



Corporate Governance and Credit Rating Services, Inc.

Corporate Governance Rating Report

**ANADOLU  
EFES**

May 23, 2014

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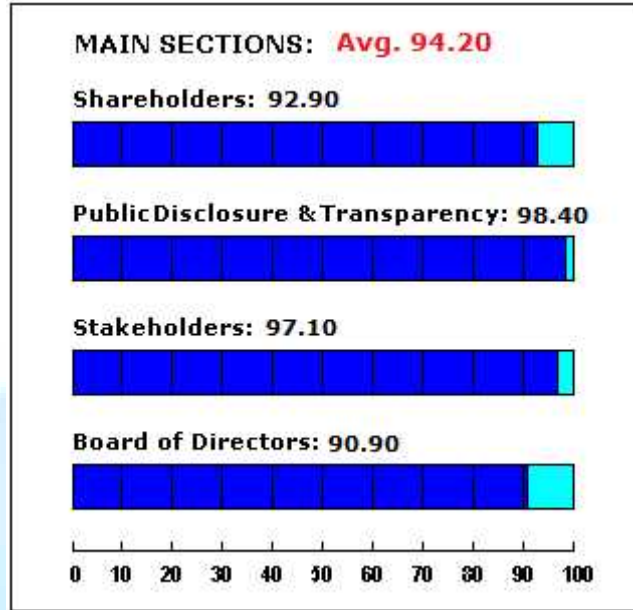
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## Rating and Executive Summary

ANADOLU EFES BİRACILIK VE MALT SANAYI A.Ş.

 SAHA  
Corporate Governance Rating:

9.42



### EXECUTIVE SUMMARY

This report on rating of Anadolu Efes Biracılık ve Malt Sanayi A.Ş.'s (Anadolu Efes) compliance with Corporate Governance Principles is prepared upon conclusions following detailed analysis of the company. Our rating methodology (page 6) is based on the Capital Markets Board's (CMB) "Corporate Governance Principles".

Anadolu Efes is rated with 9.42 as a result of the Corporate Governance study done by SAHA. The company's corporate governance rating is revised as above in consideration with the importance given by Anadolu Efes to corporate governance principles, its willingness to carry out the continuous and dynamic process and improvements which had been initiated in this direction.

Additionally, in accordance with the World Corporate Governance Index (WCGI) published by SAHA on January 30, 2013, Anadolu Efes takes place in Group 1. Details of the World Corporate Governance Index (WCGI) published by SAHA can be accessed at <http://www.saharating.com>.

Anadolu Efes is rated with 9.29 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 Investor Relations Department. There is no upper limit or privileges on voting rights. All procedures prior to the general shareholders' meeting as well as the conduct of the meeting comply with the legislation, rules and regulations. There is a consistent dividend policy of the company and it is disclosed to the public. There are no restrictions on transfer of shares. On the other hand, there are areas for improvement like inexistence of shareholders' right to appoint an independent auditor and adoption as it is, of the rate of minority rights in the company's articles of association as prescribed for public joint stock companies (%5).

Anadolu Efes attained 9.84 under the Public Disclosure and Transparency chapter. There is a 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 CMB and Borsa Istanbul (BIST) rules and regulations. In addition, the names of the company's ultimate controlling individual shareholders as identified after being released from indirect or cross shareholding relationships between co-owners are disclosed to the public. A comprehensive web site is also prepared in English for international investors. Declaration of independence of the independent members of the board of directors is included in the annual report.

On the topic of Stakeholders, Anadolu Efes scored 9.71. Anadolu Efes guarantees the rights of stakeholders in line with the legislation and mutual agreements, and in case of violation, enables an effective and speedy compensation. A written compensation policy for the employees however is not effectuated and disclosed to the public on the corporate web site. Models have been partially developed to support the participation of stakeholders in the management of the company, but not mentioned in the articles of association. The company has a written human resources policy and there is a union in the company. Anadolu Efes comply with quality standards concerning its goods and services and takes measures to ensure these standards. Specific guarantees are provided for this purpose. Code of ethics is publicly available through the company's web site. During the rating period, the company was not held liable by any public authorities for any sanctions, and was not subject to any adverse notice for any damage to the environment. However, an employee compensation policy is not included in the corporate web site.

