The background is a textured, light-colored sky. At the top center is a bright yellow sun partially obscured by white, fluffy clouds. Sunbeams radiate from the sun. In the center, a large tree with a thick, gnarled trunk and a wide canopy of green leaves is the central focus. The tree's branches form a circular frame around the text. The ground is brown and textured, with green grass at the base of the tree. In the foreground, there are rolling yellow hills and a winding blue river. Several white birds are flying in the sky.

Sustainability Report

2009 - 2010

**ANADOLU  
EFES**





# President's Statement



2009/2010 has been a season when we boosted our production as well as sales and registered growth rates above the industry averages in many of the markets where we operate. The visionary approach displayed by our organization that is capable of thinking beyond the routine and adapting rapidly to the changing conditions has played a key role in tiding us over through this difficult spell despite the adversities posed by the global economic conjuncture and the hikes in special consumption tax (ÖTV).

One of the most significant gains we enjoyed during this reporting period that marks the completion of a full 40 years of operation by this company was the modification in our corporate vision and mission. **Our goal is to become the most admired beer company in all of our markets by means of this new outlook that will carry us over to 2020 when Efes will have left behind 50 years of operation.** However, we need to ensure the sustainability of the development we will achieve just as much as we need to attain that goal. Hence, we worked out a change of paradigm in our understanding of corporate sustainability along with the modification in our vision.

## Progress rises upon values

We evaluated the Efes philosophy and its values created through more than 40 years of experience in a different light during this reporting period. With this tour d'horizon, we shaped the principal character traits portraying Efes in a new idiom so that they would shed light on our future. According to this idiom, we at Efes produce beers the quality of which is acknowledged throughout the world and we aim to bring color to the lives of our stakeholders in this manner. In doing this, we conduct trustworthy and environmentally friendly operations in every locale where we have a presence; be a responsible seller and a knowledgeable customer; create value for all; and stand as an employer of choice and a good neighbor that is responsive to the expectations of our stakeholders. I am convinced that these values will transport us to success in the future as they have done in the past.

## Sustainability is key to growth

Business life is evolving rapidly as the world changes. While the feasibility of transforming the idea of sustainable development which gained popularity in the 90s into a viable business model was regarded with skepticism until a few years ago, this is no longer a matter for debate today. Companies which adopt sustainable business models that are responsive to the social, environmental and economic expectations of their stakeholders and hold accountability and stakeholder involvement paramount will reach success in the times ahead. Those that fail to achieve this transformation will face risks in the realm of social legitimacy.

## What kind of beer we are going to produce?

We believe that what gives our beer its distinctive taste is not only the raw materials or the production techniques employed in its manufacture but also the character of its producer. Therefore, we launched our sustainable brewery efforts by identifying the eight foremost attributes of our beer. We feel that we will be able to both meet stakeholder expectations and enhance our corporate sustainability by addressing these salient features. We did a great deal of work in this connection during the reporting period.

## Greener and safer beer

Climate change is the most fundamental and most real concern of our day. We are working to offer our consumers "a beer that is produced with less water, less energy, and less emission and requires less packaging" in the hope of avoiding the future consequences of this phenomenon as of today. By 2015, we will be consuming 25% less water, using 14% less energy, and emitting 15% less CO<sub>2</sub> than today in order to produce the same amount of beer.

We will cut back the amount of packaging we use and turn toward more environmentally friendly package options by means of our R&D efforts. Moreover, our stakeholders will see Efes taking more initiatives, developing cooperation projects, exploring, and generating solutions in the fight against climate change in the coming days. We take stock in operational reliability. We will never allow human life, wildlife, and biodiversity to be jeopardized because of our activities. The target we strive for by means of our endeavors in investment, training, and improvement is to produce beer with "zero accident rate and the smallest possible environmental impact." We do know we have a long way to go as regards water and energy. It is with this awareness that we engage in every facet of our work.

