

## **CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT**

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

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

In 2008, the Company Board of Directors accepted the Corporate Governance principles governing the operating principles, duties and responsibilities of the Board of Directors, Chairman of the Board of Directors, senior management and Internal Audit Units.

According to the principles accepted, the internal audit unit will report directly to the Audit Committee, consisting of members of the Board of Directors.

### **Part I-Shareholders**

#### **2. Investor Relations Unit**

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

Operations Committee Member and CFO:

Haluk Dortluoğlu

Tel: 0 216 564 03 46

Reporting and Investor Relations Manager:

Serkan Savaş

Tel: 0 216 564 03 46

E-mail: serkan.savas@bim.com.tr

The main activities of this unit include providing information to the public in accordance with applicable legislation, ensuring rapid response to questions from shareholders or analysts from various organizations within the context of information disclosed to the public and preparing annual reports. During the reporting period, the unit has participated in eight investor conferences organized by brokerage firms and further provided information to investors and shareholders in over 100 meetings held at the headquarters of the Company.

The Investor Relations Unit manages communications with outside institutions, including the Istanbul Stock Exchange, Capital Markets Board and Central Registry Agency, as well as being responsible for announcements of material disclosures pursuant to the Capital Markets Board's communiqué Series:VII No:39 and the follow up of prescribed legal regulations.

Registrations procedures were completed for a total of 1,935 shares physically holding share certificates within this period without receiving the 2007 dividend and participating in the capitalization issue, while bonus shares and dividend rights were given to holders retrospectively.

### **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 material disclosure announcements 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 term, teleconferences were held to inform and respond to the inquiries of shareholders and conference attendance information was announced on the web site under the Investment Relations section. Four teleconferences in all 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 A.Ş. convened on Wednesday, April 30, 2008 at 2:30 p.m. at the registered office of the Company at "Abdurrahman Gazi Mahallesi, Ebubekir Caddesi, No:289, Samandıra, Istanbul, under the supervision of the Commissary of the Ministry, appointed in accordance with the communiqué dated April 29, 2008 no. 24439, issued by the Ministry of Industry and Trade, Istanbul Provincial Directorate of Industry and Trade.

According to the List of Attendees, 6,704,967 shares were represented in person and 6,219,733 shares were represented by proxy, for a total of 25,300,000 shares corresponding to the Company's total capital stock of YTL 25,300,000. During the General Assembly, no motion was proposed by shareholders that would necessitate an amendment to the Articles of Association. The Minutes of the General Shareholders' Meeting were announced in the Turkish Trade Registry Gazette issue no. 7064, dated May 16, 2008.

#### **Extraordinary General Shareholders Meeting**

The Extraordinary General Shareholders Meeting of BİM Birleşik Mağazalar A.Ş. convened on Monday, June 23, 2008, 2:30 p.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, appointed in accordance with the communiqué dated June 20, 2008, no. 39056 issued by the Ministry of Industry and Trade, Istanbul Provincial Directorate of Industry and Trade.

It was decided to amend articles 4, 6, 10, 11, 13, 15, 16, 23, 27 and 35 of the Articles of Incorporation. In line with the amendment to the sixth article, the Company's capital was increased by TL 50,600,000, up to TL 75,900,000, to be fully covered from the profit of the period. Amendments to other articles generally comprise the removal of those Articles of Association rendered invalid after the Company's opening to the public. During the General Assembly, no motion was proposed by shareholders that would necessitate an amendment to the Articles of Association other than agenda items. According to the List of Attendees, 5,364,868 shares were represented in person and 5,853,079 shares were represented by proxy, for a total of 25,300,000 shares corresponding to the Company's total capital stock of YTL 25,300,000. The Minutes of the General Shareholders' Meeting were announced in the Turkish Trade Registry Gazette issue no. 7095 dated July 01, 2008. The amended versions of the Articles of Incorporation are available on the Company's web site ([www.bim.com.tr](http://www.bim.com.tr)) under the Investor Relations section.

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 web site. The minutes of the general shareholders meetings in Turkish and the English translation were posted on the Company's website ([www.bim.com.tr](http://www.bim.com.tr)) under the Investor Relations section. The meeting minutes have also been made available for shareholder review in the registered office of the Company. Verbal questions directed by shareholders were answered in detail verbally. There was no participation from the media in the meetings.

#### **5. Voting Rights and Minority Rights**

All company shares are bearer's shares. Shares do not entitle any privileges concerning voting rights. 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 in the General Meetings. Voting by proxy shall be subject to the regulations of the Capital Markets Board. The Articles of Association does not include any provisions on cumulative voting and minority shares are not represented by management.

#### **6. Dividend Payment Policy and Timing**

The Company policy for distribution of profits, 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 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 profits. The timeline for distribution of profits is determined by the General Shareholder's Meeting upon the request of the Board of Director's in accordance with the provisions of the Turkish Commercial Code and Capital Markets legislation. Distribution of 2007 profits has been finalized in the form of TL 48,070,000 cash and a bonus issue of TL 50,600,000 within the months of May 2008 and June 2008, respectively.

## **7. Transfer of Shares**

Shares are transferred in accordance with the provisions of the Turkish Commercial Code and other relevant legislation.