From the perspective of the principles regarding the Board of Directors, Anadolu Efes's tally is 9.09. There is a well communicated company mission and vision, and the board fulfills all duties regarding company needs. Chairman of the board of directors and the chief executive officer is not the same person. The board of directors consists of eleven members, four of whom are independent and one member is executive. CMB criteria are complied with and the opinion of the Corporate Governance Committee received in designation of the independent members and they have signed a declaration of independence. There are no female members on the board of directors. Necessary changes on the articles of association were made to comply with the CMB regulations on related party transactions of a significant nature. A Corporate Governance Committee, an Audit Committee, and an Early Detection of Risks Committee are established within the board of directors. The working principles of the committees are disclosed to the public. Our observations

will continue in order to have a more precise view of the activities and the degree of functionality of the committees. Principles of remuneration of board members and senior executives are available on the company's website. The company does not provide any loans or extend any credit to the board members or senior executives.



## 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, 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, Istanbul Stock 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 these Principles is advisory and its application 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

future should be mentioned in the annual report and disclosed to the public.

Based on these Principles, 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.25).

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 Sanayi A. .   |   |
|--|---|
|                               | CHAIRMAN<br>Tuncay ÖZ LHAN<br>Beverage Group President<br>Damian Gammell  |
| Fatih Sultan Mehmet Mah.<br>Balkan Cad. No:58<br>Buyaka E Blok, Tepeüstü<br>Umraniye 34771<br>stanbul - TURKEY | Investor Relations Manager<br>Ay e Dirik<br>Tel: (0 216) 586 80 02 Fax: (216) 389 58 63<br><a href="mailto:ayse.dirik@anadoluefes.com">ayse.dirik@anadoluefes.com</a> |

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

Anadolu Group's main field of activity is beer, beverages, automotive, retail and finance and has recently diversified and expanded its range of activities with investments made in informatics, electronics, energy, food, real-estate and health care sectors.

The company has become an international force with its 15 breweries in 16 countries, 5 malt production facilities and 23 bottling plants, operating in a wide range of area offering its products and services to consumers in excess of 600 million.

The company shares are traded under "AEFES" code at BIST and Anadolu Efes is a constituent of BIST 100 (XU100), BIST 50 (XU050), BIST 100-30 (XYUZO), BIST Dividend (XTMTU), BIST All Shares (XUTUM), BIST National (XULUS), BIST Industrials (XUSIN), BIST Food, Beverage (XGIDA), BIST Istanbul (XSIST) and BIST Corporate Governance (XKURY) indices.

No distribution of dividend was decided on the Ordinary General Shareholders' Meeting held on 18.04.2014.

As of 23.05.2014 the company's capital structure consisted as:

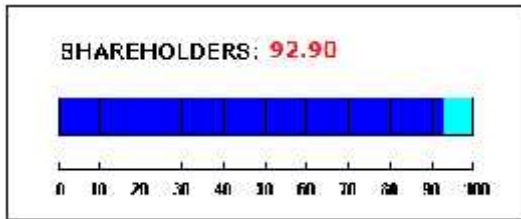
| Anadolu Efes Capital Structure |                |              |
|--------------------------------|----------------|--------------|
| Shareholder                    | Amount (TL)    | Percentage % |
| Yazıcılar Holding A. .         | 139,786,634.19 | 23.61        |
| Özilhan Sınai Yatırım A. .     | 79,812,569.45  | 13.48        |
| Anadolu Endüstri Holding A. .  | 35,291,953.24  | 5.96         |
| SABMiller Anadolu Efes Ltd.    | 142,105,263.00 | 24.00        |
| Public Shares                  | 195,108,843.12 | 32.95        |
| Total                          | 592,105,263.00 | 100.00       |