## The beer that generates value added

We need to create a strong and sustainable value chain and support the socio-economic development of our community in order to generate the highest value added with our beer. We are therefore trying to produce "a beer that develops the value chain and promotes community development." To this end, we are going to take our agricultural support program, which we have been conducting in Turkey for 30 years, to Russia where we will enable thousands of farming families make an income by raising the barley and hop strains we developed. We will expand our business development projects and help our agents and points of sale push their efficiency and earnings higher. We will set the myriad community development projects we have been conducting in our Turkey operation for many years as a model and launch similar efforts in our operations in other countries.

## The beer taking responsibility

Our favorite consumers are those that consume our products responsibly, perpetuate the beer culture, and promote it. Our stakeholders are going to witness us working much more actively on responsible consumption in the times ahead. We will improve our present practices and back them up with an approach shaped with local features across our entire operational geography as of the year 2012.

## The beer that supports talent

The power that brings us success is our creative and visionary human resources. We promise our employees a work environment where all of their rights are safeguarded and they can develop themselves and be happy under conditions befitting human dignity. We will be increasing and diversifying our "talent" in the future. We will consolidate our pledge to uphold human rights by signing the UNGC.

We are going to raise these properties of our beer to the highest level possible in the next 10 years. I am sure we will be able to make Efes's development sustainable this way. I would like to express my gratitude to all our esteemed stakeholders -- notably our employees, agents and other business partners, our suppliers, and investors -- for the support and confidence they accorded us along this voyage of ours.

**Alejandro Jimenez**



# How Would You Like Your Beer?

Our journey to find an answer to the question “How Would You Like Your Beer?” started in 1969 with the two beer factories we founded in Istanbul and Izmir. For more than 40 years, we have responded to the expectations of our stakeholders with the right answers. We continued to grow with the appreciation we received. We have become one of the most admired beverage manufacturers and the largest brewer of Turkey. With each goal that we have achieved, we were encouraged to accomplish more. Boundaries of our journey exceeded Turkey. **Today, we reach millions of people in 5 countries, with 14 breweries, 5 malt factories and 28 brands.** We care about this radius that we have achieved and we are proud of the performance we have shown. However, our goal for the future of the Efes, which has become a large, international organization, is to explore new horizons. We are working for this purpose and making use of every opportunity to extend our radius. Our objective is to reach more people in a larger geography by increasing our growth speed and to color up their lives.

In our 41 years long journey, which we continued to create a meaningful value for everyone whom we reach with our beer, we proceeded with the consciousness of leaving a positive track behind us. We have worked to have the Efes defined by its stakeholders as a reliable and environmental-friendly operator, a conscious client, a responsible vendor, an employer of choice, and a good neighbor that generates value for its stakeholders. We think that the relationship of our stakeholders with the Efes Family and these values which we promise have a significant share in our success as well as the taste, which they enjoy in our beer.

From the very first day of our foundation, we have reached to our consumers with our world-class quality products in tastes and types they prefer. We have become a leading player, which adds novelties to our industry in our activity geography. Consumers, who want to taste dark beer, wheat beer, coffee-flavored, lemon-flavored beer; or who want to enjoy the taste of draft beer at home from the bottle, experienced all these firsts with our products.

Developments seen in the socio-economic and natural conditions in the last ten years changed the rules of business life in an irrevocable way. Nowadays, sustainability of organizations relies on the degree of inclusion of responsible working approaches regarding these aspects in their business models and accountability to their stakeholders. Therefore, today, we believe that we have a group of responsible stakeholders, who give different

answers to the question “how would you like your beer” and we shape our practices to provide the beer that is expected from us. The point, we want to reach is to form an organization, which adopts advanced principles and practices that can lead its sector in managing social, economic and environmental impacts of Efes’s products, activities and disposals; which creates more and sustainable values for its stakeholders and which leaves a positive track behind despite rapidly changing conditions.

With this piece of work, summarizing the road map of our journey to more sustainable brewery, we aimed to make a comprehensive self-evaluation, to determine our development points and to inform our stakeholders about our future tendencies. Therefore, within the report, we are presenting our working principles and methods, gains obtained so far and our future goals.

