



Corporate Governance and Credit Rating Services, Inc.

Corporate Governance Rating Report

**ANADOLU
EFES**

17 May 2021

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Rating and Executive Summary

ANADOLU EFES BİRACILIK VE MALT SANAYİİ A.Ş. (AEFES)



Corporate Governance Rating:

9.63



MAIN SECTIONS : **Avg. 96.34**

Shareholders : 95.41



Public Disclosure & Transparency : 98.76



Stakeholders : 99.51



Board of Directors : 93.91



0 10 20 30 40 50 60 70 80 90 100

EXECUTIVE SUMMARY

The Corporate Governance Rating of 9.59 that has been assigned to Anadolu Efes Biracılık ve Malt Sanayii A.Ş. ("Anadolu Efes" or "the Company") on May 15, 2020 is hereby revised as **9.63**. SAHA's rating methodology is based on the Capital Markets Board's ("CMB") "Corporate Governance Principles" ("the Communiqué") released on January of 2014.

SAHA publishes (annually) the World Corporate Governance Index (WCGI) which ranks countries in terms of their level of compliance with corporate governance principles as well as their germane institutions, rules, codes, and regulations together with international standards and indices which evaluate countries in a vast array of areas such as transparency, corruption, ease of doing business, etc.. Anadolu Efes is analyzed as a Turkish company and Turkey takes place at the top classification of the WCGI which is Group 1. Details of the World Corporate Governance Index (WCGI) published by SAHA on October 8, 2019 can be accessed at <http://www.saharating.com>.

Anadolu Efes is rated with **9.54** under the **Shareholders** heading. Exercise of shareholders' rights complies with the legislation, articles of association and other internal rules and regulations, and measures have been taken to ensure the exercise of these rights. Anadolu Efes carries out the investor relations obligations through the Investor Relations Unit. All procedures prior to the general shareholders' meeting as well as the conduct of the meeting comply with the legislation. There is no upper limit or privileges on voting rights at the general shareholders' meetings. A policy on donations and grants is established and submitted to the general shareholders' meeting for approval. There is a publicly disclosed, consistent dividend policy of the Company. There are no restrictions on transfer of publicly traded shares. On the other hand, there is no provision in the articles of association on holding general shareholders' meetings open to public, and prescribed rate of minority rights for public joint stock companies (5%) is adopted as it is in the articles of association of the Company.

Anadolu Efes attained **9.88** under the **Public Disclosure and Transparency** chapter. There is a comprehensive web site that includes all information listed in the CMB's Corporate Governance Principles pertinent to "Public Disclosure". Public announcements are made via all communications channels and are in accordance with CMB and Borsa Istanbul A.Ş. (BIST) rules and regulations. Company's web site is also prepared in English for the benefit of international investors. The annual report covering the 2020 operating period is in compliance with the legislation, comprehensive and informative. However, benefits provided to board members and senior executives are not listed on individual basis in the annual report.

On the topic of **Stakeholders**, Anadolu Efes scored **9.95**. The exercise of stakeholders' rights has been facilitated. A written compensation policy for the employees is established and disclosed to the public on the corporate web site. During the rating period, the Company was not held liable by any public authority for any fine/sanctions. Code of ethics is publicly available through the Company's web site. Company has a documented human resources policy. Sustainability policy and its implementations are considered to be at the highest level. Models to support stakeholders' participation in the Company management have been established and are in operation.

From the perspective of the principles regarding the **Board of Directors**, Anadolu Efes's tally is **9.39**. There is a well communicated Company mission and vision. The board consists of eleven members, of whom four are independent. There are no executive members on the board of directors. CMB criteria are complied with in designation of the independent members. A Corporate Governance Committee, an Audit Committee and an Early Detection of Risk Committee are established within the board of directors and their working principles are disclosed to the public. Conduct of board meetings is defined with the internal regulations. Principles of remuneration of board members and senior executives are available on the Company's web site. The Company does not lend any funds or extend credit to the members of the board of directors or senior executives. There is a manager liability insurance covering the rating period and in accordance with the conditions specified in the Communiqué. On the other hand, lack of a written policy on a target of female membership in the board of directors is an area open for improvement.

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 January 2014.

The CMB based these principles on the leading work of The World Bank, The Organization of Economic Cooperation and Development (OECD), and the Global Corporate Governance Forum (GCGF) which has been established in cooperation with the representatives of the preceding two organizations and private sector. Experts and representatives from the CMB, Borsa Istanbul 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 taking into account country specific issues. Accordingly, these Principles have been established as a product of contributions from all high-level bodies.

Certain applications of the Principles are based on "comply or explain" approach and others are mandatory. 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 future should be mentioned in the annual report and disclosed to public.

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

Based on these Principles, the SAHA Corporate Governance Rating methodology features around 330 sub-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.23).

