in Turkish Trade Registry Gazette and in daily newspapers.

In order to ensure that shareholders and other stakeholders have convenient access to public disclosures such as presentations, press releases, and press conferences, such materials are also published on the Company's corporate website at www.migroskurumsal.com.

Information publicly disclosed through the Public Disclosure Platform is also sent to financial data providers and to printed and visual media.

The identities of individuals who may have access to confidential company information before the public disclosure of material events are publicly disclosed. The names of the Company's board members and senior executives are published in the annual report along with that of the independent auditors. Information about any changes taking place in the Company's senior management during the reporting period was provided in the annual report.

In situations where CMB regulations require a public announcement concerning news, statements, and/or rumors about the Company which appear in the press, in other media, or on websites and of which the Company becomes aware, Public Disclosure Platform announcements are used to make such disclosures, depending on their nature; in order to ensure that shareholders and other stakeholders have convenient access to such disclosures, they are also published on our corporate website at www.migroskurumsal.com.

The Migros Disclosure Policy is formulated by the Board of Directors and updated as circumstances and regulations dictate. This policy is presented to shareholders convened in a general assembly and then published on the Company's corporate website at www.migroskurumsal.com. The Investor Relations Department strives to respond to questions that shareholders ask the Company truthfully, completely,

equitably, and within the framework of this disclosure policy.

The Migros Disclosure Policy requires that any and all manner of information must be provided upon request unless such information is in the nature of a trade secret or, if divulged, would give other individuals or organizations a competitive advantage over Migros or would have an adverse impact on the Company's activities.

Like its public disclosure policy, the Migros Dividend Policy is also formulated by the Board of Directors and publicly disclosed by being included in the Company's annual report, published on the Company's corporate website at www.migroskurumsal.com, and presented to shareholders convened in a general assembly.

When identifying individuals who will have administrative responsibility at the Company, the requirements and criteria stipulated in the Turkish Commercial Code (Statute 6102), the Capital Markets

Law (Statute 6362), CMB communiques, and other applicable laws, regulations, and administrative provisions are taken into account.

b) Material Event Disclosures

During 2019 the Company submitted 81 material event disclosures to the Public Disclosure Platform. Whenever the Public Disclosure Platform demanded further information about such announcements or the Company's response to news appearing in the media, the Company responded to such requests urgently.

Periodic financial statements, notes, annual reports and interim annual reports are shared with the public to provide an accurate and complete view of the Company's financial position. Financial statements are prepared in compliance with national/international accounting standards in consolidated format in compliance with communiques issued by the CMB. The accounting policies of the Company are referred to in the notes to financial statements. The

Company's annual reports are prepared in sufficient detail to allow all concerned parties to obtain the necessary information and are updated every fiscal year in line with the applicable legislation/needs.

After every public disclosure of the Company's quarterly financial statements in 2019, presentations and bulletins concerning them were published on the Company's corporate website at www.migroskurumsal.com to inform shareholders. The Public Disclosure Platform has been notified that the said information was posted on the corporate website.

The Company designates an independent audit firm each year and requires this independent audit firm to rotate after a given period. Consultancy services are not obtained from the firm designated as an independent auditor.

c) Disclosure of Ultimate Controlling Individual(s) Shareholder(s)

The shareholding structure of Migros is presented below.

Shareholder structure

| Shareholder | Share (%) | Share Amount (TL) |
|-----------------------------------|---------------|--------------------|
| MH Perakendecilik ve Ticaret A.Ş. | 49.18 | 89,046,058 |
| Kenan Investments S.A. | 11.77 | 21,308,336 |
| Migros Ticaret A.Ş. | 1.64 | 2,962,116 |
| Others | 37.41 | 67,737,723 |
| Total | 100.00 | 181,054,233 |

Legal and Real Persons Indirectly Holding an Interest in the Capital as per the Latest Situation

| Shareholder | Share Amount (TL) | Share (%) |
|-------------------------------------|----------------------|--------------|
| Süleyman Kamil Yazıcı | 18,366,305.5 | 10.14 |
| BC Partners | 17,254,216.4 | 9.53 |
| Tülay Aksoy | 15,524,853.0 | 8.57 |
| Tuncay Özilhan | 15,261,229.0 | 8.43 |
| DeA Capital | 3,706,368.4 | 2.05 |
| Süleyman Vehbi Yazıcı | 2,605,695.5 | 1.44 |
| Vahit Yazıcı | 2,030,467.7 | 1.12 |
| Hidayet Yazıcı | 1,929,829.3 | 1.07 |
| Nilgün Yazıcı | 1,849,198.6 | 1.02 |
| Fazilet Yazıcı | 1,833,892.6 | 1.01 |
| Gülten Yazıcı | 1,832,040.3 | 1.01 |
| Gülşen Yazıcı | 1,815,022.9 | 1.00 |
| Hülya Elmaloğlu | 1,806,129.8 | 1.00 |
| Turkish Private Equity Fund II | 702,162.0 | 0.39 |
| AG Anadolu Grubu Holding A.Ş. Other | 25,672,451.8 | 14.18 |
| Total | 112,189,862.8 | 61.96 |

There are no preferred shares.

Information about changes in the Company's capital structure taking place during the year was publicly disclosed immediately through the Public Disclosure Platform system. Such changes are also announced in the

pertinent sections of the Company's 2019 annual report.