**As we did so far, we will continue our efforts to improve the life qualities of the societies living in our geography in the future, as well. Because, we believe that we will secure sustainable development of the Efes as the life quality increases. Therefore, we will continue to fill in the life for our stakeholders. A more responsible, more sustainable and more enjoyable life.**



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# Brewery & Efes

## Dynamics of the Brewery Industry

Brewery, which has a really long history, nowadays is a sector, which basically relies on industrial production. Breweries which are established with huge capital investments generally become profitable thanks to the scale economy. Therefore, global or regional producers mainly dominate in the world's beer market. The most positive part of this market structure is; while in the spirit beverages industry we occasionally witness, problems like counterfeit products or illicit manufacturers who produce alcoholic drinks with low quality, these do not exist in the brewery sector.

**Beer is a product, which has a very strong local character. The basic reason for this is that beer is produced from agricultural products and water which have local characteristics and that beer consumers are loyal to local tastes and brands. Therefore, it is very difficult to create global and even national beer brands. The reason for the micro breweries seen in the industry, despite cost disadvantages, is the competitive advantage of being a local taste.**

The fact that agriculture production is based on periodicity, climate conditions, and international economic conjuncture causes fluctuations in prices from time to time. Likewise, there may be fluctuations in energy costs, which is one of the important inputs of the beer production. This fact negatively affects the beer industry, which is highly sensitive to input costs.

Marketing and sales processes of beer consists bigger difficulties than its production; market development is based on national income, purchasing power and viable socio-cultural characters.

Beer can be consumed both at home and outside; with a spontaneous or planned instinct, it can be purchased with its packaging from retail sales points or as draft beer at the consumption points. Although it has lower costs than other alcoholic beverages, it addresses consumers from every income group. Thanks to this diversity, marketing of beer might be thought to be easy. However, this situation means that we have to be able to address a wide crowd who has highly different characteristics, in multiple occasions, with a product based on taste; thus this is difficult to realize. In addition, since it is an alcoholic beverage, marketing practices are subject to very rigid legal regulations and there are severe sanctions in case of nonconformity.

Despite all the difficulties, brewery, which gave us the opportunity to color up the lives of millions of consumers with our products, is a profitable and enjoyable field of business.

## Sustainable Growth Oriented Vision

We have ceaselessly developed our activities from the first day on. **We have succeeded in increasing our production capacity 117 times in the past years. Our objective is to become the most admired beer company** in all markets we operate in. Therefore, in the upcoming periods, our stakeholders will see us stronger in the current markets and as a more active company, which opens up new markets,.

To realize this vision, all our units are working on the most effective methods to widen our operations continually and our Market Development Directorate is evaluating new market opportunities.

## Market Presence

In every operation country, we are producing products, appropriate for every consumption situation and for every consumer segment, which are over the legal consumption age. **According to the sales volume, we are the 5<sup>th</sup> largest beer producer in Europe and the 13<sup>th</sup> in the world.** Through our 14 breweries, 7 malteries and 1 hops production facility in 5 countries with a capacity to produce 35.2 Hectoliters of beer and 290,000 tons of malt annually, we conduct direct operations in 9 countries and export our beer to approximately 80 countries. We sold 22.1 Million hectoliters of beer in 2009. We increased this performance by 9.2% in 2010 and reached 24.2 Million hectoliters.

**There are 28 trademarks in our portfolio, eight of which are in Turkey. Our main brand Efes Pilsen, which is admirably consumed in tens of countries, is the second most widely sold beer brand of Europe.**

Constructive and positive relationships we have developed outside the company have a significant share in our success. Professional associations and NGOs form the most productive environment for discussing on experiences acquired, developments realized and future projections in the business world as well as in our industry. We consider our relationships with the Association of European Beer Producers, which we are a member of, as well as CEVKO, which we are one of the founding members, in this context.

In the next decade, we will improve our market presence in Turkey, Russia, Commonwealth of Independent States and Southeastern Europe, where our operations are dense; we will extend our operation geography with new markets and increase our export volume.