To determine the total rating score for each main section parallel to the CMB's Corporate Governance Principles, SAHA allocates the following weights:

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

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

Anadolu Efes Biracılık ve Malt Sanayii A.Ş.	
	Chairman of the Board of Directors Tuncay ÖZİLHAN Beer Group President & Anadolu Efes CEO Can ÇAKA
Fatih Sultan Mehmet Mah., Balkan Cad., No:58/24 Buyaka, E Blok, Ümraniye, İstanbul https://www.anadoluefes.com/	Chief Financial Officer Nusret Orhun KÖSTEM Tel: 0 216 586 8072 ir@anadoluefes.com

Founded in 1966, Anadolu Efes is the beverage division of Anadolu Group Holding ("Anadolu Group"), one of Turkey's well-established groups. Anadolu Group, which started its activities in 1950, carries out its operations in 9 different sectors such as Beer, Soft Drinks, Retail, Agriculture, Automotive, Stationery, Fast Food, Energy and Real Estate. As of today, operating in 19 countries with 66 production facilities and 80,000 employees, Anadolu Group exports to more than 80 countries.

Anadolu Efes is Europe's 5th and the world's 10th largest brewer in terms of production volume. The Company is the market leader in Turkey, Russia, Ukraine, Kazakhstan, Moldova and Georgia where it conducts brewery operations. Anadolu Efes is also the main shareholder of Coca-Cola İçecek, one of the most important bottlers in the Coca-Cola system and the market leader or second in 7 out of 10 countries where it operates via its production and bottling facilities. Realizing more than two-thirds of its sales in international markets, Anadolu Efes also exports its products to more than 70 countries.

According to the independent audit report; the average number of permanent employees of Anadolu Efes and its subsidiaries as of December 31, 2020 is 16,797. (Dec. 31, 2019: 17,138). The current capital structure of the Company is given below:

ANADOLU EFES Capital Structure		
Shareholders	Share Value (TL)	Share %
AG Anadolu Grubu Holding A.Ş.	254,891,156.88	43.05
AB InBev Harmony Limited	142,105,263.00	24.00
Free Float and Other*	195,108,843.12	32.95
Total	592,105,263.00	100.00

* As of the report date, rate of shares in actual circulation is 32.86%.

The Company shares are traded under "AEFES" code at BIST Stars Market since the year 2000 and Anadolu Efes is a constituent of BIST 100 (XU100), BIST Stars (XYLDZ), BIST 100-30 (XYUZO), BIST All Shares (XUTUM), BIST Dividend 25 (XTM25), BIST Dividend (XTMTU), BIST Corporate Governance (XKURY), BIST Istanbul (XSIST), BIST Food, Beverage (XGIDA), BIST Industrials (XUSIN), and BIST Sustainability (XUSRD) indices.

As of the date of our report, the structure of the board of directors and the Committees established within the board of directors within the scope of the Communiqué numbered II-17.1 are as follows:

Board of Directors	
Members	Title
Tuncay ÖZİLHAN	Chairman of The Board
Kamilhan Süleyman YAZICI	Vice-chairman
Jason WARNER	Board Member
Tuğban İzzet AKSOY	Board Member
Rasih Engin AKÇAKOCA	Board Member
Mehmet Cem KOZLU	Board Member
Ahmet BOYACIOĞLU	Board Member
Barış TAN	Independent Board Member
Uğur BAYAR	Independent Board Member
Şevki ACUNER	Independent Board Member
Lale Saral DEVELİOĞLU	Independent Board Member

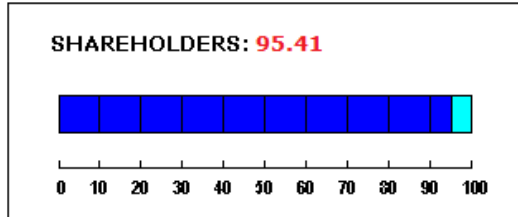
* According to the information disclosed to the public through the Public Disclosure Platform (PDP), there are no members with executive duties in the eleven-member board of directors.

Corporate Governance Committee	
Members	Title
Uğur BAYAR	Chairman
Rasih Engin AKÇAKOCA	Member
Jason WARNER	Member
Hurşit ZORLU	Member
Yılmaz ARGÜDEN	Member
Aslı KILIÇ DEMİREL	Member

Audit Committee	
Members	Title
Şevki ACUNER	Chairman
Uğur BAYAR	Member

Early Detection of Risk Committees	
Members	Title
Barış TAN	Chairman
Tuğban İzzet AKSOY	Member
Mehmet Cem KOZLU	Member
Ben GRAHAM	Member

SECTION 1: SHAREHOLDERS



SYNOPSIS

+	Active Investor Relations Unit.
+	Policy on donations and grants is established and submitted to the general shareholders' meeting for approval.
+	General shareholders' meetings are conducted in compliance with the legislation.
+	No voting privileges at the general shareholders' meetings.
+	Specific and consistent dividend distribution policy.
+	No restrictions on transfer of shares.
-	Minority rights are not recognized for shareholders who possess an amount less than one-twentieth of the share capital.
-	No provision in the articles of association allowing general shareholders' meetings to be held open to public.

