



Corporate Governance Rating Report



**01 June 2011**

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## Rating and Executive Summary

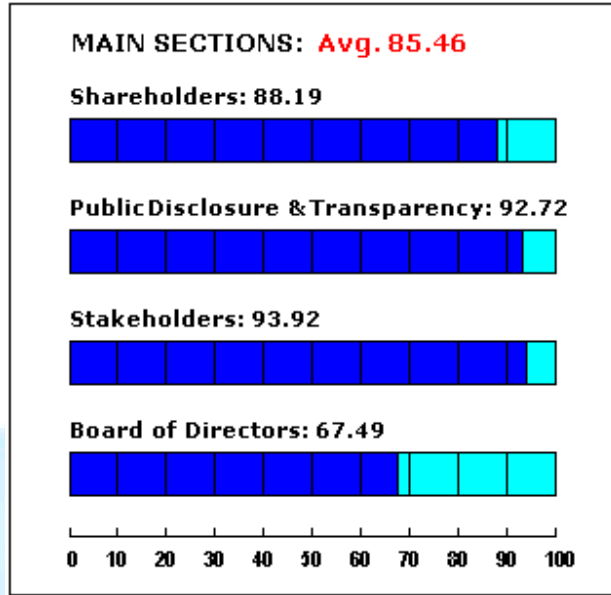
### ANADOLU EFES BİRACILIK VE MALT SANAYİ A.Ş. (AEFES)

 **SAHA**  
Corporate Governance Rating:

**8.55**

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### EXECUTIVE SUMMARY

Anadolu Efes (AEFES) is rated with **8.55** as a result of the Corporate Governance study done by SAHA. Details of this study are presented in the following chapters as main sections and sub-sections. Our rating methodology (page 5) is based on the Capital Markets Board's (CMB) "Corporate Governance Principles" (the Principles). Ratings of main sections and sub-sections are disclosed separately.

It is our observation that AEFES took the necessary steps to determine its corporate governance risks and made substantial advances in setting up sound internal controls and management systems. However, there is still room for improvements in order to fully comply with the CMB's Corporate Governance Principles.

Under the **Shareholders** heading, AEFES scored **8.82**. Having no limitations for voting rights, presence of an active investor relations department, conducting general shareholder meetings in compliance with the country's rules and regulations and implementing a well established dividend payment policy are positive aspects. On the other hand, the lack of cumulative voting rights and of individual shareholders' right to appoint an independent auditor is observed to be areas which need further improvement. The proactive approach of the Investor Relations department is a sign of corporate sensitivity and indicates further improvements to come in the near future.

AEFES attained **9.27** under the **Public Disclosure and Transparency** chapter. There is a well organized, informative, and comprehensive website that includes all information listed in the "Corporate Governance Principles" pertinent to public disclosure. Public announcements are made via all communications channels and are in accordance with the CMB and ISE's rules and regulations. Minutes of important board meetings which may affect the value of the company's capital market instruments, however, are not posted on the company's web site and a clear definition of trade secret is not prepared and published.

On the topic of **Stakeholders**, AEFES has broadly complied with the CMB Principles apropos company policy regarding stakeholders, protection of company assets, human resources policy, ethical principles, social responsibility, and relations with the customers and suppliers and scored a well deserved **9.39**. It should be particularly noted that the company's undertakings in social responsibility projects are exceptional both in the sense of scope and in the fact that a part of such expenditures are guaranteed in the articles of association.

From the perspective of the Principles regarding the **Board of Directors**, AEFES's tally is **6.75**. There is a well communicated company mission and vision; a board that consists of broadly experienced, competent, suitably educated individuals of high ethical standards; and no executives in the board. However, the lack of independent members in the board and therefore in committees and of cumulative voting rights remain to be potential areas for improvement.

#### DISCLAIMER

This Corporate Governance Rating Report has been prepared by Saha Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. (SAHA Corporate Governance and Credit Rating Services, Inc.) based on information made available by Anadolu Efes Biracılık ve Malt Sanayi A.Ş. and according to the Corporate Governance Principles issued by the Turkish Capital Markets Board as amended on 2005.

This report, conducted by SAHA A.Ş. analysts and based on their best intentions, knowledge base and experience, is the product of an in depth study of the available information which is believed to be correct as of this date. It is a final opinion about the degree of sensitivity of a company to its shareholders' and stakeholders' rights, its commitment to public disclosure and transparency, and conduct and credibility of its board of directors.

The contents of this report and the final corporate governance rating should be interpreted neither as an offer, solicitation or advice to buy, sell or hold securities of any companies referred to in this report nor as a judgment about the suitability of that security to the conditions and preferences of investors. SAHA A.Ş. makes no warranty, regarding the accuracy, completeness, or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes.

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## Rating Methodology

SAHA's methodology for rating the degree of compliance with the Principles of Corporate Governance is based upon the CMB's Corporate Governance Principles released on July 2003, as revised on February 2005.

The CMB based these principles on the leading work of The World Bank, Organization of Economic Cooperation and Development (OECD) and the Global Corporate Governance Forum (GCGF), which has been established in cooperation with the representatives of these two organizations and private sector. Experts and representatives from the CMB, the Istanbul Securities Exchange and the Turkish Corporate Governance Forum have participated in the committee that was established by the CMB for this purpose; additionally many qualified academicians, private sector representatives as well as various professional organizations and NGOs have stated their views and opinions, which were added to the Principles after the required evaluations. Accordingly, these Principles have been established as a product of contributions of all high-level bodies.

Within the Principles, "comply or explain" approach is valid. The implementation of the Principles is optional. However, the explanation concerning the implementation status of the Principles, if not detailed reasoning thereof, conflicts arising from inadequate implementation of these Principles, and explanation on whether there is a plan for change in the company's governance practices in the future should all be included in the annual report and disclosed to public.