Under the Material Events Communiqué II- 15.1, material event disclosures must be made by the Company's Chairman, board members, general manager, or

assistant general managers, by any shareholder who directly or indirectly controls 5% or more of the Company's capital or voting rights, or by anyone acting in concert with any of these whenever they purchase or sell Migros shares.

d) Public Disclosure of Individuals Who Are In a Position to Access Inside Information

Board of Directors members and Assistant General Managers having access to inside information at the Company are named hereinbelow:

| Board of Directors | |
|--------------------------|----------------------------|
| Tuncay Özilhan | Chairman |
| Kamilhan Süleyman Yazıcı | Vice-Chairman |
| Nikolaos Stathopoulos | Member |
| Talip Altuğ Aksoy | Member |
| Salih Metin Ecevit | Member |
| Rasih Engin Akçakoca | Member |
| Recep Yılmaz Argüden | Member |
| Ömer Özgür Tort | Member and General Manager |
| İzzet Karaca | Independent Member |
| Hüseyin Faik Açıkalin | Independent Member |
| Şevki Acuner | Independent Member |
| Tom Heidman | Independent Member |
| Ömer Özgür Tort | General Manager |
| Ahmet Fuat Yanar | Assistant General Manager |
| Ferit Cem Doğan | Assistant General Manager |
| Olca Yılmaz Nomak | Assistant General Manager |
| Cem Lütfi Rodoslu | Assistant General Manager |
| Hakan Şevki Tuncer | Assistant General Manager |
| Tarık Karlıdağ | Assistant General Manager |
| Mustafa Murat Bartın | Assistant General Manager |
| Kerim Tatlıcı | Assistant General Manager |
| Bülent Kuntay | Assistant General Manager |

In addition to the Company's Board of Directors and Senior Management, individuals serving in director position, Financial Affairs department managers, and reporting managers at the Company have access to inside information due to their functions.

Under Article 7 (5) of the Material Events Communiqué (II-15.1), our Company makes sure that individuals with access to inside information are aware of their obligations in relation to such information stemming from the Law and applicable legislation, as well as the sanctions related to their misuse.

As a consequence of its auditing functions, the Company's independent

auditors DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. also has access to insider information.

e) Silent Period

The Chairman and members of the Board of Directors, Chief Executive Officer, Chief Financial Officer, Corporate Communications Director, Investor Relations and Risk Management Director and other Company executives designated by the Corporate Governance Committee are assigned to act as spokespeople to represent our Company in all contacts with shareholders, investors, brokerage analysts and other stakeholders through any communication channel, including the printed press,

within the frame of the Company's disclosure policy.

Individuals designated as Company spokespeople are obliged to abide by the Silent Period practice, which starts one week before the disclosure of quarterly financial results and lasts until the date of such disclosure.

The beginning and ending dates of the Silent Period practice are published on the corporate website, under the heading Financial Calendar once the disclosure dates of financial statements are fixed. The disclosure dates of financial results and the corresponding Silent Periods are fixed before financial statements are disclosed, and announced by way of the Financial Calendar.

During the course of the Silent Period, Company spokespeople may not make comments regarding the Company's financial position, except for the information publicly disclosed in the name of the Company. In this period, analysts', investors' and similar individuals' questions about the financial position are left unanswered. Yet, people authorized to make public disclosures about the Company may participate in conferences, panels and similar events and deliver speeches during the Silent Period, strictly provided that they observe the confidentiality of inside information.

f) BIST Sustainability Index of Borsa İstanbul

Taking place in the BIST Sustainability Index since November 2014 - October 2015 period when the index was started to be calculated, Migros continues to take place in the index in the November 2019- October 2020 period. The Company's sustainability activities can be reached under the Sustainability tab on the corporate website and under the Sustainability Report tab on the Investor Relations page.

g) Relations with Customers and Suppliers

Getting to know its customers and markets by monitoring and acting proactively on them and pioneering change are among the crucial factors behind the innovative business style of Migros. For this reason, a number of "firsts" such as consumer rights took hold in the retail industry only after they were introduced by Migros as early as in the 1960s and 1970s. By introducing the Migros Club system for the first time in Turkey, in 1998, Migros had an opportunity to become better acquainted with its customers and provide them with differentiated service. And through this system, the Company gained the opportunity to approach its

customers not only collectively but also individually by conducting customer data analyses. Migros aims to fulfill the expectations of its customers as satisfactorily as possible through the stores it operates in different formats.

In the retail industry where any product seen in any store can be imitated quickly, Migros' experience and deep-rooted innovation embedded in its corporate culture, as well as investments in supporting technology, together create a competitive advantage that cannot be easily replicated.

In the 1990s, Migros became the first retail company to introduce the barcode system and electronic cash registers which reduced waiting times at the checkout counters and decreased the Company's operating costs dramatically. Thanks to the B2B system which has been set up jointly with suppliers, all the parties involved benefit from savings in both logistics and costs. This system benefits all the stakeholders, and especially the Company's customers.

Migros has conducted a Customer Satisfaction Survey regularly since 1994. Many customers who shop at our stores are asked about their opinion. The analyses undertaken on the survey results help us to have an idea about the current and future expectations of our customers. Occasional surveys conducted at kiosks inside the stores on specific matters provide the Company with the chance to hear the customers and their expectations.

Customer Relationship Management (CRM) analysis of Migros Club data and the mystery shopper surveys which are aimed at improving the service levels are quality-based performance tools specific to Migros.