## Efes Turkey:

Turkey is a market promising significant opportunities for brewery activities with its population of 73.7 Million, most of which are composed of the youth as well as with its increasing national income per capita. Annual beer consumption per capita, which is 12 liters, is low compared to the other European countries; however, it is an important indicator of the potential that the market presents for the future periods.

Turkey market is the oldest operation of the Efes. Our activities, which we started in 1969 with 2 breweries, with a capacity to produce 0.3 Million Hectoliters of beer, today continue with 5 breweries, 2 malt production facilities, 1 hops processing facility and with an annual beer production capacity of 10 Million Hectoliters, 115,000 Tons malt, 300 Tons pellet hops. With a total of 220 dealers and distributors, we realize logistics and sales of our products throughout Turkey.

With octuplicate increase of the special consumption tax in the last five years, the most expensive beer of Europe is being consumed in Turkey. In addition, gradual tightening of the legislation regarding sales and marketing activities of the alcoholic beverages has an obstructive effect on our activities.

**Despite all these difficulties, as of the end of 2010, we have reinforced our leadership in the beer market of Turkey with a market share of 89%.**

## Efes Russia:

With a population of 139.4 Million, developed level of national income and consumption culture of alcoholic beverages, Russia presents a giant market for the brewery sector. The most important indicator of this is the annual beer consumption per capita which is 73 liters. In addition, the fact that the consumers' tendency is changing from

traditional more alcoholic drinks to less alcoholic drinks creates an important potential.

Our Russia operation, with 5 beer factories and 5 malt production facilities, distributed around different geographies of the country, with an annual production capacity of 20.2 Million Hectoliter beers, 175,000 Tons of malt, is the largest scale country operation of the Efes. Due to the geographical size and climate conditions, logistics has significance in the Russian market. Therefore, development of our logistics system and capacity have a major role in our success in the market as well as our dealers and distributors, which are around 134.

**The experience we gained in Russia, which is the first market we brought our operations outside Turkey, has an important contribution in development of our other country operations. In this market, where the competition is very alive, we are in the 4<sup>th</sup> position with a market share of 11% in 2010.**

The most significant structural change experienced in the Russian market during the reporting period is the increase in the rate of special consumption tax. Despite the change in the consumer behaviors in favor of beer consumption within the alcoholic beverage sector, the rate of special consumption tax, which increased threefold, is the most distinctive element, which makes it difficult for the market to grow. We see our position in the market, which we have reinforced despite this situation, as an important success.

## Efes Kazakhstan:

Kazakhstan, which has a population of 16.2 Million, a great majority of which is composed of the youth, with the socio-cultural transformation it experiences parallel to its developing economy, indicates growth potential for the brewery sector.

With our two breweries in Kazakhstan, we continue our beer production activities as well as logistics and sales operations through our 32 dealers and distributors. As a result of our operation, which developed in a short period of time, we have become the leader in the industry, with a market share of 41%.

### Our Goals

Development scenario of the Efes Beer Group, which we have determined for the next decade, is composed of 4 main components:

- To grow in our current markets through market share increase and purchases,
- To enter into new markets through direct investment and purchases,
- To grow in our export markets in the amount of sales volume and develop new markets,
- To meet consumers who are over the legal consumption age, from every segment, with our products at every possible situation and at every point in the current or new operation countries.





# Governance & Sustainability

Our basic responsibility against our stakeholders is to continue our sustainable growth with a transparent and accountable management model. As a company, conducting operations in the international level and with a high level of free float, we are applying modern governance practices. Maturity of our corporate governance model is being appreciated by our stakeholders and it is rated by independent institutions with high scores.