1.1. Facilitating the Exercise of Shareholders' Statutory Rights:

Relations with shareholders in Anadolu Efes are carried out within the Investor Relations Unit. It has been observed that the department officials possess the qualifications specified in the Communiqué.

Along with other departments of the Company, the "Investor Relations Unit"

plays an active role in protecting and facilitating shareholders' rights and in particular the right to obtain and review information, and its duties are as follows;

- To ensure that the records relating to the written correspondence with the investors and other information are kept in a healthy, safe and updated manner.
- To respond to the queries of the shareholders requesting written information on the Company.
- To ensure the general shareholders' meeting is held in compliance with the applicable legislation, articles of association and other Company by-laws.
- To prepare the documents that might be used by shareholders in the general shareholders' meeting.
- To supervise the fulfillment of the obligations arising from capital markets legislation including all corporate governance and public disclosure matters.

The report prepared by the Investor Relations Unit regarding the activities carried out and submitted to each Corporate Governance Committee meeting is then transferred to the board of directors by the Committee.

During 2020, meetings were conducted with a total of 299 investors including local and international institutional and above 500 individual investors on operational results, performance, and other developments during the reporting period. Anadolu Efes also participates in conferences in Turkey

and abroad as well as virtual conferences and other meetings organized to provide shareholders and investors information about the Company. In this context, in 2020, Company representatives took part in 18 roadshows/conferences in Turkey and abroad.

We have come to the conclusion that information and explanations that may affect use of shareholders' rights is available up to date on the corporate web site. The fact that no such relevant fine/warning was received during the period supports our opinion.

1.2. Shareholders' Right to Obtain and Evaluate Information:

There is no evidence of any hindering process or application regarding the appointment of a special auditor at the request of shareholders.

All kinds of information about the Company are provided in a complete, timely, honest, and diligent manner and there is no fine/warning received in this direction within the rating period.

The Company has established a disclosure policy and disclosed it to the public on the corporate web site.

1.3. General Shareholders' Meeting:

In addition to the methods of invitation in the legislation and in order to ensure attendance of maximum number of shareholders, the invitation to the general shareholders' meeting held on April 28, 2020 covering 2019 fiscal year is performed through all means of communication available to the Company on April 3, 2020 in accordance with the Corporate Governance Principles.

All announcements prior to the general shareholders' meeting included information such as the date and time

of the meeting; without any ambiguity exact location of the meeting; agenda items of the meeting; the body inviting to the general shareholders' meeting; and the exact location where annual report, financial statements and other meeting documents can be examined.

Besides, the Company has prepared a descriptive disclosure document on agenda items.

Commencing from the date of announcement of invitation for the general shareholders' meeting; the annual report, financial statements and reports, and all other related documents pertaining to the agenda items are made available to all shareholders for examination purposes in convenient locations including the headquarters of the Company, and the electronic media.

Shareholders are informed of the total number of shares and voting rights reflecting the Company's shareholding structure as of the date of disclosure and whether there are any privileged share groups within the Company capital via the corporate web site.

Agenda items were put under a separate heading and expressed clearly in a manner not to result in any misinterpretations. Expressions like "other" and "various" were not used. Information submitted to the shareholders prior to the conduct of the general shareholders' meeting was related to the agenda items.

Due to the Covid-19 pandemic, our observers did not attend the general shareholders' meeting held in 2020, and the statement of the Company officials was referred for some of the control points highlighted by us in the past years.

In this context, it has been declared that items on the agenda were conveyed in detail and in a clear and

understandable way by the chairman of the meeting and shareholders were given equal opportunity to voice their opinions and ask questions. The Company statement is in line with the opinion we have reached over the past years.

Agenda of the general shareholders' meeting included the proposal for the permission to be granted to shareholders who have control of the management, members of the board of directors, managers with administrative responsibility, their spouses and up to second degree blood relatives to execute transactions and compete with the Company and/or its affiliates, to make a commercial business transaction for himself or on behalf of others or to join to another company dealing with the same type of commercial business as a partner with unlimited responsibility.

The members of the board of directors related with the issues of a special nature on the agenda, other related personality, authorized persons who are responsible for preparing the financial statements and auditors were present to give necessary information and to answer questions at the general shareholders' meeting.

Shareholders are informed, with a separate agenda item, on all donations and grants effectuated during the period and the amount of benefits and beneficiaries. In addition, a policy on donations and grants is submitted to the general shareholders' meeting for approval.

General shareholders' meeting is attended by the representative of the external auditor.

On the other hand, the absence of a provision in the articles of association or in the internal guidelines of the general shareholders' meeting regarding the right of participation of

the stakeholders and the public, including the media, without the right to vote has been identified as an area open to improvement under this heading.

1.4. Voting Rights:

It is considered that the Company avoids applications that make it difficult to exercise voting rights and all shareholders, including those who reside abroad, are given the opportunity to exercise their voting rights conveniently and appropriately.