The board of directors of the company is composed as follows:

| ANADOLU EFES BOARD OF DIRECTORS |   |
|---------------------------------|---|
| Name                            | Title   |
| TUNCAY ÖZ LHAN                  | Chairman  |
| ALAN JON CLARK                  | Vice Chairman   |
| RECEP YILMAZ ARGÜDEN            | Member / Corporate Governance Committee Member  |
| MEHMET CEM KOZLU                | Member  |
| MEHMET HUR T ZORLU              | Member / Early Detection of Risks Committee & Corporate Governance Committee Member       |
| DAMIAN PAUL GAMMELL             | ExecutiveMember   |
| SAL H MET N ECEV T              | Member / Early Detection of Risks Committee Member  |
| AHMET CEMAL DÖRDÜNCÜ            | Independent Member / Early Detection of Risks Committee Chairman & Audit Committee Member |
| KAM L ÖZER BOZER                | Independent Member / Corporate Governance Committee Chairman                              |
| MEHMET METE BA OL               | Independent Member / Audit Committee Chairman   |
| ZZET KARACA                     | Independent Member / Corporate Governance Committee Member                                |



## SECTION 1: SHAREHOLDERS



### SYNOPSIS

|   |  |
|---|--|
| + | Equal treatment of shareholders  |
| + | Unrestricted shareholder rights to review and receive information  |
| + | No upper limits or privileges on voting rights   |
| + | Voting rights are facilitated  |
| + | General shareholders' meetings are conducted in compliance with the legislation  |
| + | No restrictions on transfer of shares  |
| + | Detailed dividend distribution policy  |
| + | Policy on donations and grants created and submitted to the approval of the general shareholders' meeting              |
| = | Minority rights are not recognized for shareholders who possess an amount less than one-twentieth of the share capital |

In order to facilitate the exercise of shareholders' rights, an Investor Relations Department has been established and working actively.

There is no any upper limit on the shareholders' right to vote and each share is entitled to one vote.

In terms of minority rights, company has adopted as it is the rate foreseen in the legislation for public companies (5%).

General shareholders' meetings are held in accordance with the legislation and conducted in a manner where shareholders' rights are not violated. Disclosures prior to the general shareholders' meetings are found satisfactory.

Company has a clearly defined and consistent dividend policy. It is disclosed to the public in the annual report and on the corporate web site. There are no privileges on partake of the profits. There has been no dividend distribution related to 2013 operations just because such distributable profit did not exist.

There are no restrictions on the transfer of company shares.

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

The company carries out the investor relations obligations through Investor Relations Department established under the directorship of Finance and managed by Onur Çevikel, Ay e Dirik, Aslı Kılıç and Ece Otkar.

Employees of this department are active and willing on exercise of corporate governance principles at the company.

Besides the partnership structure, the "Investor Relations Department" 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;

- a) 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.

- b) To respond to the queries of the shareholders requesting written information on the company.
- c) To ensure the general assembly meeting is held in compliance with the applicable legislation, articles of association and other company by-laws.
- d) To prepare the documents that might be used by shareholders in the general shareholders' meeting.
- e) To supervise the fulfillment of the obligations arising from capital markets legislation including all corporate governance and public disclosure matters.

Investor Relations Department submits a report to the board of directors at least once a year on its conducted activities.

All information and statements which may affect shareholders' rights are made available to the shareholders on time on the company's web site.

In addition, manager of the Investor Relations Department possess the licenses mentioned in the Corporate Governance Principles.

The company's free float rate is 32.95%.

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

We have not come across to any complicated processes of the company management on realization of a special audit.

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.

The company has constituted a disclosure policy, submitted to the general shareholders' meeting and disclosed it to the public.

#### 1.3 Minority Rights:

Maximum care is given to the usage 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 as it is the rate foreseen in the legislation for publicly traded companies.

No evidence is found on any conflict of interest between block shareholders and that of the company.

#### 1.4. The 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 18, 2014 is performed through all means of communication available to the company on March 24, 2014 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, following documents are made available to all shareholders for examination purposes in convenient locations including the headquarters or branches of the company, and the electronic media;

- a. the annual report,
- b. financial statements and reports,
- c. all other related documents pertaining to the agenda items.

Following issues were informed to the shareholders via the corporate web site;

a. total number of shares and voting rights reflecting the company's shareholding structure as of the date of disclosure, number of shares and voting rights reflecting the privileged share group within the company capital, and the nature of the privileges,

b. grounds for dismissal and replacement of board members, candidates' backgrounds and tasks carried out in the last decade, the nature and significance level of the relationship of the company and related parties, whether it has the quality of independence and information on similar issues.