**Thanks to our governance model and practices, which are being developed constantly, our corporate governance rating, which was 8.1 in 2008, reached 8.3 in 2009 and 8.4 in 2010.**

**By being entitled for six awards including Best Company, Most Transparent Company, Best Company in the Communication of Corporate Governance, Best Company in Sharing Financial Results, Second Best CFO in Investor Relations, Third Best Website Regarding Investor Relations, during the Turkey Investor Relations Awards, the second of which is organized by Thomson Reuters and Acclaro in 2010, we reinforced not only our success in understanding of governance but also in our relationship with stakeholders.**

## Our Commitments

- We will follow a transparent and accountable governance understanding enabling stakeholder engagement.
- We will evaluate social, economic and environmental issues within the risk management model.
- We will form a corporate sustainability model framed with modern applications.

## Governance Structure

General Meeting, which is held once a year with participation of our shareholders, is our top decision-making body. Board of Directors, which is elected at the General Meeting, is responsible from the administration of the company on behalf of the General Assembly and realizes its duties according to the principles mentioned in the Articles of Association. Anadolu Efes Board of Directors is composed of 11 members and 2 consultants. Consultants are the professionals meeting independence criteria and provide consultancy to the Board in their fields of expertise. Another member meets international criteria; however, he is not considered as an independent member according to the norms of Capital Markets Board of Turkey.

Members of the Anadolu Efes Board of Directors are elected for a limited term amongst outstanding professionals who has proven their knowledge, expertise and experience in the business life and who meet the legal requirements. Term of office is limited with three years at most; however it is possible for the members to be elected more than once. Moreover, membership statuses of the members of the Board of Directors are re-voted at the General Meeting annually. During the execution of its duties and responsibilities, the Board makes use of the specialization committees. Currently, we have two sub-committees which act in the fields of audit and corporate governance.

**Membership of the Board also brings a significant responsibility against our thousands of stakeholders. For them to realize this responsibility, which requires expertise in various fields, in the best possible way, we provide members of the Board training and information opportunities regarding the developing practices in various fields. Corporate Governance Committee follows up these works.**

In the strategic plan indicated by the Board of Directors, provision of the administration of the company is under the responsibility of the execution organization, structured under the Presidencies of the Efes and the Beverage Group. Offices for Chairperson of the Board as well as Group Presidencies are carried out by separate individuals. Group Presidents are responsible against the Board of Directors from management of all operations, performance achieved and sustainable growth regarding companies under their charge. For more detailed information about the governance practices of Anadolu Efes you may visit the corporate website [www.anadoluefes.com](http://www.anadoluefes.com) or see our annual reports.

## Risk Management and Internal Auditing

In order to ensure corporate sustainability, it is necessary to define current and potential risks to take preventive measures by performing continuous reviews. For this purpose, internal audit and risk management processes and instruments have been created. Our risk management mechanisms are based on the development of applications defining and minimizing all possible risks that our company is facing with or will probably face with and following up of the same. We are classifying current and possible risks, covering social, economic and environmental aspects under the main headlines of financial risks, operational risks, natural risks, considering characteristics of the countries we operate in. We support the decision-making processes for minimizing risks with informatics systems, providing productive measurement and processing opportunities. Accordingly, we follow up activity results instantly, eliminate human errors and at the same time, we increase effectiveness of the internal control system. Moreover, our internal communication system,



working on informatics infrastructure, provides us the flexibility to intervene in the problems which we face with, in a short period of time and to provide solutions.

**With standards such as ISO 9001, ISO 14001, OHSAS 18001, HACCP, which have been integrated into our management system, our operational process is more productive,** and we include these issues, which we manage according to these standards, into risk analyses. We keep functionality of these systems alive all the time by means of periodical internal and external audits. We implemented Deposit - Risk Management System in the reporting period. With this endeavor for strengthening our risk management, we have developed customer risks and follow up processes of our financial business units.

In our internal control system, we have defined duties and responsibilities in a written, transparent and comprehensible way. We continually monitor the risk elements, which we have defined and submit audit findings, together with detailed explanations, as regular electronic reports to the senior management. Those issues requiring approval are confirmed upon being examined by more than one manager within the limits defined by the authority statement. In addition to the internal audits, which we make during the year, our business units are also subject to internal control audits applied generally within the Anadolu Group. For more detailed information about Risk Management and Internal Control Systems of the Efes, you may consult to corporate website [www.anadoluefes.com](http://www.anadoluefes.com) as well as annual reports.

