

# Corporate Governance Principles Compliance Report

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### 1. Statement of Compliance with Corporate Governance Principles

The Company has diligently adhered to the Corporate Governance Principles published by the Capital Markets Board; efforts to eliminate any shortcomings depending on developing conditions in this regard are ongoing.

Along with the organizational change that took place within this period, the reporting line of the CFO position has been changed from Operations Committee to CEO. In addition, a three-person Executive Committee whose members are Chairman, CFO and COO was created, effective as of January 1, 2010. The Committee took over the authorities, duties and responsibilities of the CEO after his retirement.

The Board approved and put into effect the Company's public announcement policy in 2009. The policy is comprised of standards that will be applied when providing information to the public. The public announcement policy was publicized on the Company's website (www.bim.com.tr).

The Company appointed an investor relations manager who holds Capital Market Activities Advanced Level Licenses and Corporate Governance Rating Specialist Licenses and who has the expertise needed to meet the commitments as per capital markets and ensure coordination in corporate management practices.

## Part I-Shareholders

### 2. Investor Relations Unit

BİM set up an Investor Relations Unit under the Chief Financial Officer in 2005 to establish communications between Company management and shareholders and to properly, accurately, promptly and efficiently provide information to all shareholders and stakeholders.

The manager of this unit is responsible for meeting the requirements of capital market regulations and coordination of corporate governance practices and holds Capital Market Activities Advanced Level License and Corporate Governance Rating Specialist License.

#### Executive Committee Member and CFO

Haluk Dortluoğlu  
Tel: +90 216 564 03 46

#### Reporting and Investor Relations Manager

Serkan Savaş  
Tel: +90 216 564 03 46  
E-mail: serkan.savas@bim.com.tr

The main activities of this unit are:

- Keeping shareholder records orderly and reliably; ensuring rapid response to inquiries from shareholders regarding the Company within the context of information disclosed to the public with the exception of publicly undisclosed data and trade secrets, via various communication channels available,
- Ensuring that General Assembly Meetings are held in accordance with the communiqué and preparation of documents presented to shareholders during General Assembly meeting,

- Supervising the public announcement activities of the Company,
- Execute preparatory work for financial results and annual reports,
- Managing communications with regulatory institutions, including the Istanbul Stock Exchange, Capital Markets Board and Central Registry Agency and the follow up of prescribed legal regulations.

During the reporting period, the unit participated in seven investor conferences and further provided information to investors and shareholders in over 160 meetings held at the Headquarters of the Company.

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

All shareholders' requests for information are met, with the exception of trade secrets and publicly undisclosed data. Those requests were mostly related to inquiries on the General Assembly, payment of dividends and financial data as well as the Company's future targets. All announcements of material disclosures and publicly disclosed information are available and easily accessible to shareholders on the Company's website ([www.bim.com.tr](http://www.bim.com.tr)) under the Investor Relations section. Moreover, requests for information from institutional shareholders and analysts of brokerage firms within the year were satisfied via various communication channels such as teleconferences and one-to-one meetings. At the end of each balance sheet period, teleconferences were held to inform and respond to the inquiries of shareholders. Four teleconferences in total were organized during the year.

The Company's Articles of Association do not stipulate granting shareholders the right to request the appointment of a special auditor and no such request was made during the year.

### 4. Information on the General Shareholders' Meetings

#### Ordinary General Shareholders Meeting

The Ordinary General Shareholders Meeting of BİM Birleşik Mağazalar Anonim Şirketi convened on Friday, April 24, 2009 at 10:00 a.m. at the registered office of the Company at Abdurrahmangazi Mahallesi, Ebubekir Caddesi, No: 289, Samandıra, Istanbul, under the supervision of the Commissary of the Ministry, Demir İnal, appointed in accordance with the communiqué dated April 22, 2009 no. 22054, issued by the Ministry of Industry and Trade, Istanbul Provincial Directorate of Industry and Trade.

In the meeting, 20,199,251 shares were represented in person and 18,795,568 shares were represented by proxy, for a total of 38,994,819 shares corresponding to the Company's total capital stock of TL 75,900,000.