As per the 31st article titled "Voting Right" of the Company's articles of association, "Shareholders have one voting right for each share. In the General Assembly meetings, the voting right of each shareholder is calculated by dividing the total nominal value of the shares owned by the total nominal value of the Company's capital." There is no privilege in voting rights or any upper limit on the number of votes of the shareholders.

1.5. Minority Rights:

Maximum care is given to the exercise of minority rights. However, minority rights are not recognized for shareholders who hold an amount less than one-twentieth of the share capital and the Company has adopted the rate foreseen in the legislation for listed companies.

There is no evidence of any conflict of interest between the majority shareholders and that of the Company.

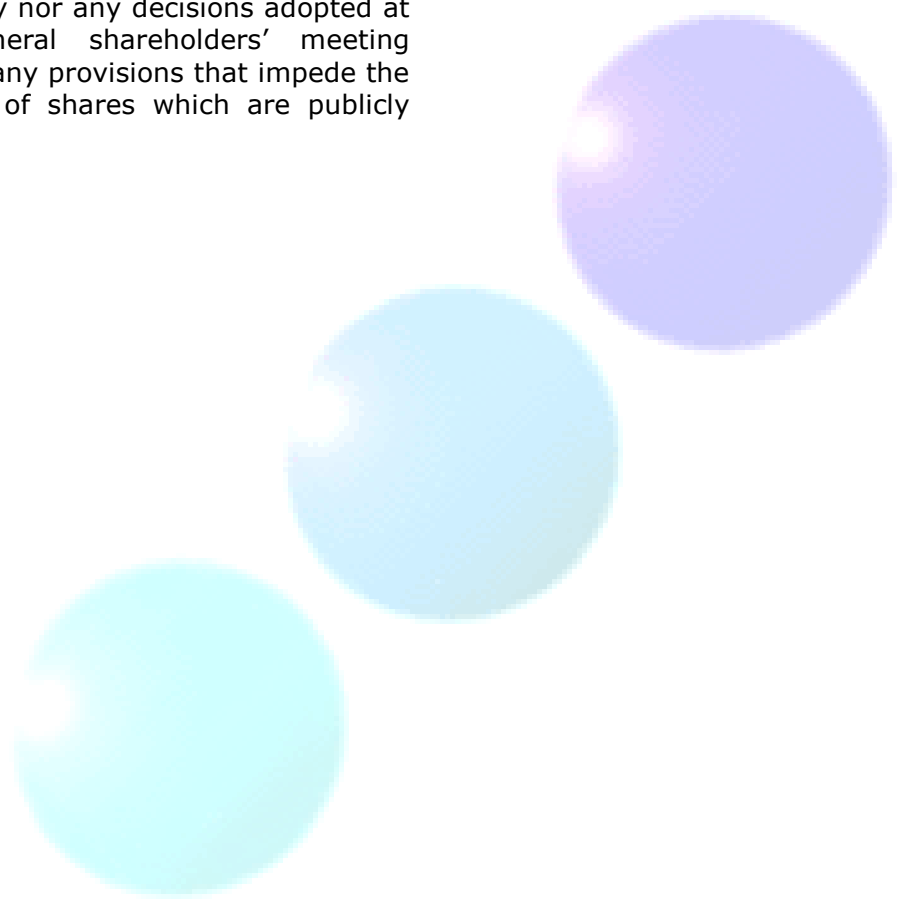
1.6. Dividend Rights:

The dividend policy of the Company is consistent, clearly defined and disclosed to the public on the corporate web site and submitted to the shareholders for approval at the general shareholders' meeting.

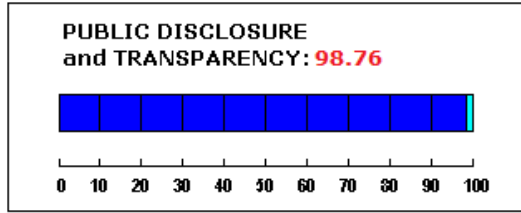
The Company's dividend distribution policy contains minimum information clear enough for investors to predict any future dividend distribution procedures and principles. It has been evaluated that a balanced policy is followed between the interests of the shareholders and that of the Company.

1.7. Transfer of Shares:

Neither the articles of association of the Company nor any decisions adopted at the general shareholders' meeting contain any provisions that impede the transfer of shares which are publicly traded.



SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY



SYNOPSIS

+	Comprehensive web site, actively used for public disclosure.
+	Annual report complies with the legislation, comprehensive and informative.
+	Important events and developments disclosed in accordance with the legislation.
+	English version of the web site for international investors.
-	Benefits provided to board members and senior management are not listed on individual basis.

2.1. Corporate Web Site:

Company's web site is actively used for disclosure purposes and the information contained therein is timely updated.

Along with the information required to be disclosed pursuant to the legislation, the Company's web site includes; trade register information, information about latest shareholder and management structure, information on privileged shares (if any), the date and the number of the trade registry gazette on which the changes are published along with the final version of the Company's articles of association, publicly disclosed material information, annual reports, periodical financial statements, prospectuses and circulars and other public disclosure documents, agendas of the general shareholders' meetings

and list of participants and minutes of the general shareholders' meeting, form for proxy voting at the general shareholders' meeting, disclosure policy, dividend distribution policy, ethical rules of the Company, frequently asked questions including requests for information, questions and notices, and responses thereof.

