

Board of Directors

The Board of Directors is responsible for the overall management of Migros, including the FMC's subsidiaries and other interests. It formulates the strategy and is also responsible for creating efficient management and organisational structures within the Migros community.

In 2015, the **Board of Directors held six meetings**, each lasting between seven and nine hours. One of these meetings was convened the day before (an additional two hours). In addition to the statutory matters and periodic reporting on all strategic business units of Migros, including the subsidiaries, the Board of Directors approved various acquisitions and investments by Migros Industry. These included the acquisition of 70% of the SWICA Santémed health centres by the Migros subsidiary Medbase, and Hotelplan's takeover of the soft adventure provider Explore Worldwide.

Composition and electoral procedure

The Board of Directors is composed of 23 members: **ten external, independent members and 13 internal** members. The external, independent persons are the Chairman and the nine members from the business sector. Since they are employed by Migros, the Chief Executive Officer, the ten representatives of the ten regional cooperatives (normally the managing directors) and the two employee representatives are regarded as internal members.

With regard to **the composition and size of the Board of Directors, Migros deviates from the guidelines of the Swiss Code of Best Practice for Corporate Governance**. According to the statutes, each regional Cooperative chooses its representative and therefore decides for itself who sits on the FMC Board of Directors. This influences both the size of the body and the ratio of external to internal members. This status quo is being maintained in accordance with the decision of the Assembly of Delegates from 29 March 2014.

With the exception of the ten representatives of the regional cooperatives, who are appointed by the electoral bodies of the cooperatives, the members of the Board of Directors are elected for a four-year term of office by the Assembly of Delegates. Re-election is permitted, provided that the newly introduced maximum of four terms of office is not exceeded. The members of the Board of Directors retire on reaching the age of 70. The organisational rules of the Board of Directors do not permit the accumulation of important positions within Migros.

Working methods and powers

23

members belong to the Board of Directors

Decisions on the Board of Directors are passed by a **simple majority** of the members present – observing the usual rules for abstention. Detailed preparation and the preliminary work done by the committees mean that discussions by the 23 members of the full Board can be conducted effectively and efficiently.

All of the agenda items that a member of the Board or a committee wishes to discuss are shown on the notice convening the meeting. Those attending the meeting receive detailed documentation about the motions in writing beforehand.

The dates for the ordinary meetings are set early, so that all members can usually attend. In the year under review, the **attendance rate was 96%**. The six members of the Executive Board, as well as the President of the G. and A. Duttweiler Foundation, also attend the meetings of the Board of Directors in an advisory capacity.

As part of a process of self-evaluation, the Board of Directors regularly reviews its own and its members' approach and performance. The findings of this evaluation are implemented on a continual basis and discussions are held regularly on the implementation status. External consultancy services are called on to advise on specific topics. In the year under review, the Board of Directors (with external support) performed **detailed self-evaluation** in order to analyse its working methods and make specific improvements on the basis of an action plan.

The powers of the Board of Directors include **formulating the strategy** and organising the financial reporting, financial control and financial planning. It is also responsible for creating efficient management and organisational structures within Migros as well as appointing and supervising the Executive Board. The Board of Directors delegates operational management to the Executive Board, which is headed by the Chief Executive Officer. This also includes the overall management of the FMC's subsidiaries and other interests, whose internal board members are appointed by the members of the Executive Board. External board members, such as for Hotelplan or Migros Bank, are appointed by the Board of Directors if additional expertise is needed or if required by law.

The responsibilities and remits are set out in the rules of organisation of the Board of Directors and in the directives of the committees.

96%

was the attendance rate at the meetings.