Some of the other activities undertaken to achieve customer satisfaction include:

- Migros was awarded ISO 9001 Quality Management System certification in August 2005 upon an inspection conducted by the Turkish Standards Institution (TSI), its first quality management system certificate.
- Migros was awarded TS EN ISO 22000 Food Safety Management System certification in December 2006 upon an inspection conducted by the TSI, its second quality management system certificate.
- Migros selects each of its suppliers after conducting appropriate due diligence. Suppliers are audited by accredited independent organizations and products are subjected to periodic analyses both at the time of the acceptance of goods and also at accredited laboratories thus ensuring their quality control and regulatory compliance.
- Migros continued to work on processes, was inspected by the TSI, and further expanded its perspective of integrated quality management systems by obtaining the ISO 10002 Customer Satisfaction Management System certification in November 2013.
- Migros has also certified its commitment to the principle of "Customer Satisfaction". TS ISO 10002 Customer Satisfaction Management System certification enables improvement of product and service quality based on customer feedback.
- Migros established its "Occupational Health and Safety Management Processes" and obtained OHSAS 18001 Occupational Health and Safety Management System certification in July 2015 upon an inspection conducted by the TSI.

- In 2016, Migros established its Environmental Management System processes, and qualified to receive TS EN ISO 14001 Environmental Management System certificate upon an inspection conducted by the TSI. With this certification, Migros became the first food retailer holding five certificates granted by the TSI (Turkish Standards Institution) within the scope of Quality Management Systems.
- In 2017, Migros switched to ISO 9001:2015 Quality Management System version.
- The Company continued with its Quality Management System activities in 2019; accordingly, the activities of the Internal Audit Division unit were audited and ISO 9001 Quality Management System Certificate was obtained exclusively for the Internal Audit Division. The certification provided standardization of the domestic and overseas internal audit, assurance and consultancy activities performed by our Internal Audit Division at our units, and establishment of a continuously improving structure.
- For the purpose of offering high quality products to its customers, Migros obtained FSSC 22000 Food Safety Management System certificate for its MİGET and Gebze Meat Production Plants in addition to the management systems in place at the meat processing facilities carrying out production.
- Being the first food retailer holding five certifications awarded by the TSI since 2016, Migros enjoys the deserved pride of being the first food retailer holding seven certifications granted by the TSI as of 2018.
- Migros had the data covered under the headings "Human Rights (Discrimination, Right to Organize and Collective Bargaining, Child Labor, Forced or Compulsory Labor) in its Sustainability Report released in 2017 verified by Ernst&Young in line with the GRI Guidelines in 2018, and thus received "External Assurance Statement".
- Migros has espoused "Good Agricultural Practices" expressed by the motto "Good Agriculture = Good Future", which is one of the Company's social responsibility initiatives in the area of "health", and an agricultural model that is designed to be socially viable, economically productive, while protecting human, animal and environmental health.
- On 17 November 2009, Migros became the first retailer in Turkey to be awarded GAP group certification. The Company has continued to abide by GAP principles and its certification has been renewed every year since then.
- Having made internationally recognized food safety standards the touchstone of its practices and operations, Migros has adopted the mission of supplying wholesome products under safe conditions in order to guarantee the unreserved confidence of its customers. In line with this goal, food products are carefully and constantly monitored and controlled from initial procurement until they reach the consumer.
- Under Migros' "Supplier Performance System", the production premises of all food and non-food suppliers are systematically inspected and monitored using globally recognized BRC and SEDEX-based checklists within the scope of quality and product safety management systems. Products are randomly sampled and subjected to quality control analyses at regular intervals.
- Every new product to be put on sale at the Company's stores undergoes preliminary quality control performed by quality experts and only those products approved by the quality control are put on sale.
- Before they enter the Company's warehouses, goods received from suppliers are subjected to detailed organoleptic, chemical, and physical analysis based on many quality control parameters defined for each product by quality control experts. Goods that do not meet these stringent quality standards are rejected.
- Cold chain assurance, one of the most essential criteria in achieving food safety, is constantly monitored online at every stage from distribution center and storage, during shipment, and until it reaches the final consumer.
- Every food product that is put on Migros' shelves is randomly sampled and subjected to quality control analyses at regular intervals by accredited independent laboratories to ensure compliance with the Turkish Food Codex and with applicable laws, regulations, and administrative provisions.
- Non-food imported products such as toys, stationery, textiles etc. are subjected to strict controls. Prior to their importation, the Company has these goods analyzed at accredited independent laboratories to ensure that they are safe and contain no harmful substances such as phthalate plasticizers or azo compounds.
- Migros-labeled food and non-food items are subjected to even stricter controls. Such goods are not put on sale until and unless their places

of production, labeling, and other applicable parameters have been checked and their compliance with laws and regulations has been established. Even after they appear on the shelves, Migros reviews product safety by means of analyses performed at regular intervals.

- Products on shelves are regularly checked by a team of store quality specialists. During such checks, attention is given not just to cold chain continuity, labeling, and expiration dates but also to compliance with food safety system requirements.
- Personnel employed at all the stores attend training programs on hygiene in order to ensure quality safety.
- The Company's stores are subjected to unannounced inspections performed by second-party accredited independent agencies within the scope of integrated quality management systems, so as to ensure the safety of products sold to customers.
- In the promotional program of the Company called "Aksiyon", products are offered for sale at discount prices for a period of 15 days in all the stores.
- All customer requests, suggestions and complaints received at the stores or via the Call Center are evaluated and the results are communicated to customers as soon as possible. In order to offer an easier and more practical channel for customer communications, a system is in place for easily reaching company store managers, the toll-free customer line and by e-mail, which can be sent to managers at all levels.
- Efforts to ensure full customer satisfaction are presented in the relevant section of the Annual Report.

h) Authorities and Responsibilities of Board Members and Managers

The duties and authorities of board members and managers are explicitly defined in the Company's articles of association, which may be found on the Company's corporate website at www.migroskurumsal.com.