The Principles consist of four main sections: shareholders, public disclosure and transparency, stakeholders and board of directors:

On the foundation of these Principles, SAHA Corporate Governance Rating methodology features over 400 code criteria. During the rating process, each criterion is evaluated on the basis of information provided by the company officials and disclosed publicly. Some of these criteria can be evaluated by a simple YES/NO answer; others require more detailed analysis and examination.

SAHA assigns ratings between 1 (weakest) and 10 (strongest). In order to obtain a rating of 10, a company should be in full and perfect compliance with the Principles (see Rating Definitions, p.19).

In compliance with the CMB's directive and to reach an overall Corporate Governance Rating, SAHA allocates the following weights to the four main sections of the Principles:

Shareholders: **%25**  
Disclosure and Transparency: **%35**  
Stakeholders: **%15**  
Board of Directors: **%25**

To determine the final overall rating, SAHA utilizes its proprietary methodology which consists of sub-section weightings and weightings for the criteria there under. A separate rating is assigned to each one of the main sections as well.

## Company Overview

<b>Anadolu Efes Biracılık ve Malt Sanayi A.Ş.</b>	
	<b>CHAIRMAN</b> Tuncay ÖZİLHAN <b>EFES Beer Group President</b> Alejandro JIMENEZ <b>EFES Soft Drinks Group President</b> Michael A. O'NEILL
Esentepe Mahallesi, Anadolu Caddesi, No: 1, Kartal, İstanbul <a href="http://www.anadoluefes.com">www.anadoluefes.com</a>	<b>Investor Relations Manager</b> Ayşe Dirik Tel: (0 216) 586 80 02 Fax: (216) 389 58 63 <a href="mailto:ayse.dirik@efespilsen.com.tr">ayse.dirik@efespilsen.com.tr</a>

Anadolu Efes (AEFES), the beverage division of Anadolu Endüstri Holding A.Ş. (Anadolu Group), is one of the leading conglomerates in Turkey, active in beverage, automotive, finance, fast service restaurants, office equipment and services since the 1950's.

AEFES, with its 16 breweries, 7 malteries and 20 bottling plants in 15 countries, produces and markets beer, malt and soft drinks through its direct and indirect subsidiaries and affiliates to a geographical region spanning a population of about 600 million in Turkey, Russia, the CIS countries, Southeast Europe and the Middle East.

AEFES shares are traded at the Istanbul Stock Exchange (ISE) (code: AEFES.IS). AEFES is a constituent of ISE All (XUTUM), ISE 100 (XU100), ISE 100-30 (XYUZO), ISE National (XULUS), ISE Industrial (XUSIN) ISE Corporate Governance (XKURY), ISE Food, Beverage (XGIDA) and ISE İstanbul (XSIST) indices.

Through its Level-1 ADR program (AEBZY/Cusip No: 032523102), AEFES also provides a trading platform for foreign individual and institutional investors on the OTC market to a certain extent.

The registered capital of AEFES is 900.000.000 TL and paid-up capital on the other hand is 450.000.000 TL.

The AEFES's capital structure as of 31.12.2010 is as follows:

<b>Capital Structure and Shareholding</b>		
<b>Shareholder</b>	<b>Amount (TL)</b>	<b>Percentage %</b>
Yazıcılar Holding A.Ş.	139,251,000	30.94
Özilhan Sınai Yatırım A.Ş.	78,937,000	17.54
Anadolu Endüstri Holding A.Ş. (AEH)	35,292,000	7.84
Public Shares	196,520,000	43.67
<b>Total</b>	<b>450,000,000</b>	<b>100.00</b>

Public shares aside, the largest shareholder are Yazıcılar Holding A.Ş. which is also a public company traded in the ISE. Yazıcılar Holding A.Ş.'s capital structure is given below:

<b>Capital Structure of Yazıcılar Holding A.Ş.</b>	
<b>Shareholder</b>	<b>Percentage %</b>
Yazıcı Family Members	39.10
Kamil Yazıcı Yönetim Danışmanlık A.Ş.	33.50
Public Shares (*)	27.40

(\*) 1,816% is held by Kamil Yazıcı Yönetim Danışmanlık A.Ş.

Anadolu Efes carries out its operations through two business units: the Beer Group and the Soft Drinks Group. The international beer operations of Anadolu Efes are conducted by Efes Breweries International N.V. ("EBI"), which is headquartered in the Netherlands. Anadolu Efes is also the largest shareholder of Coca-Cola İçecek A.Ş. ("CCİ"), conducting Coca-Cola operations both in Turkey and international markets.

Anadolu Efes conducts its sales, distribution and marketing operations in 10 sales regions in Turkey through its fully owned subsidiary Efes Pazarlama ve Dağıtım Ticaret A.Ş. ("EFPA"). With 192 retailers and 28 distributors, EFPA has a powerful logistics network that distributes its products throughout the country.

Tarbes Tarım Ürünleri ve Besicilik Sanayi ve Ticaret A.Ş. ("Tarbes") has a hops production facility in Turkey, which has an annual production capacity of 300 tons pellets. The facility supplies Turkey beer operation's annual requirement for hops, one of the main raw materials required for beer production.

Anadolu Efes' international beer operations are conducted by the Netherlands-based, 100 percent subsidiary EBI. As of end of year 2010, EBI operates nine breweries located in Russia, Kazakhstan, Moldova and Georgia with an annual total production capacity of 25.2 million hl. EBI also has five malteries with an aggregate capacity of 175,000 tons per annum. In addition, EBI has a 28 percent share in Central Europe Beverages ("CEB"), which owns the third largest brewer in Serbia with its two plants.

Anadolu Efes conducts its soft drinks operations through its 50.3 percent subsidiary CCİ. As being the 5th largest bottler in the Coca-Cola System in terms of sales volume, CCİ undertakes production, sales and distribution of the sparkling and still beverage brands of The Coca-Cola Company (TCCC). CCİ undertakes operations in Turkey, Pakistan, Kazakhstan, Azerbaijan, Turkmenistan, Jordan, Iraq and Syria with nearly 9,000 employees. CCİ also has exports to Tajikistan. The company is the leading soft drinks producer in all of its operating markets, except for Jordan and Pakistan, where it is ranked second.