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.

General shareholders' meetings took place at the city where company headquarters located.

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 chairman made sure that each question is answered directly at the meeting provided that they do not constitute a trade secret.

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 persons, 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.

Company's policy on donations and grants was set forth in the articles of association and submitted to the approval of the general shareholders' meeting. At the meeting shareholders are informed as a separate agenda item on all donations effectuated during the period and the amount of benefits and beneficiaries and policy changes.

Although a specific problem is not detected on the conduct of the general shareholders' meetings open to public including stakeholders without right of voting, the articles of association contain no provision on this matter.

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

#### 1.5. Voting Rights:

At Anadolu Efes, all shareholders, including those who reside abroad, are given the opportunity to exercise their voting rights conveniently and appropriately. There are no voting privileges and the company avoids applications that make it difficult to exercise voting rights.

#### 1.6. Dividend Rights:

The dividend policy of Anadolu Efes is clearly defined and disclosed to the public on the company's web site. It is submitted to the shareholders at the general shareholders' meeting and is incorporated in the annual report.

The company's dividend distribution policy contains minimum information clear enough for investors to predict any future dividend distribution procedures and principles. A balanced policy is followed between the interests of the shareholders and that of the company.

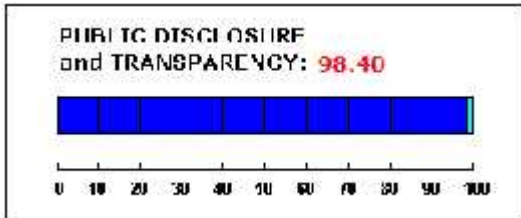
However the articles of association of the company do not contain a provision on advance dividend.

Since there was no distributable profit according to legal records for the period 2013, a proposal of non-distribution was submitted to the approval of the ordinary General Shareholders' Meeting and was approved unanimously.

#### 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

|   |  |
|---|--|
| + | There is an Investor Relations Unit  |
| + | Sufficient disclosure policy   |
| + | Comprehensive web site, actively used for public disclosure, English version exists            |
| + | Annual report complies with the legislation, comprehensive and informative                     |
| + | List of insiders disclosed to the public   |
| + | Important events and developments disclosed in accordance with the legislation                 |
| + | List of ultimate controlling individual shareholders are disclosed to the public               |
| + | English version of the web site for international investors is also available                  |
| + | Declaration of independence of the independent board members included in the annual report     |
| - | Benefits provided to board members and senior management are not mentioned on individual basis |

Company's web site is comprehensive and user friendly. The site is also prepared in English for the benefit of international investors.

Public announcements are made in accordance with the CMB and BIST

rules and regulations. The annual report prepared is comprehensive and complies with the legislation.

The company's shareholding structure; the names, amount and rate of the shares held by the company's ultimate controlling individual shareholders over 5% as identified after being released from indirect or cross shareholding relationships between co-owners is disclosed to the public along with the privileges they hold and it is updated at least in every 6 months.

There has been no legal conflict between the company and the selected external audit firm. 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 audit period.

Whereas absence of benefits provided to board members and senior management in the annual report stands out as an issue to be developed.

#### 2.1. Corporate Web Site:

Company's website ([www.anadoluefes.com](http://www.anadoluefes.com)) is actively used for disclosure purposes and the information contained herein is continuously updated.

Along with the information required to be disclosed pursuant to the legislation, the company's website includes; trade registry information, information about latest shareholder and management structure, detailed information on privileged shares, 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.

In this context, information on at least the last five years can be reached on the website.

The company's shareholding structure; the names, amount and rate of the shares held by the company's ultimate controlling individual shareholders over 5% as identified after being released from indirect or cross shareholding relationships between co-owners is disclosed to the public along with the privileges they hold and it is updated at least in every 6 months.

With the exception of material disclosures and footnotes, in accordance with the Capital Markets legislation, the company also discloses financial statements on KAP and simultaneously in English.