The information contained on the web site exists also in English (exactly same with the Turkish content) for the benefit of international investors.

The Company's web site also includes; investor presentations, working principles of the Committees, important board decisions, the vision/mission of the Company established by the board, information on capital increases and dividend payments, general shareholders' meeting internal guidelines, news, social responsibility/sustainability studies, information on senior management, financial data, main ratio analysis, timetable on events/developments which considers investments, and the human resources policy.

As per the CMB decision dated January 10, 2019 and numbered 2/49 published on the Bulletin no: 2019/2, The Corporate Governance Compliance Report prepared in accordance with the Corporate Governance Communiqué number II-17.1 must be disclosed through the PDP in The Corporate Governance Compliance Report ("CRF") and the Corporate Governance Information Form ("CGIF") templates. The general shareholders' meeting for the 2020 operating period planned on April 30, 2021 was postponed to 25 May 2021, taking into account the "full closure" decision due to the pandemic and the relevant disclosure to the

shareholders and investors was realized via PDP. Anadolu Efes disclosed its CGIF and CRF notifications via PDP on March 11, 2020, within the specified notification period for both dates.

In addition, the shareholding structure of the Company is disclosed to the public showing the amount and rates of shares along with the privileges they hold.

2.2. Annual Report:

It has been concluded that the annual report is prepared in detail by the board of directors to provide public access to complete and accurate information on the Company.

It covers information such as;

- Period covered by the report, the title of the Company, trade register number, contact information,
- The names and surnames of the chairman, members and executive members involved in the management and supervisory boards during the covered period, their limits of authority, tenure of office (with start and end dates),
- The sector in which the Company operates and information on its position in the sector,
- Qualifications of the departments within the Company, general explanations regarding the activities during the year and developments witnessed,
- Progress on investments,
- CGIF and CRF templates,

- Information on related party transactions,
- Other issues not included in the financial statements, but are beneficial for users,
- Company's organization, capital and ownership structure and any changes in the related accounting period,
- All benefits provided to staff and workers, information on number of personnel,
- Information on whether there are any privileged shares,
- Board members' transactions with the Company on their behalf or someone else within the framework of permission granted by general shareholders' meeting along with their activities within the scope of restraint of trade,
- Research and development activities,
- The dividend distribution policy,
- Basic ratios on the financial position, profitability and solvency,
- Company's financing resources and risk management policies,
- Major events occurred between the closing of the accounting period and the date of the general shareholders' meeting where financial statements are evaluated.

In addition to the matters specified in the legislation following issues also took place in the annual report;

- Information on external duties of board members and

executives along with the board members' declaration of independence,

- Members of the Committees within the board and the frequency of meetings held, assessment of the board of directors regarding the working principles and the effectiveness of the Committees, including the activities carried out,
- Number of board meetings held during the year and status of participation of the members,
- Information on changes in legislation which could significantly affect the Company's operations,
- Information on major court cases against the Company and possible consequences,
- Information on shareholding in excess of 5% of the capital,
- Benefits and vocational training of employees, and other Company activities that give rise to social and environmental results,
- Rating results,
- Declaration on Corporate Governance Compliance.

However, benefits provided to board members and senior executives are mentioned collectively, but best application of Corporate Governance Communiqué dictate that this information is given on an individual basis.

2.3. External Audit:

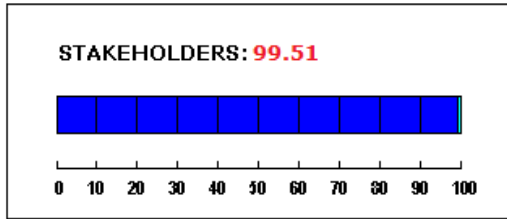
The external audit of the Company is conducted by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a Deloitte Touche Tohmatsu Limited associate member).

There has not been a situation where the external auditor avoided to express its opinion and not signed the audit report, nor has reported a qualified opinion during the latest reporting period. It has been declared that there has been no legal conflict between the Company and the external audit firm.

Independent audit firm and their audit staff did not provide consulting services for a price or free of charge during the audit period.

Neither a consulting company in which the external audit firm is in a dominant position either directly or indirectly in management or capital provided any consulting services for the same period.

SECTION 3: STAKEHOLDERS



SYNOPSIS

+	Measures to safeguard stakeholders' rights are facilitated.
+	A set of code of ethics is prepared and disclosed to public.
+	A written compensation policy for employees established and disclosed to the public.
+	Company is not held liable by any public authority for any fine/sanctions within the rating period.
+	Sustainability studies are considered to be at the highest level.
+	Models are developed to support stakeholders' participation in the Company management.