CCİ serves more than 350 million consumers through its 20 bottling plants and has a total annual bottling capacity of 978 million unit cases. Besides the sparkling beverages, the Company also offers a rich product portfolio comprising of fruit juices, bottled water, energy and sports drinks, ice tea and tea.

The Board of Directors of AEFES is as follows:

<b>Anadolu Efes Board of Directors</b>	
<b>Name</b>	<b>Title</b>
Tuncay ÖZİLHAN	Chairman
İbrahim YAZICI	Vice Chairman
Süleyman Vehbi YAZICI	Member
Tülay AKSOY	Member
Gülten YAZICI	Member
Hülya ELMALIOĞLU	Member
Ahmet Oğuz ÖZKARDEŞ	Member
Metin Ecevit	Member
Engin AKÇAKOCA	Member
Dr. Yılmaz ARGÜDEN	Member
Dr. Cem KOZLU	Member

The consolidated sales and profitability profile of Anadolu Efes are as following:

<b>(million TL)</b>	<b>2009</b>	<b>2010</b>
<b>Sales</b>	3.811,1	4.168,8
<b>Gross Profit</b>	1.903,1	2.117,4
<b>Operational Profit</b>	648,0	693,6
<b>Income Before Tax</b>	543,8	658,6
<b>Net Income</b>	422,3	518,4

Attributable income figures are as following:

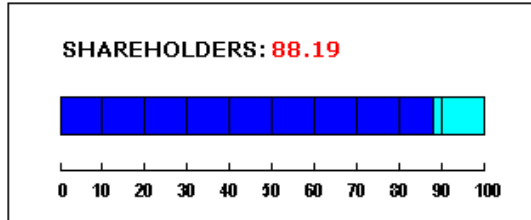
<b>(million TL)</b>	<b>2009</b>	<b>2010</b>
<b>Minority Interests</b>	(0,3)	14,8
<b>Equity Holders of the Parent</b>	422,6	503,6
<b>EBITDA</b>	916,6	1.019,0

The major consolidated Balance Sheet figures of Anadolu Efes are as following:

<b>(million TL)</b>	<b>2009</b>	<b>2010</b>
Current Assets	2.056,7	2.140,8
Non-current Assets	3.373,4	3.448,0
<b>Total Assets</b>	<b>5.430,0</b>	<b>5.588,8</b>
Current Liabilities	1.488,6	1.757,2
Non-current Liabilities	1.207,2	1.016,6
Equity	2.734,2	2.815,0
<b>Total Liabilities</b>	<b>5.430,0</b>	<b>5.588,8</b>



## SECTION 1: SHAREHOLDERS



SYNOPSIS	
+	There is a shareholder relations division
+	General shareholder meetings are conducted in compliance with the CMB's rules and regulations
+	Dividend policy is defined
+	Equal treatment of shareholders
+	Preparation and disclosure prior to general shareholder meetings are satisfactory
+	Voting rights are facilitated
+	No privilege in voting rights
+	No upper limit in voting rights
-	Shareholders do not have the right to request appointment of special auditors from the general shareholder meeting
-	Minority rights are not defined
-	Lack of cumulative voting procedures

The Shareholder Relations Unit within the Directorate of Finance and Investor Relations is managing the relations with the shareholders. The performance of the unit is satisfactory. That the shareholder's number of votes is not subjected to a ceiling limit is in compliance with "Corporate Governance Principles". The manner in which the general shareholder meetings are conducted complies with the relevant rules and regulations and does not violate the rights of the shareholders.

In terms of shareholders' rights of getting information and exercising the rights arising from the ownership; that the minority shareholders are not provided with the right to request the appointment of a special auditor and lack of cumulative voting system are areas that need improvement.

### 1.1. Facilitating the Exercise of Shareholders' Statutory Rights:

The activities of the Department of Investor Relations are performed under the supervision of Can ÇAKA, Finance and Investor Relations Director. Currently, the manager of the unit is Ms. Ayşe DİRİK. It has been observed that the unit is well established and employs sound internal procedures. We have observed that the relevant department's staff is sufficient in terms of education, experience and number. For the statements of KAP (Public Disclosure Platform) Mr. Can ÇAKA; Finance and Investor Relations Director, Mr. Volkan HARMANDAR; Finance Director, Mrs. Ayşe GÜNDÜZ; Financial Control Manager, are authorized.

The records of shareholders are kept appropriately; requests for information are answered promptly; and necessary documents are disclosed to shareholders' scrutiny on company's web site and at the Company Headquarters prior to the General Meeting. Prior to the last General Meeting, the documentation related to the agenda items is submitted to the shareholders.

General Meetings are held in accordance with the articles of association and related legislation. Voting results are recorded, disclosed

and posted on the company's web site and given upon request.

### **1.2. Shareholders' Right to Obtain and Evaluate Information:**

In connection with facilitating shareholder rights, all necessary information is made available for use of the shareholders. Such information can be found both on the comprehensive corporate website ([www.anadoluefes.com](http://www.anadoluefes.com)) and at the Company headquarters. Requests for information are answered on the telephone or in written form. Shareholders' right to obtain information is set forth within the framework of the Disclosure Policy in detail.

The articles of association do not grant the right to request the appointment of a special auditor to the shareholders for the general shareholder's meeting.

### **1.3. Minority Rights:**

That there is no provision to apply certain ceilings regarding exercise of shareholders' voting rights is a positive aspect. In order to include the foreign investors into general shareholders meeting, proxy forms are made available on the web site.

While there are no voting privileges, provisions for the execution of cumulative voting procedures are not included in the articles of association.

There is no special arrangement concerning minority rights in the articles of association. In general, the regulatory provisions of Turkish Commercial Code and public incorporated companies are executed.

### **1.4. The Right to Participate in the General Shareholder Meeting:**

The general shareholders meeting announcement was published 3 weeks

prior to the meeting in two high circulation and nation wide newspapers and announced on the web site.