The Migros Board of Directors is empowered to take decisions on all matters pertaining to whatever kinds of business and/or transactions are necessary for the Company to achieve its object and scope save for those that are exclusively reserved to the general assembly of shareholders by laws and regulations or by the Company's charter.

Managers' authorities and responsibilities are defined in their power of signature statements.

i) Prohibition on Doing Business with or Competing against the Company

No member took part in any activity that could be deemed to be in competition with the Company.

j) Research & Development Activities

R&D costs incurred by the Company during 2019 amounted to TL 31,773 thousand (2018: TL 20,955 thousand).

Having received R&D Center certificate from the Ministry of Science, Industry and Technology, Migros Ticaret A.Ş. has continued with technical research and development activities in business development and software during 2019.

Under the Migros R&D center, Migros administrative units develop new initiatives for the improvement of processes in relation to retailing activities carried out at Store and Distribution Centers or for creation of new processes. Mostly entailing innovative solutions and smart systems

integrated with technology, the applications also serve to touch our customers and suppliers.

k) Events after the Balance Sheet Date

Information on the events after the balance sheet date (subsequent events) is presented in the Consolidated Financial Statements and Independent Auditor's Report for the period 1 January - 31 December 2019.

Affiliated Company Report - Conclusion Section

In the related Affiliated Company Report for the Group of Companies approved by the Board of Directors of Migros Ticaret A.Ş., it has been concluded that Migros Ticaret A.Ş. did not engage in any transaction with its controlling shareholders or subsidiaries thereof at the instruction of the controlling company or with the intent to obtain results that would be to the benefit of exclusively to the controlling company or a company affiliated thereto, nor is there any action taken or avoided to the benefit of the controlling company or a company affiliated thereto; also according to the conditions and circumstances known to us, a counter-performance on arm's length was provided in all transactions the Company carried out in 2019 with its controlling shareholder or subsidiaries thereof so as to ensure continuation of the operation in a competitive manner at the market conditions prevailing at the time the transaction was performed. Furthermore, there were no actions taken or avoided to the benefit of the controlling shareholder in Migros Ticaret A.Ş. or subsidiaries thereof that might cause loss to the Company and hence, there are no transactions or actions that would require offsetting.

Corporate Governance Compliance Report

| | Compliance Status | | | | | Explanation |
|---|-------------------|---------|----|----------|----------------|-------------|
| | Yes | Partial | No | Exempted | Not Applicable | |
| Corporate Governance Compliance Report | | | | | | |
| 1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS | | | | | | |
| 1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website. | X | | | | | |
| 1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION | | | | | | |
| 1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit. | X | | | | | |
| 1.3. GENERAL ASSEMBLY | | | | | | |
| 1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics. | X | | | | | |
| 1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting. | | | | | X | |
| 1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting. | X | | | | | |

| | Compliance Status | | | | | Explanation |
|--|-------------------|---------|----|----------|----------------|--|
| | Yes | Partial | No | Exempted | Not Applicable | |
| 1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions. | X | | | | | Information regarding the amounts and beneficiaries of all donations made during the year were provided in a separate item in the agenda. The shareholders were informed about the total amount of donation and main donations separately. The Company made donations totaling TL 291,714 in 2019 for the purpose of donation to people in need. The Company also made donations to Anadolu Eğitim ve Sosyal Yardım Vakfı, Koç Üniversitesi, Deniztemiz Derneği - Turmepa. |
| 1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak. | X | | | | | |
| 1.4. VOTING RIGHTS | | | | | | |
| 1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights. | X | | | | | |
| 1.4.2 - The company does not have shares that carry privileged voting rights. | X | | | | | |
| 1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control. | | | | | X | No cross ownership. |
| 1.5. MINORITY RIGHTS | | | | | | |
| 1.5.1 - The company pays maximum diligence to the exercise of minority rights. | X | | | | | |

| | Compliance Status | | | | | Explanation |
|--|-------------------|---------|----|----------|----------------|--|
| | Yes | Partial | No | Exempted | Not Applicable | |
| 1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights. | | | X | | | While utmost care is given to the use of minority rights, our Articles of Association regulates the usage of all minority rights in accordance with regulations. The Articles of Association of our company does not include any article broadening the extent of minority rights compared to the Law. |
| 1.6. DIVIDEND RIGHT | | | | | | |
| 1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website. | X | | | | | |
| 1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future. | X | | | | | |
| 1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item. | X | | | | | |
| 1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company. | X | | | | | |
| 1.7. TRANSFER OF SHARES | | | | | | |
| 1.7.1 - There are no restrictions preventing shares from being transferred. | X | | | | | |
| 2.1. CORPORATE WEBSITE | | | | | | |
| 2.1.1 - The company website includes all elements listed in Corporate Governance Principle 2.1.1. | X | | | | | |
| 2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months. | X | | | | | |

| | Compliance Status | | | | | Explanation |
|---|-------------------|---------|----|----------|----------------|-------------|
| | Yes | Partial | No | Exempted | Not Applicable | |
| 2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content. | X | | | | | |
| 2.2. ANNUAL REPORT | | | | | | |
| 2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities. | X | | | | | |
| 2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2. | X | | | | | |
| 3.1. CORPORATION'S POLICY ON STAKEHOLDERS | | | | | | |
| 3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles. | X | | | | | |
| 3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website. | X | | | | | |
| 3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues. | X | | | | | |
| 3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner. | X | | | | | |
| 3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT | | | | | | |
| 3.2.1 - The Articles of Association, or the internal regulations (terms of reference/ manuals), regulate the participation of employees in management. | X | | | | | |
| 3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them. | X | | | | | |
| 3.3. HUMAN RESOURCES POLICY | | | | | | |
| 3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions. | X | | | | | |