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

The company's web site also includes; investor presentations, working principles of the committees, the donation policy, important board decisions under the heading of material disclosures, the vision/mission statements of the company

established by the board, information on capital increases, disclosure area, general shareholders' meeting internal guidelines, social responsibility activities, information on senior management, financial data, main ratio analysis, timetable on events/developments which considers investments, and the human resources policy.

## 2.2. Annual Report:

Annual report is prepared in detail by the board of directors to provide public access to complete and accurate information on the company and it covers information such as;

- a. period covered by the report, the title of the company, trade registry number, contact information,
- b. 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),
- c. the sector in which the entity operates and information on its position in the sector,
- d. qualifications of the production units, capacity utilization rates, general explanations related to sales volume and price, sales conditions and yearly developments, productivity rates and causes of significant changes compared to previous years,
- e. progress on investments, the eligibility status on incentives, and to what extent,
- f. changes and justifications on the articles of association during the period,
- g. Corporate Governance Principles Compliance Report,
- h. information on related party transactions,

- i. other issues not included in the financial statements, but are beneficial for users,
  - j. the company's organization, capital and ownership structure and any changes in the related accounting period,
  - k. all benefits provided to staff and workers, information on number of personnel,
  - l. explanation on privileged shares and their amounts,
  - m. information on 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,
  - n. research and development activities,
  - o. dividend distribution policy,
  - p. basic ratios on the financial position, profitability and solvency,
  - q. the company's financing resources and risk management policies,
  - r. information on major events occurred between the closing of the accounting period and the date of the general shareholders' meeting where financial statements are evaluated.
- e. major court cases against the company and possible consequences,
  - f. information on direct contributions to capital ratio with cross shareholding investments in excess of 5%,
  - g. benefits and training of employees, and other company activities that give rise to social and environmental results,
  - h. rating results.

On the contrary, benefits provided to board members and senior executives are mentioned collectively, but in terms of Corporate Governance Principles it is essential that this information be given on an individual basis.

### 2.3. External Audit:

The external audit of the company is conducted by Ba aran Nas Ba imsiz Denetim ve Serbest Muhasebeci Mali Mü avirlik A. .

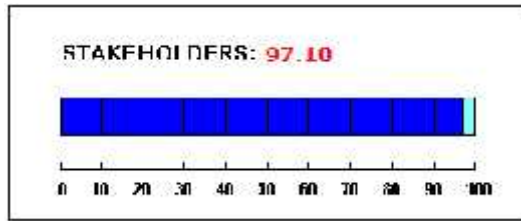
There has not been a situation where the external auditor avoided to express its opinion and not signed the audit report, nor has reported a qualified opinion during the latest audit period. It has been declared that there has been no legal conflict between the company and the external audit firm.

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

- a. external duties of board members and executives,
- b. members of the committees within the board, assessment of their working principles,
- c. the number of board meetings held during the year and status of participation of the members,
- d. changes in legislation which could significantly affect the company's operations,

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 during the same period.

## SECTION 3: STAKEHOLDERS



### SYNOPSIS

|   |  |
|---|--|
| + | Measures to safeguard stakeholders' rights are facilitated   |
| + | Efficient human resources policy   |
| + | Strict quality standards for goods and services  |
| + | Stakeholders' views are taken on important decisions that give rise to the results which considers them  |
| + | Code of ethics disclosed to the public   |
| + | Measures are taken to ensure customer satisfaction on sale of goods / services   |
| + | Socially and environmentally sensitive and respectful  |
| + | Existence of a trade union   |
| = | No provision in the articles of association regarding the participation of stakeholders in the management of the company despite the existence of certain incentive models |
| - | A written employee compensation policy is not disclosed to the public on the web site  |

Anadolu Efes carries out studies to recognize the rights of stakeholders established by law or through any other mutual agreement. Compensation is enabled in case of violation of rights. However, a written compensation policy for the employees of the company is not constituted and disclosed to the public on the corporate web site.

Models have been developed to support the participation of stakeholders in the management of the company and they are described in the company's Corporate Governance Compliance Report, however, these mechanisms are not included in the articles of association.

Anadolu Efes have a documented and advanced human resources policy. Objectives of the company are disseminated via "intranet" on electronic media open to all employees and performance towards the achievement of these objectives is evaluated. There is a trade union at the company.