The meeting venue (company premises) is suitable for the attendance numbers determined beforehand.

Annual reports, financial statements and reports and profit distribution proposal are presented to the shareholders prior to the general shareholders meeting. It has been observed that this information and other information of similar nature submitted to the shareholders is given in a manner which can be easily linked to the agenda items and the disclosure documents regarding the agenda have been furnished.

The voting procedures in the general shareholders meeting are defined in the articles of association of the company, and also announced to the participants by the chairman in the beginning of the meeting.

Proxy forms were duly disclosed for those who are not able to participate in the general shareholders meeting in person. Issues aroused by the shareholders to be placed on the agenda have been taken into consideration by the Board and thus the highest level of attendance is achieved.

We have attended the general shareholders meeting in person and confirm that the meeting was conducted on fair grounds and in an efficient manner. The vice chairman participated the meeting; however 8 of the 11 members did not take part. The chairman of the meeting announced the reasons for absence of those persons. Since the ex board was re-elected in full in the last general shareholders meeting, limited information about the candidates

provided in the annual reports can be accepted as sufficient. For the same reason mentioned above, no verbal information was provided during the general shareholder meeting. Nevertheless, there is no clause in the articles of association that states the minimum amount of information to be given about the candidates.

The company is subject to external audit by the Capital Markets Law. The external audit report was submitted to the general shareholders meeting and the related parts were read thereto.

Articles of association of the company includes a provision to maintain that decisions, regarding the sale, purchase tangible/intangible assets and issuance of bonds are adopted in general shareholder meeting. There are no such provisions for the division and allocation of shares which changes the capital and management structure of the company, leasing of tangible/intangible assets, the issuance of guarantees like pledges and mortgages in favor of a third person, and grants in significant amounts. On the other hand, there are provisions in the articles of association ensuring donations and grants.

The manner in which the general meetings are conducted is proper and the chairman's administration imposes no risks upon shareholders' rights. Each agenda item is voted separately and voting results are announced before the end of the meeting.

There were no organizational and operational changes in the affiliates and subsidiaries last year. Information regarding the activities of Efes Breweries International N.V. (EBI) and Coca Cola İçecek A.Ş. (CCI), summaries of the financial statements of the last 2 years is disclosed to the shareholders in the annual reports. Since other subsidiaries; Tarbes Tarım Ürünleri ve Besicilik San.Tic., A.Ş. and

Efes Pazarlama ve Dağıtım Tic., A.Ş. are included in the consolidated financial statements, their activity summaries and financial statements have not been submitted separately.

### **1.5. Voting Rights:**

As a principle, shareholders have one vote for one share. Voting right automatically begins with acquisition of the share and voting procedure is exercised in a convenient manner.

There is no limit in exercising the voting right for either legal representatives or institutional ones. The procedure for the voting right is included in the articles of association. Therefore, the shareholders have been informed and verbal explanation has been made about the procedure prior to the General Shareholders Meeting. Voting was conducted by raising hands during the general shareholders meeting.

### **1.6. Dividend Rights:**

AEFES has a clearly defined and consistent dividend policy which is in compliance with the Turkish Commercial Code. During the transfer of Ege Biraçılık ve Malt Sanayii A.Ş., Güney Biraçılık ve Malt Sanayii A.Ş and Anadolu Biraçılık Malt ve Gıda Sanayii A.Ş shares to Erciyas Biraçılık ve Malt Sanayii A.Ş., 9920 registered redeemable shares have been granted dividend rights as per the following item of the Articles of Association:

*From the amount equal to the net profit minus the amount referred to in paragraph (a) here above and an amount of 10% of the issued capital, 2% will be set aside for distribution to the holders of Redeemable stock pro rata their shares, and from the same amount, after setting aside the amount distributable to the holders of Redeemable stock, 5% will be set aside for distribution to the members*

*of the Board of Directors on equal basis, without prejudice to the first dividends payable to the shareholders. Provided, however, that the profit shares payable to the holders of Redeemable stock may not be more than 10% of the amount remaining after deduction of 5% legal reserves and of first dividends from the net profit.*

The Dividend Policy of the company dictates the distribution of a dividend from the distributable profit each year with a ratio higher than the minimum amount that implied by CMB, without prejudice to CMB's regulations or any other relevant law and regulation.

In the last general shareholders meeting, the profit distribution amounting to 48 % of the paid in capital was suggested.

Profit for the period, amount and sources of distributable profit, the criteria regarding the board's proposal, the venue, date and terms of the dividend to be paid, and the dividend amount of the each share indicating different groups of shares are included in the articles of association and in the annual report submitted to the general shareholders meeting. However, information concerning the amount of the total dividends due to be paid to real persons together with the indirect shareholder relationship is not included in these documents.

The articles of association of the company do not include provisions regarding any advance dividend payments.

#### **1.7. Transfer of Shares:**

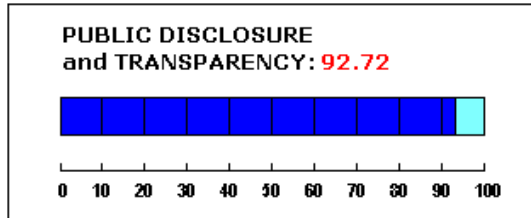
Neither the articles of association nor the decisions of the General Shareholders meeting have a provision

or enforcement in connection with certain limitations over the transfer of the shares.

#### **1.8. Equal Treatment of Shareholders:**

As a result of our review of the articles of association of the company, the minutes of the general shareholders meetings, and interviews with company officials, we have observed that the shareholders are treated equally and fairly.

## SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY



### SYNOPSIS

+	Comprehensive web site, actively used for public disclosure
+	Comprehensive annual report, includes analysis of the sector and forward looking information
+	Dividend policy disclosed in the annual report
+	List of persons who can potentially possess price sensitive information is published
+	Disclosure about developments that may affect the value of the company complies with the legislation
+	Information policy established, and presented to the shareholders at the general shareholders meeting
+	The company's ultimate controlling individual shareholders are presented in a table format in the Annual Report
+	Unilateral declaration of the board of directors, which covers information about whether or not the Principles are being properly applied is included in the annual report
=	Ethical rules disclosed, but not presented at the general shareholders meeting

ANADOLU EFES is performing well above the country averages in terms of public disclosure and transparency. The existence of a working "Investor Relations" unit is an important and positive step towards better governance. A well developed information policy document has been arranged and published within corporate governance compliance report. The company has a comprehensive web site and significant events and information disclosed through this site are in compliance with the rules and regulations of the CMB and the ISE.

Although the annual report and the periodical financial statements have been signed and confirmed by the board members, this information is not included in the annual report.

The external audit of the company is done by a well known and reputable firm and there has been no legal conflict between the company and the external audit firm.

Internal financial control and auditing functions are fulfilled by the audit committee within the board.

The list of ultimate controlling individual shareholders after being released from indirect or cross shareholding relationships has been disclosed to the public in the Corporate Governance Compliance report, and a table format is included in the annual report. The lack of information concerning the payments to the employees in cash and non-cash is another issue that needs to be re-arranged.

## **2.1. Principles and Means for Public Disclosure:**

The task of public disclosure is executed by the Investor Relations department. There are 3 managers bestowed with the authority to sign the KAP announcements.

The company has furnished a disclosure policy in written form and announced it to the public and presented to the general meeting. The disclosure policy includes issues such as frequency and method of the disclosure except the ones determined by the legislation, the procedures to be followed in answering the questions asked to the company, the information and the list of documents regarding the issues to be dealt at the general shareholders meeting. The information policy document also include the principles for the public disclosure of significant changes that may effect the financial status and operations of the company and the principles of disclosure about direct and indirect relationships of the company with individuals or entities that are related in terms of capital, management and auditing.

Disclosure is made via the general shareholder meetings, press statements and a call center. Where the current legislation necessitates, the CMB and the ISE are informed directly. Any decision and situation that may affect the value of the company's capital markets instruments are disclosed to the public via the "disclosure of special events" within the time period required by the current legislation and via the above mentioned media. All in all, in terms of public disclosure, AEFES fully complies with the current legislation.

The documents of dividend policy and disclosure policy are included in the corporate governance compliance report which constitutes a part of the

annual report. On the other hand, the company has taken up social and environmental initiatives and the reports related to these projects are accessible.

The Corporate Governance Compliance Report regarding the implementation of the principles and unilateral declaration of the board of directors, which covers information about whether or not the Principles are being properly applied is included in the annual report.

The announcements made in accordance with the CMB regulations regarding special events are published in the company's web site both in Turkish and English.

Save for the provisions of the legislation; the preparation or revision of pro forma financial statements are subject to a compliance audit by the external auditor. The audit and public disclosure thereof, and the method to be adopted for disclosing forward looking information are in compliance with the international standards

The company's website is effectively utilized for public disclosure. This web site is easily accessible, practical and comprehensive. Significant amount of information such as trade register information; detailed information about the shareholder and management structure; the final version of the company's articles of association together with the date and number of trade registry gazettes, special events disclosures, annual reports, periodical financial statements and reports, announcement of the general shareholder meeting, agendas of the general shareholder meetings and minutes of the general shareholder meeting; form for proxy voting at the general shareholder meeting; frequently asked questions including requests for information, queries and notifications and



responses thereof are included in detail.

The English version of the web site is equally comprehensive. The letterhead includes the address of the web site of the company.

## **2.2. Public Disclosure of Relations between the Company and Its Shareholders, the Board of Directors and Executives:**

No transactions that involved 5% or more of the total number of shares have been in effect, however, it has been declared by the company officials that such information shall be disclosed to public immediately. The company's public disclosure policy is in accordance with the current CMB and ISE rules and regulations.

The company's ultimate controlling individual shareholder or shareholders, with regard to the weight of shares held by family members, are disclosed to the public, as identified after being released from indirect or cross shareholding relationships between co-owners and presented in the annual report in a table format.

## **2.3. Periodical Financial Statement and Reports in Public Disclosure:**

Special cases (important investment decisions) that are not included in the financial statement notes are disclosed to the public in accordance with the relevant legislation since the shares of the company are traded at the ISE.

The disclosure of the commercial and non commercial events and transactions between the company and other companies whose executives, board members and the shareholders possessing a certain amount of the company's capital, are carried out in accordance with CMB and ISE norms.

The annual report, periodical financial statements and their notes are prepared in accordance with the existing legislation and international accounting standards. The annual report comprises information such as company's scope of activities and information about the sector in which the company operates and the company's status within this sector; evaluation regarding financial status and activities, the organization, capital and partnership, dividend policy and future prospects concerning economic activities. On the other hand, the board's declaration about internal control system's effectiveness and the independent auditor's view about internal control systems are not included in the annual report.

The board declares that the current periodical financial statements completely reflect the true financial status of the company and that the company acts in accordance with the related legislation, but this declaration is not included in the annual report.

The independent auditor's report confirms that the financial statements present fairly the financial position and annual financial performance of the company in accordance with the financial reporting standards issued by the CMB.

The footnotes of the periodical financial statement cover all significant transactions of balance sheet including conditional ones, obligations together with the consequences of the actions that may affect the financial position in future, liquidity, investment expenditures, investment sources, and relations with other companies and individuals that are out of consolidation and that may affect income - expense items.

The financial statements and footnotes are presented in accordance with the forms made obligatory by the CMB.

#### **2.4. Functions of External Audit:**

The external audit firm chosen by the company is an independent and international audit company accredited by the CMB. The operations of the audit firm and the contents of the contract signed with them are in compliance with the legislation. There has been no legal conflict between the company and the external audit firm.

The audit firm is suggested by the audit committee and the final decision is made by the Board, and then presented to the general meeting.