**Sustainability management**

Since the day of our foundation, we worked to extend our operation geography and in addition, to develop our

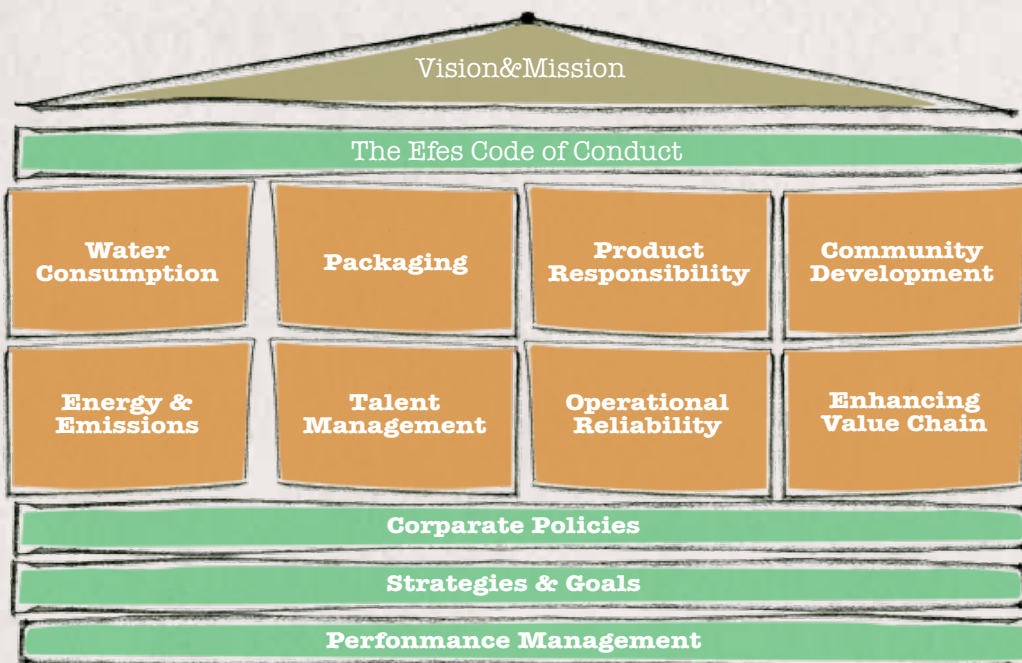
organization. We cared about sustainability of development as much as development itself. We believe that this is possible by adding it to the essence of our management model.

During the reporting period, we have evaluated the point we reached in our brewery operations, which we have been continuing for more than 40 years. For 2020, when we will complete our 50<sup>th</sup> year, we aim to operate in a much wider geography, with high level of responsibility understanding and with a stronger sustainability structure. Our corporate vision and mission is a compass defining general view and objectives of our activities and practices and leading us in our operations.

**Efes Code of Conduct is a guide defining attitudes and behaviors we will follow in the social, environmental, ethical and economic dimensions of our activities.** The Code of Conduct is valid in all our operations and binding for all our employees. Moreover, this Code is determinative of our expectations and behaviors in the relationships we form with our stakeholders. You can reach the new corporate vision and mission of the Efes as well as the Code of Conduct from the web address [www.anadoluefes.com](http://www.anadoluefes.com).

In provision of corporate sustainability, many variables play a part. Just like all organizations, we manage several issues which are different from each other but which affect each other. **During the reporting period, by working on our corporate sustainability priorities, we have determined 8 main subjects consisting of several sub-working areas. We believe that the Efes will have a more sustainable structure by increasing our performance in this 8 focus areas.** You can reach the details of the materiality studies of the Efes from About the Report section.