Ethical rules are disclosed to the public through the company's web site.

The company did not encounter any enforcement by the public authorities in 2013.

### 3.1. Company Policy Regarding Stakeholders:

We have not come across a significant or repetitive situation in which the rights of stakeholders established by any law or agreement are not recognized. The company's corporate governance practices are in top level and 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.



However, a written compensation policy for the employees of the company is not constituted.

The web site of the company ([www.anadoluefes.com](http://www.anadoluefes.com)) is actively used to provide adequate information on policies and procedures towards the protection of stakeholders' rights.

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.

### 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, and they are described in the Corporate Governance Compliance Report.

### 3.3. Company Policy on Human Resources:

The primary function of the company's human resources policy is to develop human resources strategies and coordinate the application of human resources systems in its operations in line with the company's vision and mission and strategies in order to support strategic growth and profitability strategies through increasing productivity of Anadolu Efes employees, as well as establishing a qualified, motivated, loyal workforce. Company has a documented human resources policy. The principles of this policy are; correct person for the correct job, equal pay for equal work, differentiation according to the performance, recognition and appreciation of success, equal opportunity for all, providing positions in accordance with employee

knowledge and skills, organizing a variety of activities to increase employee commitment, and improving communication possibilities and opportunities between management and employees.

Anadolu Efes gives great importance on training at all stages and at all levels in order to prepare its employees to the future. The company "Invest in People" through established systems where it presents this importance in a transparent way. In this context, in order to develop leaders, to form a common management language and to strengthen company culture that supports continuous learning, corporate development practices have been in action since 2010 under the system "Academia Efes".

Issues such as recruitment policies, career planning, improvement and training policies for the employees established within this framework are dealt with under Human Resources Policies. The decisions taken in relation to employees and developments that may affect them are shared on electronic media via "intranet" established to enhance communication among employees. 7 head representatives and 12 union representatives work in 4 breweries and 2 malt facilities in Turkey.

In accordance with human resources policies the rights and working conditions of both white collar and blue collar employees have been guaranteed so as to ensure that no employee is subject to any discrimination or ill treatment. No complaint has been received in this regard during the period.

Efes Quality Circle project enables employees to voluntarily solve the problems in their respective work areas, enable a better environment for communication, creativity and

innovation while contributing to their personal development and hence increasing their motivation.

TEKGIDA- trade union is active in the company. An employee representative on health and safety is assigned to white-collar workers and a trade union representative is assigned to blue-collar employees.

#### 3.4. Relations with Customers and Suppliers:

Anadolu Efes has taken certain necessary precautions to attain customer satisfaction in the sales and marketing of its products and services.

Customers' requirements are met with care and they are informed of possible delays before the deadline. All this is put into writing on contracts and have been seen by ourselves. Care is taken on the confidentiality of all trade secret data and information on customers and suppliers.

We have witnessed no evidence on non-market pricing of goods and services that the company offers.

#### 3.5. Ethical Rules & Social Responsibility:

Anadolu Group and Efes Beer Group working principles, which form the company's ethical values, are disclosed publicly in corporate website, whereas the minimum ethical rules with respect to environment, discrimination, child employees and union rights have also been disclosed to public on the same website.

The company has not been subject to any sanctions during the course of last year by the public administrations. Relations with non-governmental organizations and social institutions are at a good level.

The company's articles of association carries a provision in which each year

an amount at least 2% of pre-tax profit to be granted to Anadolu Education and Social Aid Foundation.

#### 3.6 Sustainability:

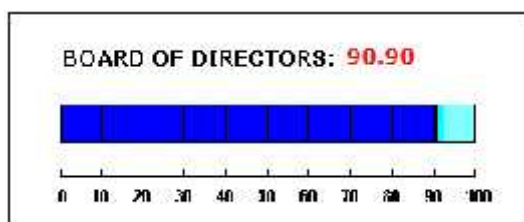
Anadolu Efes assesses all environmental issues under the scope of a sustainability management model called Efes Positive Impact Plan. Main issues such as water, energy, greenhouse gas emissions, biodiversity, environmental safety and material consumption along with savings, efficiency, recycling, recycling efforts, and employee training on related areas are managed within the strategic level generated by this model. Performance targets have been identified to address these issues and they are followed-up by systems recognized across the sector and performance indicators based on reporting criteria published by the Global Reporting Initiative and submitted to the views of all stakeholders through the Anadolu Efes Sustainability Report. Regarding sustainability issues, Anadolu Efes is included in the working groups of several non-governmental organizations, primarily Global Compact Turkey and Sustainable Development Association.