#### **2.5. The Concept of Trade Secret and Insider Trading:**

Stakeholders are informed in accordance with the rules of accuracy, reliability and good faith in obtaining information. Moreover, a list of the names of executives and other persons who can potentially possess price-sensitive information is prepared and disclosed to public in accordance with the information policy.

The company has developed a detailed information security policy. In this policy; provisions such as general responsibilities concerning information security, rules of internet use, and filters and codes are included.

On the other hand the company has not defined the concept of trade secret in detail.

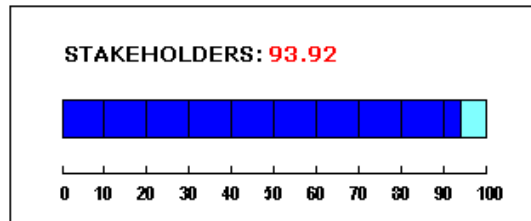
#### **2.6. Significant Events and Developments That Must Be Disclosed to the Public:**

Anadolu Efes fully complies with CMB and ISE legislations in disclosure process regarding important events and developments.

The company immediately discloses any significant changes in the management and capital structure of the company, the scope of the core activities of the company, the rating agency's grade assigned to the company, and all important developments and events and their possible implications on the financial status and operational results of the company.



## SECTION 3: STAKEHOLDERS



### SYNOPSIS

+	All necessary facilities are utilized to preserve stakeholders' rights
+	Active trade union
+	Effective human resources policy
+	Compatibility in the field of social responsibility
=	Ethical rules specified and declared to the public but not yet presented to the shareholders' meeting for approval
=	No provision in the articles of association regarding the participation of stakeholders in the management of the company but the practice is satisfactory

With regard to company policies concerning stakeholders, protection of company assets, human resources policy, relations with customers and suppliers, company's compatibility with the corporate governance principles in the field of social responsibility, Anadolu Efes scores well above averages.

Stakeholder rights are protected both in accordance with the laws and within the acts of good will where these rights are not regulated by the legislation.

We have detected no evidence of negligence or wrong doing either by the board or the top management that caused the company assets loose

value and led to a deliberate loss for stakeholders.

The company has a detailed human resources policy. Staff training, performance evaluation and rewarding are applied satisfactorily within the framework of this policy.

### 3.1. Company Policy Regarding Stakeholders:

There have been no infringements regarding the stakeholders' rights that are protected by legislation and contracts. Protection of stakeholders' rights is facilitated by the company.

Necessary steps are taken to protect the stakeholders' rights within the framework of good will where these rights are not regulated by the legislation.

Stakeholders are informed of the company policies and procedures via dealer meetings, call centers and the company's internet site.

Furthermore, the authorities of the company have specified that all records of customer requests and complaints are kept and replied by the company. For this purpose, customer satisfaction surveys are conducted and target and performance criteria are re-assessed in accordance with the results of these surveys.

In keeping with its quality, food safety, environmental and occupational health and safety policies, the Company implements the ISO 9001 Quality Management System, ISO 14001 Environmental Management System, OHSAS 18001 Occupational Health and Safety Management System and ISO 22000 Food Safety Management System in all its facilities within its

Turkey beer operations. The Company also ensures that these policies are applied and sustained. Similar policies are implemented across the Company's international operations and are widened in scope on an ongoing basis.

### **3.2. Stakeholders' Participation in the Company Management:**

While there are no provisions in the articles of association of the company promoting the participation of stakeholders in the management of the company, there are many supportive mechanisms in practice. Dealer meetings; call center and refined suggestion system are such practices. The system of in-house interactions which is dominant in the company is assessed within the framework of this purpose. The company has a "Refined Suggestions Evaluation Committee" to which the employees convey their suggestions. The committee also conducts customer satisfaction surveys. The said activities are deemed to be the indicator of the company's sensitivity to stockholders' opinion in the decision making processes.

### **3.3. Protection of Company Assets:**

There is no evidence of negligence or wrong doing either by the board or the top management that caused the company assets loose value and led to a deliberate loss for stakeholders.

### **3.4. Company Policy on Human Resources:**

We have observed that, with respect to country specific standards, the company has a well established Human Resources policy that ensures both sound career planning and social rights of high standards.

The company also conducts training programs in order to enhance the development of the employees. The

"Efes Academy" system that has been designed and tailored within this framework which runs on the internet platform, allows sharing of knowledge acquired in different business lines and marketplaces at Group level as well as improving the operational and administrative knowledge and skills of the employees.

The problems of the employees in the work field are dealt with and solved voluntarily through the "Efes Quality Circles" project which ensures an atmosphere of communication and creativity.

Personnel promotion schemes are conducted in accordance with relevant policies.

Although regular meetings are not held with the employees, communication is facilitated and requests for information are met accordingly in respect to the conditions and facilities of the company.

TEK-GIDA İŞ trade union takes active part in the company. A health and safety delegate for white-collar workers and an on-site union representative is appointed for blue-collar workers.

### **3.5. Relations with Customers and Suppliers:**

Anadolu Efes keeps records of customers and suppliers meticulously and within the scope of trade-secret concept, confidentiality of information is duly respected.

The satisfaction level of our customers is measured at all outlets throughout the country with regularly conducted Customer Satisfaction questionnaire studies. Improvement activities are designed and implemented based on the results derived from such studies.

With the Efes Communication Line, complaints or claims from our customers, suppliers or consumers are replied and remedied within prescribed periods by designated officers in charge at relevant units and all incoming requests are stored in electronic media, allowing the monitoring and reporting of progress in customer satisfaction. In addition, the performance of our suppliers in terms of quality, price and delivery are monitored on our computer systems where they are scored and benchmarked on periodic basis.

New product developments are steered by Customer-Consumer research results and product improvement and development work is conducted in accordance with the demand from the market with product, package and technology investments.

### **3.6. Ethical Rules:**

The company's ethical rules and other principles relating to work have been announced on the internet site by a document under the title of "Working Principles". However, this document has not yet been approved by the general shareholders meeting.