During the General Assembly, no motion was proposed by shareholders that would necessitate an amendment to the Articles of Association other than agenda items. The Minutes of the General Shareholders' Meeting were announced in the Turkish Trade Registry Gazette issue no. 7313, dated May 18, 2009.

#### Extraordinary General Shareholders Meeting

The Extraordinary General Shareholders Meeting of BİM Birleşik Mağazalar A.Ş. convened on Tuesday, November 10, 2009, 10:30 a.m. in the registered office of the Company at Abdurrahmangazi Mahallesi Ebubekir Caddesi No.289 Samandıra, under the supervision of the Commissary of the Ministry Mr. Zafer Karakoç, appointed in accordance with the communiqué dated November 9, 2009, no. 64933 issued by the Ministry of Industry and Trade, Istanbul Provincial Directorate of Industry and Trade.

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In the meeting, 20,128,748 shares were represented in person and 18,886,997 shares were represented by proxy, for a total of 39,015,745 shares corresponding to the Company's total capital stock of TL 75,900,000.

In the meeting, a decision was made to distribute dividends from 2008 profit for the second time. In this regard, it was decided to distribute dividend amounting to TL 34,155,000 which was previously stated as extraordinary reserve at the ordinary General Meeting dated April 24, 2009.

Announcements for both general shareholders meetings were made by way of invitation letters and an announcement in the newspaper. Furthermore, prior to the meeting date, the meeting agenda was made public by way of an announcement of material disclosure and published on the Company's website. The minutes of the general shareholders meetings in Turkish, along with its English translation, were posted on the Company's website ([www.bim.com.tr](http://www.bim.com.tr)) under the Investor Relations section. The minutes have also been made available for shareholder review in the registered office of the Company. The questions asked directly by shareholders were answered in detail orally during the meeting. There was no media participation at these meetings.

### 5. Voting Rights and Minority Rights

All Company shares are bearer's shares. Shares do not entitle any holder to have voting privileges. Shareholders of the Company and their proxies are entitled to one vote for each share they hold at both ordinary and extraordinary General Meetings. Shareholders may appoint one proxy to vote on behalf of the shareholder at the General Meetings. Voting by proxy shall be subject to the regulations of the Capital Markets Board. The Articles of Association do not include any provisions on

cumulative voting and minority shares are not represented by management.

### 6. Dividend Payment Policy and Timing

The Company dividend payment policy, as stipulated by the General Assembly, is to distribute a minimum of 30% of the distributable profit gained in respective years. This policy was made public in 2007 through a material disclosure announcement and no change whatsoever has been affected to this policy to date. Any possible changes to the policy will be made public through a material disclosure announcement.

Under the Company's Articles of Association, no privileges are granted on voting rights, nor do privileges exist concerning the distribution of profit. The timeline for distribution of profit is determined at the General Shareholder's Meeting upon the request of the Board of Directors and in accordance with the provisions of the Turkish Commercial Code and Capital Markets legislation. Distribution of 2008 profit has been finalized in legal terms as TL 94,875,000 in cash in total.

### 7. Transfer of Shares

Shares are transferred in accordance with the provisions of the Turkish Commercial Code and other relevant legislation. In the Articles of Association there are no provisions on the limitation of share transfer.

## Part II-Public Disclosure and Transparency

### 8. Company Disclosure Policy

Public Disclosure Policy of the Company was put into force following the approval by the Board of Directors on April 9, 2009. It aims to give information to beneficiaries in line with regulations of the Capital Markets Board (CMB) and Istanbul Stock Exchange (ISE).

According to the policy adopted, all progresses which may result a significant change on the Company's financial situation and/or operations, in line with legislation of CMB, as well as information regarding all other necessary subjects are announced to the public immediately.

From time to time, BİM Management can arrange meetings with media members to share the information open to the public and to answer questions. A copy of the actual statements published in the print media and special circumstance announcements sent to the ISE are published on the Company's website (www.bim.com.tr). Information demands received from the press are gathered by the Company's media consultants, evaluated within Company and replied to in accordance with the announcement policy.

Public announcement policy has been published in the Company web site (www.bim.com.tr). Names and contact information of employees responsible for the implementation of the disclosure policy are provided in Article 2 of the Report.