| | Compliance Status | | | | | Explanation |
|--|-------------------|---------|----|----------|----------------|-------------|
| | Yes | Partial | No | Exempted | Not Applicable | |
| 3.3.2 - Recruitment criteria are documented. | X | | | | | |
| 3.3.3 - The company has a policy on human resources development, and organises trainings for employees. | X | | | | | |
| 3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health. | X | | | | | |
| 3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken. | X | | | | | |
| 3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration. | X | | | | | |
| 3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment. | X | | | | | |
| 3.3.8 - The company ensures freedom of association and supports the right for collective bargaining. | X | | | | | |
| 3.3.9 - A safe working environment for employees is maintained. | X | | | | | |
| 3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS | | | | | | |
| 3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction. | X | | | | | |
| 3.4.2 - Customers are notified of any delays in handling their requests. | X | | | | | |
| 3.4.3 - The company complied with the quality standards with respect to its products and services. | X | | | | | |
| 3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers. | X | | | | | |

| | Compliance Status | | | | | Explanation |
|--|-------------------|---------|----|----------|----------------|-------------|
| | Yes | Partial | No | Exempted | Not Applicable | |
| 3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY | | | | | | |
| 3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website. | X | | | | | |
| 3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery. | X | | | | | |
| 4.1. ROLE OF THE BOARD OF DIRECTORS | | | | | | |
| 4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place. | X | | | | | |
| 4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance. | X | | | | | |
| 4.2. ACTIVITIES OF THE BOARD OF DIRECTORS | | | | | | |
| 4.2.3 - The board of directors documented its meetings and reported its activities to the shareholders. | X | | | | | |
| 4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report. | X | | | | | |
| 4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity. | X | | | | | |
| 4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report. | X | | | | | |
| 4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined. | X | | | | | |
| 4.2.7 - The board of directors ensures that the Investor Relations Department and the Corporate Governance Committee work effectively. The board works closely with them when communicating and settling disputes with shareholders. | X | | | | | |

| | Compliance Status | | | | | Explanation |
|--|-------------------|---------|----|----------|----------------|---|
| | Yes | Partial | No | Exempted | Not Applicable | |
| 4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital. | X | | | | | |
| 4.3. STRUCTURE OF THE BOARD OF DIRECTORS | | | | | | |
| 4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy. | | X | | | | The Board of Directors approved a policy on its own composition, setting a minimal target of 25% for female Board members. The Board annually evaluates its composition. While women members served on the Board of Directors in previous years, there are no woman members on the current Board of Directors. The Corporate Governance Committee determined a ratio (25%) for membership of women in the Migros Board of Directors again in the years ahead, and made a written recommendation to the Board of Directors. Migros Board of Directors makes planning on this matter. As a matter of principle, there are no barriers to or limitations on women serving as members of the Board of Directors. All members of the board-male and female-are considered and evaluated entirely on the basis of their professional and sectoral experience and their academic qualifications. |

| | Compliance Status | | | | | Explanation |
|---|-------------------|---------|----|----------|----------------|--|
| | Yes | Partial | No | Exempted | Not Applicable | |
| 4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance. | X | | | | | |
| 4.4. BOARD MEETING PROCEDURES | | | | | | |
| 4.4.1 - Each board member attended the majority of the board meetings in person. | X | | | | | Most of the Board members attended the majority of the Board meetings. Besides, some Board members attended these Board meetings via teleconference / videoconference. Majority of the Board members were present at every meeting in which the Board decisions were taken and the decisions were passed by a majority of those in attendance. |
| 4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members. | X | | | | | |
| 4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members. | X | | | | | |
| 4.4.4 - Each member of the board has one vote. | X | | | | | |
| 4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board. | X | | | | | |
| 4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any. | X | | | | | |

| | Compliance Status | | | | | Explanation |
|---|-------------------|---------|----|----------|----------------|---|
| | Yes | Partial | No | Exempted | Not Applicable | |
| 4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting. | | X | | | | External duties of Migros Board members - excluding the independent members - are not conditional on certain rules. However, our Company complies with the provisions of the Corporate Governance Communique regarding the external commitments of independent board members. The independent Board members shall not be the independent member of the board in more than three of the corporations as such; the corporation or the controlling shareholders of the corporation who hold the control of management corporations and in more than five listed corporations. The external duties of the board members were presented in the General Assembly Meeting via General Assembly Information Document. |
| 4.5. BOARD COMMITTEES | | | | | | |
| 4.5.5 - Board members serve in only one of the Board's committees. | | X | | | | Only one independent Board member has a duty on two Committees. |
| 4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views. | X | | | | | |
| 4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report. | | | | | X | The Committees did not have consultancy service last year. The information on the consultancy services taken in the previous years is mentioned in the annual report of the related year. |

| | Compliance Status | | | | | Explanation |
|---|-------------------|---------|----|----------|----------------|--|
| | Yes | Partial | No | Exempted | Not Applicable | |
| 4.5.8 - Minutes of all committee meetings are kept and reported to board members. | X | | | | | |
| 4.6. FINANCIAL RIGHTS | | | | | | |
| 4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively. | X | | | | | |
| 4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them. | X | | | | | |
| 4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report. | | X | | | | The total compensation provided to the Chairman, Board members, CEO and Assistant General Managers is reported in the annual report. |