### **3.7. Social Responsibility:**

It has been confirmed by the company officials that there were no major conflicts with the tax office in recent years and no serious sanctions imposed. The head office employs 2 in-house lawyers and law service is outsourced at regional offices when necessary.

The company is performing well above the country averages in terms of social responsibility. It has made considerable contribution to the fields of education and environment. The most distinguished activity in sports is Efes Pilsen Sports Club. This club has scored many international successes

and won the European basketball championship.

The Company has also introduced Turkish sports fan many global stars through the "Efes Pilsen World Cup," one of the world's most prestigious international basketball tournaments. The 9th "Efes Pilsen World Cup" was co-organized with the Turkish Basketball Federation in Ankara in 2010.

Anadolu Efes plays a pioneering and leading role in culture and arts, as a way of contributing to social development. With its significant contributions to cinema, performing arts, music, archaeology and tourism spanning to many years, the Company increases its support each year. Anadolu Efes has fostered the development of music culture in Turkey through its sponsorship of the 21st Efes Pilsen Blues Festival, the longest-running music festival in Turkey; the Efes Pilsen One Love Festival, the ninth of which was held this year; and the Miller Freshtival, staged for the second time this year.

The Company has supported the Istanbul Film Festival, one of the world's most prestigious film festivals, for the last 23 years among its other contributions to the development of cinema and performing arts in Turkey. Anadolu Efes has helped to introduce audiences dozens of local movies and hundreds of plays with its support.

Anadolu Efes supports archaeological excavations which are vitally important for the unearthing of Anatolian cultural heritage and their transfer to future generations. As the sponsor of the excavation and restoration of the Temple of Apollo Smintheus located near Gülpınar, Çanakkale since 1998, the Company has also played a significant role in the restoration of the Ancient Amphitheatre located near

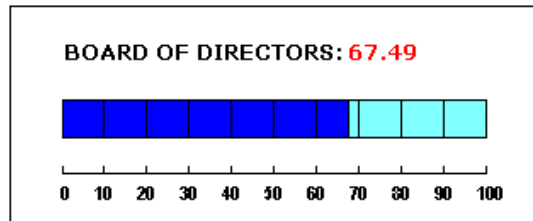
Assos (Behramkale) with its ongoing contributions provided since 1995.

Every year, an amount of at least 2% of the company's pre-tax profit shall be granted to Anadolu Education and Social Welfare Foundation in accordance with a provision included in the company's Articles of Association.

Anadolu Efes has founded more than 40 permanent institutions including primary schools, dormitories and hospitals through the Anadolu Education and Social Aid Foundation. Providing scholarships to nearly 750 students each year, the Anadolu Education and Social Aid Foundation has contributed to the future of more than 10,000 students to date.

Healthcare is on the top of Anadolu Education and Social Aid Foundation's priorities. Committed to providing modern healthcare services to Turkish citizens, the Foundation established the Anadolu Health Center in the Anadolu Health Village as a general-purpose hospital in 2005. In cooperation with Johns Hopkins Medical Center, ranked as the number one overall hospital in the United States for the 18th consecutive year, the Anadolu Health Center provides healthcare services to our citizens in nearly all branches of medicine including cardiology, oncology, pediatrics, dermatology and gynecology, among others.

## SECTION 4: BOARD OF DIRECTORS



### SYNOPSIS

+	The Company's vision, mission and strategic goals are clearly defined
+	The board is staffed with effective and highly qualified members
+	There are no executive members in the Board
+	CEO and Chairman positions are separately chaired
+	There are audit and corporate governance committees
-	No independent members
-	No cumulative voting method
-	No signed compliance and liability statement by board members
-	No provisions in the articles of association defining procedures for shareholders or stakeholders to invite the board to convene
-	No regulation for compensation of company or stakeholder loss in case of negligence by executives

The board of directors has clearly defined the vision and mission of the company and is staffed by highly qualified, experienced members maintaining high moral standards. The board is overseeing that company activities are managed in compliance with the legislation, articles of association, internal procedures and established policies. It has been stated that none of the board members is indulged in any transaction and/or is engaged in any form of competition with the company.

On the other hand, the lack of independent members in the board and therefore in committees and lack of cumulative voting rights remain to be potential areas for improvement.

Nevertheless, before commencing work, members of the board have not declared in writing that they will comply with the legislation, Articles of Association, in-house regulations and policies, and in case of non-compliance, that they would be jointly liable to compensate the loss accrued to the shareholders and stakeholders.

#### 4.1. Fundamental Functions of the Board of Directors:

The company has defined different visions for brewery and soft drink groups. According to this new vision, the brewery activities are defined as follows: "to be the most admired beer company in the markets we operate while tripling our business in next 10 years", and as for the soft drink part "to be the outstanding beverage company leading the market, inspiring people, adding value through excellence.."

The board oversees that the company activities comply with legislation, articles of association, internal procedures, and established policies and monitors company financials to assure their validity.

The board of directors is ensuring that executive positions are staffed by appropriately qualified personnel, taking measures to support their long term commitment, is promptly dismissing unqualified personnel when necessary, and duly replacing positions with qualified and competent staff.

#### **4.2. Principles of Activity and Duties and Responsibilities of the Board of Directors:**

The board of directors approves annual business plans and budgets. In addition, the board facilitates and ensures shareholders meetings to be held in compliance with regulations and articles of association, approves career plans and incentive policies for executives. The board of directors has also determined and publicly declared company ethical rules and information policy documents.

The board of directors determines the policies concerning shareholders, stakeholders and public relations, disclosure policy, and ethical rules. It takes necessary measures to ensure the organization's compatibility with the current conditions.

On the other hand, the board members have no written declaration stating that the periodical financial statements and footnotes and the annual report have been examined by themselves and these documents do not include misleading information that is incompatible with facts.

The functions and powers of the board are clearly identified in the articles of association. These are separated exclusively from the decisions of the powers given to the general shareholders meeting.