3.1. Company Policy Regarding Stakeholders:

Anadolu Efes recognizes the rights of stakeholders established by law or through any other mutual agreement. In case the rights of the stakeholders are not regulated by the relevant legislation and protected by contracts, the Company protects the interest of stakeholders under good faith principles and within the capabilities of the Company. Effective and expeditious compensation is provided in case of violation of the rights.

It is considered that the web site of the Company is actively used to provide

adequate information on policies and procedures towards the protection of stakeholders' rights.

It has been evaluated that the corporate governance structure of the Company ensures that its stakeholders, including its employees and representatives, report their concerns to the management concerning any illegal or unethical transactions. In addition to a web site on ethical values (www.efesethicsline.com) prepared by Anadolu Efes in 5 languages, a phone line and an e-mail address is provided within this scope.

In addition, a written compensation policy is established and disclosed to the public.

3.2. Stakeholders' Participation in the Company Management:

Anadolu Efes has developed models for stakeholders, particularly employees to participate in management without impeding the operations of the Company.

According to the information disclosed to the public by the Company in the annual report; employees are capable of transmitting their value adding suggestions to the management via the Bi-Fikir system, which is the Anadolu Group Innovation Portal. In addition, Human Resources Request & Suggestion Line that facilitates submission of requisitions and improvement requirements regarding the services provided by the Human Resources function is used effectively by Anadolu Efes employees.

In addition, the Employee Loyalty Survey is another tool through which

employees can express their requests and improvement requests about their organization, and it is carried out at regular intervals. In order to manage both the relationships with employees and the corporate information flow, the Company launched a web-based intranet system in 2009. As of 2013, a Human Resources Portal has been introduced and employees can reach various human resources services via this portal which is an extensive self-service application.

With the Efes Communication Line, complaints or claims from 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 suppliers in terms of quality, price and delivery are monitored on the Company computer systems where they are scored and benchmarked on periodic basis.

Anadolu Efes publicly declared that in production processes, utmost care is given to quality standards and the quality of products is under the guaranty of the Company. 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.

Within the context of trade secret, confidentiality of the information about the customers and the suppliers is taken care of as per Personal Data Protection Law and related legislations.

3.3. Company Policy on Human Resources:

The Company has a written human resources policy which is available on the corporate web site.

Within this scope, the Company offers equal opportunity to persons with the same qualifications in recruitment and career planning.

In cases which management reshuffle could cause disruptions, succession planning for determination of new manager appointments is in place.

In addition, as per the CRF and CGIF notifications of 2021;

- The criteria for recruitment are determined in writing and adhered to,
- Employees are treated equally with regard to their rights. Training programs are organized and training policies are developed to enhance the knowledge, skills, and conduct of personnel,
- Meetings are held for employees on matters such as financial status of the Company, wage, career, education, health, and opinions are exchanged,
- Decisions taken or developments concerning employees are notified to employees or their representatives,
- Job descriptions, distribution of duties, performance and rewarding criteria are shared with employees,
- Productivity is taken into account in determining the wages and other benefits of employees,

- The Company does not discriminate among its employees in terms of their race, religious belief, language or gender, and takes precautions to protect employees against all kinds of physical, emotional or spiritual abuse, and
- Safe working environment and conditions provided for employees.

3.4. Relations with Customers and Suppliers:

As per the content of the annual report disclosed to the public as well as the Company's CRF and CGIF notifications, Anadolu Efes takes measures to ensure customer satisfaction in the marketing and sales of its goods and services, quality standards are complied with, and the confidentiality of information about customers and suppliers is taken into account within the scope of trade secret.

During the rating period, we have witnessed no evidence on non-market pricing of goods and services that the Company offers.

3.5. Ethical Rules & Social Responsibility:

Anadolu Efes Code of Business Conduct and Ethics are announced to the public on the corporate web site, whereas the minimum ethical rules with respect to environment, discrimination, child labor and union rights are also included in the Company's annual report and web site.

The "Sustainability Report" prepared by Anadolu Efes, which we consider as one of the highest level examples in the evaluations made under the heading of social responsibility and ethical rules, is available on the corporate web site of the Company, and details of the

activities within this scope can be found in the report content.

3.6 Sustainability:

We consider that Anadolu Efes's sustainability efforts are at the highest level. It has been observed that the Company has policies and internal regulations on environment, nature, energy saving and recycling.

As reorganized in 2021, the Sustainability Committee is chaired by the CEO and the members consist of Country Managers, Supply Chain Director, Financial Affairs and Investor Relations Director, Human Resources Director, Corporate Communications and Relations Director and Risk Management Director. In each country there are environment & value chain, personnel, social investments, and early detection of risk committees which report directly to the Sustainability Committee. Each of these committees oversees the activities of their subordinate working groups while the activities of the committees themselves are overseen by country managers and central committee heads. Country managers report to central committee heads, who in turn report to the Sustainability Committee. The determination of sustainability strategies, targets, and policies is one of the duties of the Sustainability Committee. The Sustainability Committee has subcommittees and working groups that are responsible for supporting the committee and for achieving targets. Working groups convene once a month and subcommittees meet once every three months.