All greenhouse gases and other pollutant emissions arising from Anadolu Efes operations are calculated on the basis of Scope 1 and Scope 2 with related regulations and methods that comply with IPCC methods. Emission reduction measures are carried out by the logic of continuous improvement within the action plans designed for all operations. Performance targets for greenhouse gas emissions are set and realization is monitored by various performance indicators. Performance obtained is presented to stakeholders' opinions and views annually through the Anadolu Efes Sustainability Report.

Headquarters of Anadolu Efes is arranged according to efficient and environmentally friendly building management criteria and managed within the framework of this logic. Company Headquarters' Energy consumption, emissions monitoring and abatement efforts is included in the emission management action plans and targets portfolio. Improvement targets have been identified on the basis of application area mainly for air-conditioning and lighting automation systems and performance-enhancing measures such as thermostatic valve applications and dissemination of photovoltaic lighting systems are being implemented.

Use of child labor in the operations of Anadolu Efes is blocked by its proper management approach and in accordance with the relevant articles of the United Nations Global Compact in which Anadolu Efes became a party in 2011. In accordance with the purchasing policies Anadolu Efes expects the same attention from the suppliers. This is also incorporated in the renovation work on ongoing Anadolu Efes Code of Conduct and Anadolu Efes Purchasing Policy documents in order to highlight prevention of child labor policy in the operations of the company and its suppliers.

## SECTION 4: BOARD OF DIRECTORS



### SYNOPSIS

|   |  |
|---|--|
| + | Board of directors meeting and decision quorum is defined in the articles of association   |
| + | 4 independent members on the board, majority is non-executive  |
| + | Audit, Corporate Governance and Early Detection of Risks Committees established  |
| + | Principles of remuneration of board members and senior executives are established and disclosed to the public  |
| + | Chairman of the board and chief executive officer's executive powers are clearly separated   |
| + | Female member objective is identified  |
| + | Conduct of the board meetings is specified by the company's internal regulations and indicated in the articles of association                            |
| = | No female member on the board, but objective is set  |
| - | There is no regulation on compensation for losses incurred by the company, and third parties, as a result of not performing the executives' duties duly. |

The board of directors has defined the vision and mission of the company and is overseeing that company activities are managed in compliance with the legislation, articles of association, internal procedures and established policies.

Distribution of tasks between the members of the board of directors is described in the annual report. In addition, power of the chairman of the board of directors and the chief executive officer / general manager is separated.

The company's board of directors is composed of eleven members. Only one member is executive. 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.

Even though there are no female members on the board of directors of the company an objective has been identified.

A Corporate Governance Committee, an Audit Committee, and an Early Detection of Risks Committees are established within the board of directors. The working procedures of the committees are disclosed to the public.

All members of the Audit Committee and the chairman of the Corporate Governance and early Detection of Risks Committees are elected among the independent board members. The chief executive officer / general manager is not on the committees. There are no executive members on the committees.

Principles of remuneration of board members and senior executives are included on the corporate web site.

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

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

The board of directors has defined the company's strategic goals and identified the needs in human and financial resources, and controls management's performance.

#### 4.2. Principles of Activity of the Board of Directors:

We have come to a conviction that the board of directors performs its activities in a transparent, accountable, fair and responsible manner.

Distribution of tasks between the members of the board of directors is explained in the annual report.

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, is explained in the annual report.

Chairman of the board and chief executive officer's executive powers are clearly separated and this

separation is documented in the articles of association.

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.

On the other hand, there is no regulation on compensation for losses incurred by the company, and third parties, as a result of not performing the executives' duties duly.