Corporate Governance Information Form

SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

| | |
|---|--|
| The number of investor meetings (conference, seminar/etc.) organised by the company during the year | 12 conferences, 200+ institutional investors |
|---|--|

1.2. Right to Obtain and Examine Information

| | |
|--|---|
| The number of special audit request(s) | 2 |
| The number of special audit requests that were accepted at the General Shareholders' Meeting | 0 |

1.3. General Assembly

| | |
|--|---|
| Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d) | https://www.kap.org.tr/en/Bildirim/757814 |
|--|---|

| | |
|--|-----|
| Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time | Yes |
|--|-----|

| | |
|---|---|
| The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9 | - |
|---|---|

| | |
|---|---|
| The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1) | - |
|---|---|

| | |
|--|---|
| The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1) | - |
|--|---|

| | |
|---|---|
| The name of the section on the corporate website that demonstrates the donation policy of the company | Investor Relations / Migros Corporate / Donation Policy |
|---|---|

| | |
|---|---|
| The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved | https://www.kap.org.tr/tr/Bildirim/516861 |
|---|---|

| | |
|---|----------|
| The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting | 11, 11/A |
|---|----------|

| | |
|--|---|
| Identified stakeholder groups that participated in the General Shareholders' Meeting, if any | Any stakeholders including press-media can participate in Migros General Assembly meetings. Shareholders who attended the General Assembly Meeting are shown in the Participants List (Hazir Bulunanlar Listesi) at the link: https://www.kap.org.tr/en/Bildirim/764442 . The representative of Corporate Governance Rating Agency attended the General Assembly meeting. |
|--|---|

| | |
|--|--|
| 1.4. Voting Rights | |
| Whether the shares of the company have differential voting rights | No |
| In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares. | - |
| The percentage of ownership of the largest shareholder | 49.18% |
| 1.5. Minority Rights | |
| Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association | No |
| If yes, specify the relevant provision of the articles of association. | - |
| 1.6. Dividend Right | |
| The name of the section on the corporate website that describes the dividend distribution policy | Investor Relations / Migros Corporate / Profit Distribution Policy |
| Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend. | In the General Assembly Meeting on 16 May 2019, within the Communiqué of Capital Markets Board (CMB) No. II-19.1 and in accordance with our articles of association and dividend distribution policies that were disclosed to public by our company, it was resolved not to distribute dividend for 2018 fiscal year as the company recorded net loss at the 2018 consolidated financial statements prepared in accordance with the Turkish Commercial Code and CMB legislation. |
| PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends | https://www.kap.org.tr/en/Bildirim/764442 |

General Assembly Meetings

| General Meeting Date | The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting | Shareholder participation rate to the General Shareholders' Meeting | Percentage of shares directly present at the GSM | Percentage of shares represented by proxy | Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against | Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them | The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions | The number of declarations received by insiders by the board of directors | The link to the related PDP general shareholder meeting notification |
|----------------------|---|---|--|---|--|---|---|---|---|
| 16.05.2019 | 0 | 75.2% | 0.6% | 74.6% | Investor Relations / Information about the General Assembly Meeting of Shareholders | Investor Relations / Information about the General Assembly Meeting of Shareholders | Item 14 | 0 | https://www.kap.org.tr/en/Bildirim/764442 |

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

| | |
|---|--|
| Specify the name of the sections of the website providing the information requested by the Principle 2.1.1. | “Corporate Profile, Partnership Structure and Affiliates, Migros Ticaret A.Ş. Article of Association, Material Disclosures, Financial Results, Annual Reports, Information about the General Assembly Meeting of Shareholders, Profit Distribution Policy, Company Disclosure Policy, Migros Code of Ethics, Frequently Asked Questions” in Investor Relations tab |
|---|--|

| | |
|---|--|
| If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares. | “Partnership Structure and Affiliates” page at the link: https://migroskurumsal.com/en/icerik.aspx?icerikID=199 |
|---|--|

| | |
|--|---------------------|
| List of languages for which the website is available | Turkish and English |
|--|---------------------|

2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.

| | |
|--|--|
| a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members | Corporate Governance Principles Compliance Report / Part V - Board of Directors / 5.1 Structure and Composition of the Board of Directors / “Resumes of the Board Members” and “Independent Board Members’ Affidavit”. Duties conducted out of the company by senior managers are given in KAP (https://www.kap.org.tr/en/sirket-bilgileri/genel/4028e4a141462df2014150162e1c3424) General Information / Company Management / Top Management |
| b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure | Corporate Governance Principles Compliance Report / Part V - Board of Directors / “5.3 Number, Structure, and Independence of Committees Established within the Board of Directors” |
| c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings | Corporate Governance Principles Compliance Report / Part V - Board of Directors / “5.2 Operating Principles of the Board of Directors” |
| c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation | There are not any amendments in the legislation which may significantly affect the activities of the corporation. |
| d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof | Corporate Governance Principles Compliance Report “Other Issues” and Independent Auditors’ Report “Provisions, Commitments, Contingent Assets and Liabilities” note |
| e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest | Corporate Governance Principles Compliance Report / Other Issues |
| f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5% | No cross ownership |
| g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results | The Migros Approach To Sustainability / Corporate Governance Principles Compliance Report “Other Issues” |