## **Part II-Public Disclosure and Transparency**

### **8. Company Disclosure Policy**

The Company makes timely public disclosure on matters specified in Communiqué Nr. 39 Serial Nr: VIII on Principles for Material Disclosures of CMB. In addition, the Investor Relations Unit accurately and in a timely manner responds to the questions of shareholders, except for confidential information. Names and contact information of employees responsible for the implementation of the disclosure policy are provided in Article 2 of the Report.

Press relations are conducted by the Company's press consulting firm. Information requests received from the press are compiled by the consulting firm and passed on to the Company's senior management. Such requests are reviewed and responded to by Company officials insofar as these are not of a confidential nature and limited to data that has been made public already.

### **9. Special Circumstance Announcements**

The Company made 57 special circumstance announcements in 2008. One additional disclosure about the capital increase registration date requested by ISE within the scope of the above announcements was made in due time.

The announcements are also available on the web site ([www.bim.com.tr](http://www.bim.com.tr)).

### **10. Company Website and Contents**

The Company's website is [www.bim.com.tr](http://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  
Shareholding Structure  
Board of Directors and Executive Management  
Corporate Governance Principles Compliance Reports  
Financial Reports  
Announcements  
Financial Calendar  
General Assembly Information  
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	14,733,248	19.41
Abdulrahman A. El Khereji	14,106,300	18.59

Ahmet Afif Topbař	5,285,500	6.96
Zuhair Fayez	2,994,825	3.95
Firdevs izmecı	899,995	1.18
Ömer Hulusi Topbař	90,000	0.12
İbrahim Halit izmecı	5	0.00
Other (Publicly-traded)	37,790,127	49.79
Total	75,900,000	100.00

**12. Public Disclosures of those Members of the Board of Directors, Auditors and senior management who may have access to insider information are listed below and have been publicly disclosed on the Company’s website.**

Board of Directors

Mustafa Latif Topbař	Chairman
Ekrem Pakdemirli	Vice Chairman
Mahmut P. K. Merali	Board Member
Ömer Hulusi Topbař	Board Member
Zeki Ziya Sözen	Board Member
Yalın Öner	Board Member
Jos Simons	Board Member and CEO

Auditors

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

Senior Management

Jos Simons	CEO
Galip Ayka	COO
Muharrem Arslantürk	Member of the Operations Committee
Haluk Dortluođlu	Member of the Operations Committee and CFO
Ürfet Naar	Member of the Operations Committee
Bülent Pehlivan	Member of the Operations Committee
İlkay Zengin (*)	Member of the Operations Committee
Ünsal etinkaya	Purchasing General Manager

Mehmet Fatih Sara, a former Board member, left office as of January 30, 2008. Jos Simons, serving as the Company’s CEO in the general shareholders meeting held on April 30, 2008, was appointed as Board member maintaining his CEO position.

(\*) Based on the decision taken by the Company’s Board of Directors on January 9, 2009, Samandıra District General Manager İlkay Zengin was appointed as an Operations Committee member.

## **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 web site 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 listed on the web site. Incoming queries and information requests are responded to in a timely manner.

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 the 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 23 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 promptly provide solutions.

### **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 products priced to its customers. 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 as such, all relationships are based on trust and reliability.

### **17. Social Responsibility**

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

BİM works in coordination with the Turkish Quality Control Laboratory 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.

In addition, product quality control testing is conducted by the Istanbul Headquarters, as well as other regional organizations. Before the introduction 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 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. None of these members holds an executive position in the Company. Article 19 of 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 are knowledgeable and experienced individuals who possess the qualifications mentioned in the CMB's Corporate Governance Principles. The Articles of Association of the Company do not provide any further qualifications required for 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.

In the long term

BİM has the largest revenue share in the food retailing sector in Turkey.

BİM has a product range of approximately 600 items.

Company principles rely on being honest, reliable and fair. We will retain these principles as the Company expands.

Regardless of race, religion or language, it is the Company's responsibility to remain unbiased and understanding to all employees. BİM respects the personal life of each of its employees, unless actions offend other people or damage the Company. BİM avoids any excesses that might disturb its customers.

The Board of Directors analyzes financial data monthly to ascertain the extent that the Company objectives are being met.

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

The Company has developed relevant policies and procedures in line with the 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. Whereas the Internal Audit Unit reported to the Operation Committee previously, in 2008 it became subordinate to the Audit Committee, consisting of Board Members.

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

The Board of Directors performs duties stipulated by law and by the Articles of Association. The Company is represented and controlled by the Board of Directors, which is entitled to carry out any transaction, legal, financial and technical work related to the objectives and scope of the Company on behalf of the Company and to use the trade name of the Company for the above-mentioned purposes.



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

### **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 and upon the call of the Chairman as provided in the Company's Articles of Association. The Board of Directors shall convene once every three months. The Chairman shall 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 shall call the Board meeting. 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. The Members of the Board are entitled to equal voting rights; they are not entitled to cast a negative vote. The Board of Directors shall prepare the agenda based on emerging requirements. The Secretary of the Board of Directors shall inform and communicate with the Board of Directors.

During 2008, the Board of Directors physically convened 13 times and adopted 13 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 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 further, these committees submit reports prepared on a quarterly basis to the Board of Directors. The Audit and Compensation Committee's all two members and one of the three members of the Related Parties Committee, are independent members. 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 of the General Meeting. The Company does not provide benefits to the Board Members or management by means of extending loans or credit. The Board Members are not granted performance-based remuneration.

[www.bim.com.tr](http://www.bim.com.tr)