#### 9. Special Circumstance Announcements

The Company made 55 special circumstance announcements in 2009. Within the scope of these announcements, no additional disclosure was adjured by CMB or ISE.

The announcements are also available on the website (www.bim.com.tr).

#### 10. Company Website and Contents

The Company's website is www.bim.com.tr. Information concerning shareholders is provided under the Investor Relations section, together with the English translations thereof posted under the following headings:

- Company Name
- Shareholders
- Corporate Governance
- Financial Reports
- Financial Calendar
- General Assembly Information
- Announcements of Material Disclosures
- Notices
- Investor Relations Contact

#### 11. Disclosure of Real Person(s) as Ultimate Controlling Shareholders

The shareholding structure of the Company as described below has been publicly disclosed both on the Company's website and in the periodical financial reports. All shares are held by real persons, except those that are publicly traded.

Shareholder	Number of Shares	Share Ratio %
Mustafa Latif Topbaş	14,133,248	18.62
A. A. El Khereji	10,311,300	13.59
Ahmet Afif Topbaş	5,885,500	7.75
Zuhair Fayez	2,994,825	3.95
Firdevs Çizmeci	899,995	1.18
Ömer Hulusi Topbaş	90,000	0.12
İbrahim Halit Çizmeci	5	0.00
Other (Publicly-traded)	41,585,127	54.79
Total	75,900,000	100.00

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

Members of the Board of Directors, auditors, senior management and other Company employees who may have access to insider information are listed below and have been publicly disclosed on the Company's website.

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## Board of Directors

Mustafa Latif Topbaş	Chairman
Ekrem Pakdemirli	Vice Chairman
Mahmut P. K. Merali	Board Member
Ömer Hulusi Topbaş	Board Member
Zeki Ziya Sözen	Board Member
Yalçın Öner	Board Member
Jos Simons	Board Member

## Auditors

Prof. Dr. Selahattin Tuncer	Auditor
Prof. Dr. Arif Ateş Vuran	Auditor

## Senior Management

Mustafa Latif Topbaş	Chairman of the Executive Committee
Galip Aykaç	Member of the Executive Committee and COO
Haluk Dortluoğlu	Member of the Executive Committee and CFO
Muharrem Arslantürk	Member of the Operations Committee
Ürfet Naçar	Member of the Operations Committee
Bülent Pehlivan	Member of the Operations Committee
İlkay Zengin	Member of the Operations Committee
Ünsal Çetinkaya	Purchasing General Manager

Other Company employees who may have access to insider information:

Arif Tuna  
Betül Ölçücü  
Dilek Kırılmaz  
Ekrem Cezayirli  
Elif Küçükdeveci  
M. Volkan Menteş  
Murat Şener  
Özden Y. Karaoğlu  
Özkan Ölmez  
Semra Sadıkoğlu  
Serkan Savaş

Sevim Üçüncüoğlu  
Yakup Kocaman

## Independent Auditors

Metin Canoğulları  
Betül Akova  
Çağlar Targotay  
İhsan Akar  
Nihat Sönmez  
Can Sözer

The CEO of the Company, Jos Simons, retired as of December 31, 2009. He will continue to serve as a Board member and has been appointed concurrently as a consultant to the Board.

At the meeting held of August 19, 2009, the Company's Board decided to form a three-person Executive Committee, chaired by Mustafa Latif Topbaş, Chairman of Board, effective as of January 1, 2010. The Committee took over the authorities, duties and responsibilities of the CEO. Haluk Dortluoğlu (CFO) and Galip Aykaç (COO) were appointed Executive Committee members. The Executive Committee came into office as of January 1, 2010.

## Part III-Stakeholders

### 13. Informing Stakeholders

Pursuant to applicable legislation, stakeholders are informed of Company matters, with the exception of trade secrets, by appropriate means of communication.

The Company's corporate website makes available the mail address and phone numbers of all stakeholders. Those stakeholders wishing to gather information or make inquiries using these communications tools are also able to contact the relevant unit managers. Incoming queries and information requests are responded to in a timely manner.

Investors or investors seeking to become Company shareholders are able to communicate directly with the Investor Relations Unit and receive prompt responses.