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders

| | |
|--|--|
| The name of the section on the corporate website that demonstrates the employee remedy or severance policy | About Us / Policy / Severance Policy |
| The number of definitive convictions the company was subject to in relation to breach of employee rights | 490 reemployment and other related lawsuits |
| The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism) | Corporate Governance Committee members, Audit Committee members and relevant Assistant General Manager |
| The contact detail of the company alert mechanism | Any violation or concerns can be communicated by employees via the e-mail address of the Ethics Committee - etikkurul@migros.com.tr; and by other stakeholders via etik@migros.com.tr and iletisim@migros.com.tr e-mail addresses. In addition, customers can contact Migros directly through Call Center (444 10 44) and Whatsapp line (530 915 45 45). |

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

| | |
|---|---|
| Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies | About Us / Policy / Human Resources Policy |
| Corporate bodies where employees are actually represented | Our employees working at stores are represented in the Workplace Syndicate Representatives Committee. Workplace Syndicate representatives negotiate the implementation of union agreement terms with employer representatives, as well as complaints and suggestions. They are also represented in various committees such as "Occupational Health and Safety Council" and in the Committees formed for different projects. Every year, Migros conducts a survey via an independent research company to assess and improve employee satisfaction and commitment. The result of the survey forms a basis for new managerial decisions to be taken in the upcoming year. An annual meeting is held by the Company management to announce internally the Company's yearly strategy and objectives to the employees. The participants of this particular meeting have a directly impact on the determination of the Company's yearly objectives. The targets that designate the Company's main strategy are objectively announced to all departments. |

| | |
|--|--|
| 3.3. Human Resources Policy | |
| The role of the board on developing and ensuring that the company has a succession plan for the key management positions | Review and approval. In the Annual Strategic Human Resources Meetings, Potential, High Performing and Star employees are identified, and Critical Positions, Succession Plans and Retirement Plans are discussed and approved in line with the needs and short-medium-long term plans of Migros. |
| The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy. | About Us / Policy / Human Resources Policy ("Search and Selection" part) |
| Whether the company provides an employee stock ownership programme | Pay edindirme planı bulunmuyor (There isn't an employee stock ownership programme) |
| The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy. | About Us / Policy / Human Rights and Equal Opportunity Policy |
| The number of definitive convictions the company is subject to in relation to health and safety measures | 4 |
| 3.5. Ethical Rules and Social Responsibility | |
| The name of the section on the corporate website that demonstrates the code of ethics | "Migros Code of Ethics" under Policy in About Us tab |
| The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues. | Sustainability (contains information on environmental, social and corporate governance issues) |
| Any measures combating any kind of corruption including embezzlement and bribery | Detailed information is provided in the "Anti-Bribery and Anti-Corruption Policy" under Policy in About Us tab (https://migroskurumsal.com/en/icerik.aspx?icerikID=494) |

4. BOARD OF DIRECTORS-I

4.2. Activity of the Board of Directors

| | |
|---|---|
| Date of the last board evaluation conducted | January 2020 |
| Whether the board evaluation was externally facilitated | Yes |
| Whether all board members released from their duties at the GSM | Yes |
| Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties | The Board of Directors made a selection for Chairman, Vice-Chairman and Committee members. Accordingly, Tuncay Özilhan was selected as the Chairman and Nikolaos Stathopoulos was selected as Vice-Chairman. CEO Özgür Tort serves as executive Board member. Furthermore, he is authorized by the Board of Directors to provide guidance to the public on the expectations of the Company for the upcoming periods. |
| Number of reports presented by internal auditors to the audit committee or any relevant committee to the board | 4 reports to the Audit Committee, 38 reports to the senior management |
| Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls | Corporate Governance Principles Compliance Report / Part V - Board of Directors / 5.4 Risk Management and Internal Control Mechanisms / Internal Audit |
| Name of the Chairman | Tuncay Özilhan |
| Name of the CEO | Ömer Özgür Tort |
| If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles | The functions of the CEO and Chairman are not combined. |
| Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital | https://www.kap.org.tr/en/Bildirim/812223 |
| The name of the section on the corporate website that demonstrates current diversity policy targeting women directors | Information on diversity policy is given at the "Human Resources Policy" under Policy in About Us tab on our corporate website. |
| The number and ratio of female directors within the Board of Directors | The Board of Directors approved a policy on its own composition, setting a minimal target of 25% for female Board members. The Board annually evaluates its composition. While women members served on the Board of Directors in previous years, there are no woman members on the current Board of Directors. The Corporate Governance Committee determined a ratio (25%) for membership of women in the Migros Board of Directors again in the years ahead, and made a written recommendation to the Board of Directors. Migros Board of Directors makes planning on this matter. |