In addition, Anadolu Efes is included in the Corporate Governance (XKURY) and BIST Sustainability (XUSRD) indices. The purpose of BIST Sustainability Index, established in November 2014, is to create an index

whose constituents are selected by the companies whose corporate sustainability performance is high level among the listed companies in Borsa Istanbul and in extent to increase awareness, know-how and hand-on practice of the companies about sustainability in Turkey, especially the ones listed in Borsa Istanbul. Index methodology includes evaluations under the topics of environment, biodiversity, climate change, board structure, anti-bribery, human rights, supply chain, health and safety, banking criteria and public disclosure.

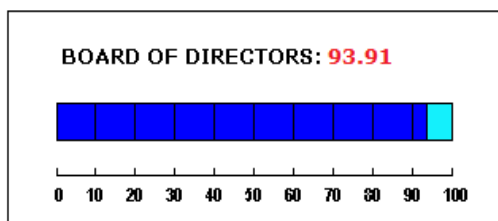
There are no fines received or any lawsuits filed against the Company for damages to the environment during the rating period.

It is understood from both the CRF notification and the sustainability reports disclosed to the public that the Company is fighting against all kinds of corruption, including extortion and bribery, and no contrary finding was found.

Within the scope of the regulations regarding the voluntary sustainability principles compliance framework with the "Communiqué on the Amendment (II-17.1 A) of the Corporate Governance Communiqué (II-17.1)", which was published by the CMB in the official gazette dated October 2, 2020, Anadolu Efes has detailed its sustainability compliance declaration and its practices under this heading in its annual report.

Details of the sustainability works carried out by the Company can be accessed on the corporate web site.

SECTION 4: BOARD OF DIRECTORS



SYNOPSIS

+	Structure of the board of directors is in accordance with the Communiqué.
+	4 independent board members.
+	Audit, Corporate Governance and Early Detection of Risk Committees established.
+	Principles of remuneration of board members and senior executives are established and disclosed to the public.
+	Conduct of board meetings is documented.
+	There is a manager liability insurance policy in accordance with the conditions specified in the Communiqué.
-	A written policy text targeting female membership in the board of directors has not yet been prepared.

4.1. Functions of the Board of Directors:

Strategic decisions of the board of directors aim to manage the Company's risk, growth, and return balance at an appropriate level and conduct a rational and cautious risk management approach with a view to the long-term interests of the Company. The board administers and represents the Company within these parameters.

As stated in the CRF notification, board of directors has defined the Company's strategic goals and identified the needs

in human and financial resources, and controls management's performance.

The board also oversees that Company activities are managed in compliance with the legislation, articles of association, internal procedures and established policies.

4.2. Principles of Activity of the Board of Directors:

It is considered that the board of directors performs its activities in a transparent, accountable, fair and responsible manner, and no contrary finding has been encountered.

Distribution of tasks between the members of the board of directors is explained in the annual report. In addition, CRF and CGIF templates are included in the content of the decision to be taken by the board of directors regarding the approval of the financial statements and annual reports and the declaration to be made in this context.

The board of directors established various internal control systems which are inclusive of risk management, information systems, and processes by also taking into consideration the views of the Committees. In this context, the board reviews the effectiveness of risk management and internal control systems at least once a year. The presence, functioning, and effectiveness of internal controls and internal audit are explained in the annual report.

It is evaluated that the board of directors plays a leading role in maintaining effective communication between the Company and the shareholders and settling any disputes which may arise and the board works in

close coordination with the Corporate Governance Committee and the Investor Relations Unit in this context.

There is a manager liability insurance covering the rating period related to compensation for damages incurred by the Company and third parties due to the executives not performing their duties duly. Policy coverage exceeds 25% of the Company's capital as recommended in the Communiqué, and there is a related PDP disclosure dated January 22, 2021.

4.3. Structure of the Board of Directors:

The Company's board of directors consists of eleven members and there are no executive members. The election of the entire board of directors from non-executive members is deemed positive by us. Among the non-executive board members there are four independent members who have the ability to execute their duties without being influenced under any circumstances.

CMB criteria are complied with in determining independent candidates. In this concept, the Corporate Governance Committee have prepared a report on the candidates proposed by the board and shareholders, by taking into consideration of whether or not the candidate meets the independency criteria and submitted this assessment as a report to the board for approval. The said Committee report has been seen by us.

Independent candidates for the board of directors have signed a declaration of independence within the framework of the legislation, articles of association, and the CMB criteria.

There is one female member on the board of directors. Whereas, the Company has not yet prepared a policy nor set a timetable to reach the

Corporate Governance Principles' advisory target of minimum 25% female board membership rate. In this context, in the statement made through the CRF notification, it has been declared that "the Corporate Governance Committee advised to increase the number of female members in the board of directors".

4.4. Conduct of the Meetings of the Board of Directors:

It is considered that the board meetings take place with sufficient frequency. As per the notification made through CGIF, the board of directors held five physical meetings in 2020 with a participation rate of 100%.