#### **14. Stakeholders' Participation in Management**

Meetings are held with employees and other stakeholders to improve efficiency on relevant issues and motions proposed therein are evaluated by senior management. Furthermore, employees are encouraged to freely communicate to the relevant unit manager their complaints, criticism and suggestions related to working procedures.

#### **15. Human Resources Policy**

As specified in the BİM Organization Objectives, the Company objectives can only be attained through the contributions of its employees. BİM Personnel Regulations provides guidelines for personnel rights and working terms and regulates the working arrangement in accordance with the said objectives. Employee relationships are managed by the Personnel and Administrative Affairs units in the headquarters and 27 regional warehouses.

The human resources policy of the Company gives priority to providing a pleasant and comfortable working environment which offers employees the opportunity to take initiatives and develop their skills accordingly. Employees are encouraged to communicate their complaints and suggestions for improvement to relevant units, which then make their best efforts to provide solutions promptly.

In 2009, the Company focused specifically on the training of the employees in line with the Company's goals. In this context, both internal and external resources were utilized for the training requirements of personnel.

#### **16. Information on Customer and Supplier Relationships**

The Company's business model is based on mutual trust, which therefore requires paying maximum attention to the relationships with both customers and suppliers. The Company grants its customers the right to return any product with no time limitations, on the basis of its no-questions-asked return policy. For years, BİM has been implementing its policy to return any savings gained from operational costs as discounts on the prices of the products. These policies and their effective implementation allow maximization of our customers' trust in the Company.

Every store has phones strategically placed so that customers can easily file complaints or requests. All customer complaints and requests are investigated and responded to in a timely manner.

As outlined by Company policy, suppliers are considered business partners and due care is taken to sustain strong, long-term relationships.

#### **17. Social Responsibility**

The Company is not involved in production activities. All nylon and cardboard waste is forwarded to licensed firms engaged in the recycling of packaging waste.

BİM works in coordination with the Kalite Sistem Laboratory, Observatory Laboratory, EuroLab and the TÜBİTAK Research Institute to inspect the quality of its product portfolio. TÜBİTAK conducts chemical and biological testing on products sold by BİM and subjects its production facilities to stringent quality control.

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In addition, product quality control testing is conducted by the Istanbul Headquarters, as well as other regional organizations. Before the listing of new products, quality and taste tests are performed on the product, as well as equivalent and competitive products, to compare results.

The Company places great importance on food safety. BİM A.Ş. guarantees that all products, at a minimum, comply with all official standards and assumes full responsibility in this respect. By conducting ISO 22000 Food Safety Management System, BİM is establishing a well functioning supplier chain system from suppliers to customers.

Providing products that completely meet the requirements and needs of its customers in an affordable and timely manner and continuous improvement are the main policies of the Company.

### Part IV-Board of Directors

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

The Board of Directors is responsible for the management and representation of the Company. The Board consists of seven members elected during the General Meeting in accordance with the provisions of the Turkish Commercial Code. Two members are independent Board members, as defined by the Corporate Governance Guide of the Capital Markets Board of Turkey.

Following the retirement of the Company CEO on January 1, 2010, an Executive Committee was formed to take over the authorities and responsibilities of the CEO. The Company's Chairman of Board is also acting as Chairman of the Executive Committee.

Article 19 of the Company's Articles of Association restricts Board members from actions that may affect operations without the consent of the General Meeting, as stipulated in Articles 334 and 335 of Turkish Commercial Code.

Names of current Board members are listed under Article 12 of the Report.

#### 19. Qualifications of the Board Members

The Board of Directors is made up of knowledgeable and experienced individuals who possess the qualifications mentioned in the CMB's Corporate Governance Principles. The Company's Articles of Association do not provide any further qualifications required for a membership appointment.

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

The Company aims to maintain high-efficiency in profitable regions for the discount food retailing sector and to offer its services to more consumers by expanding into other regions of Turkey, as well as other countries where this concept can be implemented. Other targets of the Company include providing quality products at all times, increasing operational efficiency, discounting prices, involving more private-label products in its portfolio and reducing costs by increasing suppliers' efficiency.