Board Members

| Name-Surname | Whether Dependent Director or not | Independent Board Member or not | The First Election Date To Board | Link To PDP Notification That Includes The Independency Declaration | Whether the Independent Director Considered By The Nomination Committee | Whether She/ He is the Director Who Ceased to Satisfy The Independence or Not | Whether the Director has at Least 5 Years' Experience on Audit, Accounting and/ or Finance or not |
|--------------------------|-----------------------------------|---------------------------------|----------------------------------|---|---|---|---|
| Tuncay Özilhan | Non-executive | Not independent director | 15.07.2015 | - | Not Applicable | Not Applicable | Yes |
| Kamilhan Süleyman Yazıcı | Non-executive | Not independent director | 11.04.2017 | - | Not Applicable | Not Applicable | Yes |
| Nikolaos Stathopoulos | Non-executive | Not independent director | 19.03.2008 | - | Not Applicable | Not Applicable | Yes |
| Talip Altuğ Aksoy | Non-executive | Not independent director | 11.04.2017 | - | Not Applicable | Not Applicable | Yes |
| Salih Metin Ecevit | Non-executive | Not independent director | 15.07.2015 | - | Not Applicable | Not Applicable | Yes |
| Rasih Engin Akçakoca | Non-executive | Not independent director | 16.05.2019 | - | Not Applicable | Not Applicable | Yes |
| Recep Yılmaz Argüden | Non-executive | Not independent director | 16.05.2019 | - | Not Applicable | Not Applicable | Yes |
| Ömer Özgür Tort | Executive | Not independent director | 28.04.2009 | - | Not Applicable | Not Applicable | Yes |
| İzzet Karaca | Non-executive | Independent director | 23.03.2016 | https://www.kap.org.tr/tr/Bildirim/757814 | Considered | No | Yes |
| Hüseyin Faik Açıklalın | Non-executive | Independent director | 15.05.2018 | https://www.kap.org.tr/tr/Bildirim/757814 | Considered | No | Yes |
| Şevki Acuner | Non-executive | Independent director | 15.05.2018 | https://www.kap.org.tr/tr/Bildirim/757814 | Considered | No | Yes |
| Tom Heidman | Non-executive | Independent director | 15.05.2018 | https://www.kap.org.tr/tr/Bildirim/757814 | Considered | No | Yes |

4. BOARD OF DIRECTORS - II

4.4. Meeting Procedures of the Board of Directors

| | |
|---|--|
| Number of physical board meetings in the reporting period (meetings in person) | 8 |
| Director average attendance rate at board meetings | 80% |
| Whether the board uses an electronic portal to support its work or not | No |
| Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter | 3 days |
| The name of the section on the corporate website that demonstrates information about the board charter | Investor Relations / Migros Corporate / "Migros Articles of Association" and "Corporate Governance Principles Compliance Report" |

Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors

External duties of Migros Board members - excluding the independent members - are not conditional on certain rules. However, our Company complies with the provisions of the Corporate Governance Communique regarding the external commitments of independent board members. The independent Board members shall not be the independent member of the board in more than three of the corporations as such; the corporation or the controlling shareholders of the corporation who hold the control of management corporations and in more than five listed corporations. The external duties of the board members were presented in the General Assembly Meeting via General Assembly Information Document.

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented

Corporate Governance Principles Compliance Report / Part V - Board of Directors / "5.3 Number, Structure, and Independence of Committees Established within the Board of Directors"

Link(s) to the PDP announcement(s) with the board committee charters

<https://www.kap.org.tr/tr/Bildirim/745231>

Composition of Board Committees - I

| Names Of The Board Committees | Name Of Committees Defined As "Other" In The First Column | Name-Surname of Committee Members | Whether Committee Chair Or Not | Whether Board Member Or Not |
|--------------------------------------|---|-----------------------------------|--------------------------------|-----------------------------|
| Audit Committee | - | İzzet Karaca | Yes | Board member |
| Audit Committee | - | Şevki Acuner | No | Board member |
| Corporate Governance Committee | - | Hüseyin Faik Açıkalın | Yes | Board member |
| Corporate Governance Committee | - | Kamilhan Süleyman Yazıcı | No | Board member |
| Corporate Governance Committee | - | Recep Yılmaz Argüden | No | Board member |
| Corporate Governance Committee | - | Mehmet Hurşit Zorlu | No | Not board member |
| Corporate Governance Committee | - | Affan Nomak | No | Not board member |
| Committee of Early Detection of Risk | - | Tom Heidman | Yes | Board member |
| Committee of Early Detection of Risk | - | Talip Altuğ Aksoy | No | Board member |
| Committee of Early Detection of Risk | - | Hüseyin Faik Açıkalın | No | Board member |

4. BOARD OF DIRECTORS - III**4.5. Board Committees-II**

| | |
|---|--|
| Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website) | Corporate Governance Principles Compliance Report / Part V - Board of Directors / 5.3 Number, Structure, and Independence of Committees Established within the Board of Directors / "a. Audit Committee" |
| Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website) | Corporate Governance Principles Compliance Report / Part V - Board of Directors / 5.3 Number, Structure, and Independence of Committees Established within the Board of Directors / "b. Corporate Governance Committee" |
| Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website) | Corporate Governance Principles Compliance Report / Part V - Board of Directors / 5.3 Number, Structure, and Independence of Committees Established within the Board of Directors / "b. Corporate Governance Committee" |
| Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website) | Corporate Governance Principles Compliance Report / Part V - Board of Directors / 5.3 Number, Structure, and Independence of Committees Established within the Board of Directors / "c. Early Detection of Risk Committee" |
| Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website) | Corporate Governance Principles Compliance Report / Part V - Board of Directors / 5.3 Number, Structure, and Independence of Committees Established within the Board of Directors / "b. Corporate Governance Committee" |

4.6. Financial Rights

| | |
|--|--|
| Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report) | "Board of Directors Report" and "Financial Review" |
| Specify the section of website where remuneration policy for executive and non-executive directors are presented. | Investor Relations / Migros Corporate / Remuneration Policy |
| Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report) | Provided in the "Key management compensation" section of the Independent Auditors Report |

| Names Of The Board Committees | Name of committees defined as "Other" in the first column | The Percentage Of Non-executive Directors | The Percentage Of Independent Directors In The Committee | The Number Of Meetings Held In Person | The Number Of Reports On Its Activities Submitted To The Board |
|--------------------------------------|--|--|---|--|---|
| Audit Committee | - | 100% | 100% | 5 | 5 |
| Corporate Governance Committee | - | 80% | 20% | 5 | 6 |
| Committee of Early Detection of Risk | - | 100% | 67% | 6 | 6 |

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