No evidence has been encountered as to any misuse of confidential and undisclosed information about the company for the benefit of board members or other parties.

The Board convened 25 times within 2010, 7 of those was as scheduled.

Each member in the board has one vote. Board members are granted with weighted voting rights or positive/negative veto rights.

The company's ethical rules named as "Working Principles" include the expression "all board and audit committee members and all workers within group companies" should comply with the rules and this expression is considered to fulfill the following principles; a) members of the board can under no circumstances disclose company information that is confidential and/or trade secret, and b) members of the board should not indulge in pressures that would serve against the interests of the shareholders and not accept any material gains.

Before commencing work, a written declaration by members of the board that they will comply with the legislation, articles of association, in-house regulations and established policies, and in case of incompliance, that they would be jointly liable to compensate the loss accrued to the shareholders and stakeholders, is not practiced.

Provisions regarding the procedures for inviting the members of the board for a meeting by shareholders and stakeholders are not incorporated in the articles of association.

A secretariat is constituted for the meetings and all questions rose during the meetings and all issues negotiated are recorded into meeting minutes.

#### **4.3. Formation and Election of the Board of Directors:**

None of the Board members have been convicted or sentenced of non-conformity with the capital markets legislation or the Turkish penal code. All members are qualified and experienced persons maintaining high moral standards and fully capable of endorsing the required tasks to direct the company. However, general rules for being a board member is not



incorporated in the articles of association.

None of the board members are executive members. Therefore, the chairman and the CEO positions are not occupied by the same person.

There is no independent member in the board. The lack of independent members in the board and therefore in the committees and the lack of a cumulative voting system are important shortcomings with respect to full compliance to the "Corporate Governance Principles" of the Capital Markets Board.

#### **4.4. Remuneration of the Board of Directors:**

It has been declared by the company officials that the company has not lent any money or extended any credit to board members. There is no attendance fee determined by the general assembly paid to board members.

Board members receive dividends according to the clause 62/2-c in the articles of association of the company: *From the amount equal to the net profit minus legal reserves, minus first dividend and minus dividend for the holders of Redeemable, 5% will be set aside for distribution to the members of the Board of Directors on equal basis, without prejudice to the first dividends payable to the shareholders.* However, the dividend for the 4 members nominated by Anadolu Endüstri Holding is paid directly to the holding company.

Other than this, there is no incentive policy for board members and no written performance criteria.

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

Audit and corporate governance committees have been established within the board. The head of the committees are not chaired by an independent member since there are no independent members in the board.

With the decision of the board of directors dated 9 May 2011, Mr. Engin Akçakoca (chairman) and Mr. İbrahim Yazıcı are elected as Audit Committee members. The Audit Committee has taken all necessary measures to make sure that internal audit mechanisms are carried out adequately and transparently. The Audit Committee is also supervising the activities of the external auditors and whether or not periodic financial statements including footnotes are prepared in accordance with the current legislation and in full compliance with accounting standards.

The appointment of the external auditors and the services to be provided thereby are subject to a preliminary approval by the Audit Committee. However, prior to appointment of the external audit firm, the Audit Committee does not prepare a report stating whether or not there exist any issues that may jeopardize independence of the audit company.

With the decision of the board of directors dated 9 May 2011, Mr. Mehmet Cem Kozlu (chairman) and Mr. Salih Metin Ecevit are elected as Corporate Governance Committee members.

Amongst the written working principles of this committee; constituting a transparent system for determination, evaluation, training and rewarding of candidates eligible for the board and determining policies and strategies in this respect, offering suggestions regarding the number of board members and executives, determining the principles and practices regarding the evaluation of performances of the board members and executives, career

planning and rewarding of the same are listed as committee functions. However, minutes of the last two years' meetings show no evidence of the execution of such duties.

#### **4.6. Executives:**

We have observed that the company executives are operating in accordance with the company's vision, mission and strategic goals and in compliance with the financial and operational plans approved by the board.

It is also our observation that company executives are delegated with adequate authority and equipped with the professional qualifications required. None of the executives have been reported to have gained illegitimate or dishonest benefits at the expense of the company. There are no executives that had ever been sentenced for crimes against the capital markets legislation or the Turkish penal code. However, in the employment agreements with the executives; there is no clause that protects the interests of the company and describes the sanctions to be implemented in case of a violation. In case an executive leaves his/her job, whether he/she will be permitted to work for a competitor of the company for a certain period of time is not specified.

On the other hand, it has been stated by the company officials that the executives are issuing periodic reports regarding the conformity of in-house procedures to the articles of association and internal procedures to the board of directors. However, the human resources procedures do not include provisions for the executives to compensate the losses incurred by the company and third persons as a result of not performing their duties duly.



## Rating Definitions

Rating	Definition
9 - 10	The company performs <b>very well</b> in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified and actively managed all significant corporate governance risks through comprehensive internal controls and management systems. The company's performance is considered to represent best practice, and it had almost no deficiencies in any of the areas rated.
7 - 8	The company performs <b>well</b> in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified all its material corporate governance risks and is actively managing the majority of them through internal controls and management systems. During the rating process, minor deficiencies were found in one or two of the areas rated.
6	The company performs <b>fair</b> in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified the majority of its material corporate governance risks and is beginning to actively manage them. Management accountability is considered in accordance with national standards but may be lagging behind international best practice. During the ratings process, minor deficiencies were identified in more than two of the areas rated.
4 - 5	The company performs <b>weakly</b> as a result of poor corporate governance policies and practices. The company has, to varying degrees, identified its minimum obligations but does not demonstrate an effective, integrated system of controls for managing related risks. Assurance mechanisms are weak. The rating has identified significant deficiencies in a number (but not the majority) of areas rated.
<4	The company performs <b>very weakly</b> and its corporate governance policies and practices are overall very poor. The company shows limited awareness of corporate governance risks, and internal controls are almost non-existent. Significant deficiencies are apparent in the majority of areas rated and have led to significant material loss and investor concern.