The Board of Directors approve the yearly budget and analyze financial data monthly to ascertain the extent that the Company objectives are being met. In addition to yearly objectives, upon the request of the Board, the management prepares strategic plans for five years and submits it to the Board of Directors for review.

### **21. Risk Management and Internal Control Mechanisms**

BİM A.Ş. has developed relevant policies and procedures in line with business processes, performed functional task distribution within the organization, established approval and authorization systems within processes and regulated procedures regarding the protection and reconciliation of physical assets of the Company in consideration of risk exposure and prevention methods within the scope of risk management and internal control mechanisms. In addition, efficient reporting and management-surveillance practices have also been established within the Company.

An Internal Auditing Unit appointed by the Company is responsible for risk management and independent evaluation of the internal control processes. All Company operations are included within the responsibilities of the Internal Audit Unit and audited pursuant to annual plans. The Internal Audit Unit is an independent unit and directly reports to the Audit Committee, whose members are selected from the Board of Directors.

The Internal Auditing Unit is responsible for analyzing the consolidated financial tables, which are prepared quarterly, for compliance with auditing principles, in accordance with Capital Market regulations and reporting to the Auditing Committee for their compliance status.

### **22. Duties and Responsibilities of the Members of the Board of Directors and Executives**

The Board of Directors perform duties stipulated by law and by the Articles of Association. The Company is controlled and represented by the Board of Directors. The Board of Directors is entitled to carry out any transaction, legal, financial and technical work on behalf of the Company and to use the trade name of the Company.

In 2008, the Corporate Governance Principles specifying the duties and responsibilities of the Company's Board of Directors, Board members, senior management and Internal Audit Units was approved and placed into effect.

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

The Board of Directors shall convene when deemed necessary for the business and operations of the Company, upon the call of the Chairman as provided in the Company's Articles of Association. It is mandated that the Board of Directors will convene once every three months. The Chairman will call the Board of Directors to the meeting upon the request of any Board member. If the Chairman does not convene the meeting within ten business days following the request, the Vice-Chairman is required to call the Board to meet. The invitation for a meeting and the meeting agenda shall be sent to each member by registered mail, hand-delivered or sent via fax or telex at least 15 days prior to the scheduled meeting date. The meeting may be held at the Company's registered office in Turkey, or any other location the Board unanimously decides upon. While the members of the Board are entitled to equal voting rights, they are not entitled to cast a negative vote. In case independent members express different justifications on issues, the justifications behind



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negative votes are not announced publicly. The Board of Directors shall prepare the agenda based on emerging requirements and the Secretary of the Board of Directors shall inform and communicate with the Board of Directors.

During 2009, the Board of Directors physically convened 11 times and adopted 14 resolutions by obtaining the consent of its members without meeting, in accordance with Article 330/2 of the Turkish Commercial Code. None of the members voted against the decisions.

### **24. Prohibition on Engaging in Transactions and Competing with the Company**

The members of the Board of Directors shall not engage in any of the activities listed in Articles 334 and 335 of the Turkish Commercial Code without the permission of the General Assembly.

### **25. Rules of Ethics**

The Company's expectations of its employees, managers and suppliers are clearly specified in the organizational objectives document supplied to all employees; the expectations and rules therein are not disclosed to the public. The Company's code of conduct and related procedures are strictly applied and updated when deemed necessary.

### **26. Number, Structure and Independence of Committees Established by the Board of Directors**

The Board of Directors established a Related Parties Committee and an Audit Committee. These committees are appointed to ensure that the Board of Directors fulfills its duties and responsibilities duly and precisely in line with the requirements and conditions of the Company and that these committees submit reports prepared on a quarterly basis to the Board of Directors.

Both members of Audit Committee and one of three members of the Related Parties Committee are independent board members. One of the independent board members acts in both committees. The head of the Related Parties Committee is not an independent member and holds an executive position in the Company. The two members of the Audit and Compensation Committee do not hold executive positions in the Company. The Board of Directors has not yet established a Corporate Governance Committee.

### **27. Financial Benefits to the Board of Directors**

The Board of Directors is paid an honorarium as provided by the resolutions from the General Meeting. The Company does not provide benefits to Board members or the management by extending loans or credit. Board members are not granted performance-based remuneration.