As stated in the articles of association of the Company, each member has 1 voting right in the board of directors meetings, and the conduct of the board meetings is determined in writing.

The board of directors meeting and decision quorum has been arranged in article 13 titled "Board of Directors Meetings" of the Company's articles of association.

Although there are no limitations for board members taking on additional duties outside the Company except for the prohibition of transactions subject to restraint of trade, the statement declared in the CRF notification as "In this regard, the regulations stipulated in the Corporate Governance Principles are complied with" has been considered sufficient by us.

4.5. Committees Established Within the Board of Directors:

A Corporate Governance Committee, an Audit Committee and Early Detection of Risk Committees are established from within the board of directors in order to fulfill its duties and responsibilities.

Functions of the Committees, their working principles, and its members are designated by the board of directors and disclosed to the public on the corporate web site.

All members of the Audit Committee and the chairmen of the other Committees are elected among the independent board members. The chief executive officer/general manager is not on the Committees. All members of the Committees are non-executive board members.

With the exception of the independent members of the board of directors, the principle that a board member should not be assigned to more than one committee is complied with.

All necessary resource and support needed to fulfill the tasks of the Committees are provided by the board of directors. Committees can invite any manager as they deem necessary to their meetings and obtain their views.

The frequency of Committee meetings is found sufficient. According to the CGIF notification, all three Committees held four meetings each in 2020. It is considered that the Committee reports submitted to the board of directors regarding their activities are at a sufficient level in terms of quantity.

Based on the general opinion we have obtained from the Committee meeting minutes submitted to us as well as the their working principles disclosed to the public;

The Corporate Governance Committee is established in order to determine whether or not the corporate governance principles are being fully implemented by the Company, if implementation of some of the principles are not possible, the reason thereof, and assess any conflict of interests arising as a result of lack of implementation of these principles, and present remedial advices to the board

of directors. In addition, it oversees the work of the Investor Relations Unit.

In accordance with the Communiqué, Investor Relations Manager Ms. Aslı Kılıç DEMİREL is a member of the Corporate Governance Committee.

The Audit Committee;

- Supervises the operation and efficiency of the Company's accounting system, public disclosure, external audit and internal audit systems,
- Determines the methods and criteria to be applied on reviewing complaints that are received by the Company regarding Company accounting, internal and external independent audit systems, within the framework of the principle of confidentiality and finalizes them,
- Following taking the opinion of responsible managers of the Company and the external auditor, notifies the board in writing on whether the annual and interim statements disclosed to the public is in accordance with the Company's accounting principles, true and accurate,
- Immediately notifies the board in writing on findings related to their duties and responsibilities and the related assessment and recommendations.

It is considered that Audit Committee members possess the qualifications mentioned in the Communiqué.

The annual report contains information on working principles of the Audit Committee, number of written notices given to the board of directors in the fiscal year and the meeting results. In

2020 the Committee held 4 meetings and submitted 4 reports to the board of directors on activities conducted.

The nomination and election process of the external audit firm, taking into account its competence and independence, starts with a proposal from the Audit Committee to the board and ends with the board's choice being presented and approved at the general shareholders' meeting. We have seen the assessment submitted by the Audit Committee to the board of directors regarding the Company's selection of an independent audit firm in 2020.

Early Detection of Risk Committees reviews risk management systems at least once a year. It achieves early identification of risks that may jeopardize the Company's existence and continued development, implements the necessary measures identified with the associated risks and conducts studies to manage such risks.

In accordance with the Communiqué, the Corporate Governance Committee carries out the duties of the Nomination and Remuneration Committees, since they are not established yet within the board of directors. Corporate Governance Committee's study on the selection process of independent candidates has been submitted to us.

4.6. Remuneration of the Board of Directors and Managers with Administrative Responsibility:

The principles of remuneration of board members and senior executives has been documented in writing and submitted to the shareholders as a separate item in the general shareholders' meeting.

A remuneration policy prepared for this purpose can be found on the corporate

web site. The fact that the stock options or performance based payments are not included in the remuneration package of the independent board members is evaluated positively by us.

As disclosed through the CRF notification, the Company does not lend any funds or extend any credits to a member of the board or to senior executives, or grant any personal loans through a third party, or extend any guarantees.

There have been no cases where the executives used confidential and non-public Company information in favor of themselves or others. There are no executives who accepted a gift or favor directly or indirectly related to the Company's affairs, and provided unfair advantage.

There is an insurance policy on compensation for losses incurred by the Company, and third parties, as a result of not performing the executives' duties duly.

Orientation process for newly appointed managers is determined in writing in the Company's internal regulations.

Rating Definitions

Rating	Definition
9 - 10	The company performs very good 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. Deserved to be included in the BIST Corporate Governance Index on the highest level.
7 - 8	The company performs good 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. Deserved to be included in the BIST Corporate Governance Index.
6	The company performs fair 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. Deserved to be included in the BIST Corporate Governance Index and 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 weakly 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 very weakly 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.

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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.

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