#### 4.3. Structure of the Board of Directors:

The company's board of directors is composed of eleven members. There is one executive member and all other members are non-executive. 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.

The Corporate Governance Committee have prepared a report on the candidates including the ones made 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 its approval. CMB criteria are complied with in determining independent candidates. 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 are no female members on the board. Whereas, there is a study on suggestion of establishing policies to achieve corporate governance principles' advisory target of 25% female member and company officials declared that annual progress is reported.

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

The board of directors fulfills its tasks and meetings take place with sufficient intervals. Ordinary board meetings take place with sufficient frequency and board members also convene upon any extraordinary situation and negotiate and render resolutions on critical agenda issues.

Chairman of the board of directors sets the agenda for board meetings in consultation with the chief executive officer / general manager and the participation rate to the meetings was 92% in 2013.

Information on the agenda items of the board of directors is made available to the members in sufficient time prior to the meeting date by a coordinated flow of information. Each member of the board has a right to one vote.

The conduct of the board of directors meetings is defined in internal regulations and meeting and decision quorums have been included in writing in the articles of association of the company.

Company officials declared that the board members allocate necessary time for the company's affairs. In addition, there are limitations taking on additional duties outside the company.

#### 4.5. Committees Established Within the Board of Directors:

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

Functions of the committees, their working principles, and its members

are designated by the board of directors and disclosed to the public on the company' web site.

All members of the Audit Committee and the chairman of the Corporate Governance and early Detection of Risks Committees are elected among the independent board members. The chief executive officer / general manager is not on the committees. Care has been taken that a non-independent board member cannot be on more than one committee.

All necessary resource and support needed to fulfill the tasks of the committees are provided by the board of directors.

Committee meeting frequency has been found sufficient by us.

The Corporate Governance Committee is established in order to determine whether or not 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 imperfect 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 line with the new corporate governance principles published on 01.03.2014 Investor Relations Department manager must be a member of the Corporate Governance Committee. In the same communiqué companies are given time until 30.06.2014 to comply with this policy. As our report date, Anadolu Efes has adapted to these principles.

Audit Committee supervises the operation and efficiency of the company's accounting system, public disclosure, external audit and internal

audit systems, reviews 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, immediately notifies the board in writing on findings related to their duties and responsibilities and the related assessment and recommendations, 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.

We are convinced that audit committee members possess the qualifications mentioned in the communiqué.

The annual report contains information on working principles of the audit committee and how many times the board of directors is informed with a written notice in the accounting period. Also meeting results are disclosed in the annual report.

The external audit of the company is conducted by Ba aran Nas Ba imsız Denetim ve Serbest Muhasebeci Mali Mü avirlik A. . 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.

The Committee for Early Detection of Risks is established for early detection of risks that might endanger the existence, development and perpetuation of the company and to implement measures required against

the risks determined as well as the management of risks.

The Corporate Governance Committee carries out the duties of the Nomination Committee and Remuneration Committee, since they are not established yet. It has made its proposal on suitable candidates for the board of directors and their remuneration principles. We need further observation to assess the degree of efficiency of the committees and reach to a firm opinion on whether the Corporate Governance Committee effected regular reviews on the structure and efficiency of the board of directors, whether it submitted its recommendations to the board members on changes that can be done on these matters, whether it ensured that a system with regards to the principles and practices regarding the evaluation of the performance, career planning and rewarding of the board members and executives is implemented, and by taking into account the degree of achievement of the criteria, whether it has made its proposal to the board on remuneration of the board members and senior executives.

#### 4.6. Remuneration of the Board of Directors and Senior Management:

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 company's web site. Stock options or performance based payments are not included in the remuneration package of the independent board members.

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.

We have come to conclusion that the executives have the required professional qualifications in order to perform the assigned duties.

The executives comply with the legislation, articles of association, and in-house regulations and policies in fulfilling their duties.

There has 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. On the other hand, there is no regulation on compensation for losses incurred by the company, and third parties, as a result of not performing the executives' duties duly.

Remuneration of the executives is based on market conditions and determined according to their qualifications, and proportional to their contributions to the performance of the company.



## 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.  |
| 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 ISE Corporate Governance Index on the highest level.                 |
| 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. 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. . 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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