**The Efes Sustainability Roadmap**



**Our vision** is to become the most admired beer company in all markets we operate in;

**Our mission** is to develop responsible consumption and add value to social life.

We follow identical, systematic and holistic methods in management of all social, economic and environmental issues, which form the basis of our corporate sustainability. Our objective for the next period is to strengthen our sustainability management structure by applying the action plans in the sub-headlines of these fields. For the realization of this task, we formed Efes Sustainability Management Working Group during the reporting period. Main mission of the Working Group, where all speciality units forming our organizational structure are being represented and which is based on voluntary service, is formation of tendencies and activity plans to increase corporate sustainability performance in accordance with the future vision of our company. Decisions taken by the Working Group are designed and realized by the speciality units. Thus, strategic decisions formed by common sense of the senior bodies become valid in all our operational geography. We will realize organizational works that will increase effectiveness of representation and decision mechanisms in accordance with the positive results we obtained from the activities of the period, by way of strengthening the place of our Sustainability Management Working Group within our corporate structure.

Following up of working principles and standards, formed by national and international institutions, strengthens our commitments on sustainability. Upon the internalization of these voluntary principles as internal standards, they become a part of our compliance portfolio and accordingly, our risk management system. Therefore, our field studies in the related areas are being developed. As of the reporting period, we accept UN Universal

Declaration of Human Rights as part of our working principles in addition to ISO 9001 Quality, ISO 14001 Environment Management, OHSAS 18001 Occupational Health and Safety, HACCP Food Safety standards. In the next period, by signing UN Global Compact, we will reinforce our commitments in the social, environmental and work ethics domains.

### Evaluation of the Sustainability Performance

It is not possible to take the right decisions or successfully apply field work about a fact that we do not measure. Therefore, performance evaluation is one of the main components of a systematic management model. As it is the case for all fields of activity, in all issues considered within the Sustainability Management of the Efes, we use systematic performance evaluation tools, scientific validity and success of which have been proven. Performance evaluations, which we make on sustainability issues, form an important part of both corporate and individual performance assessment of employees from every level.

We use performance evaluation outcomes in formation of corporate and individual development plans. In addition, we use the gains we obtain in sustainability issues in determination of performance premiums of employees from every level according to their fields of expertise and roles in the organization.

Changing stakeholder expectations require improvement of our performance measurement criteria. Therefore, we are planning to deepen our performance tracking applications in parallel to

## Stakeholders Interaction Tools

Employees	Annual and Sustainability Reports, Employee Engagement Survey, Reputation Survey, Quality and Suggestion Systems, Efes Code of Conduct, Collective Labor Agreements, Employee Trainings, Health and Safety Committees, Corporate Periodicals, Internal Information Announcements, Website and Corporate Portal
Customers and Consumers	Sustainability Reports, Reputation Survey, Focus Group Researches, Product/Brand/Market Researches, Customer/Consumer Hotlines, Efes Code of Conduct, Corporate Periodicals, Websites, Advertisement and Publicity Practices, Social and Artistic Activities
Dealers and Distributors	Sustainability Reports, Reputation Survey, Efes Code of Conduct, Dealer Improvement Studies and Trainings, Loyalty Programs, Corporate Periodicals, Website and Dealer Communication Portal, Periodic Visits
Shareholders and Investors	Annual and Sustainability Reports, Interim Reports, Reputation Survey, General Meeting, Announcement and Material Disclosures, Roadshows, Investor Presentations, Meetings and Interviews, Efes Code of Conduct, Information Lines, Website
Suppliers	Sustainability Reports, Reputation Survey, Efes Code of Conduct, Supplier Support Programs, Packaging Improvement Studies, Meetings and Interviews, Website
Public Institutions	Annual and Sustainability Reports, Reputation Survey, Legal Compliance, Efes Code of Conduct, Meetings, Internet Website
Non-Governmental Organizations	Sustainability Reports, Reputation Survey, Social Development Studies, Memberships, Meetings and Interviews, Website
Academicians	Sustainability Reports, Reputation Survey, Academic Researches, Survey Participations, Sector Studies, Social Development Studies, Website
Media	Annual and Sustainability Reports, Reputation Survey, Press Meetings and Releases, Social Development Studies, Advertisement and Publicity Practices, Website



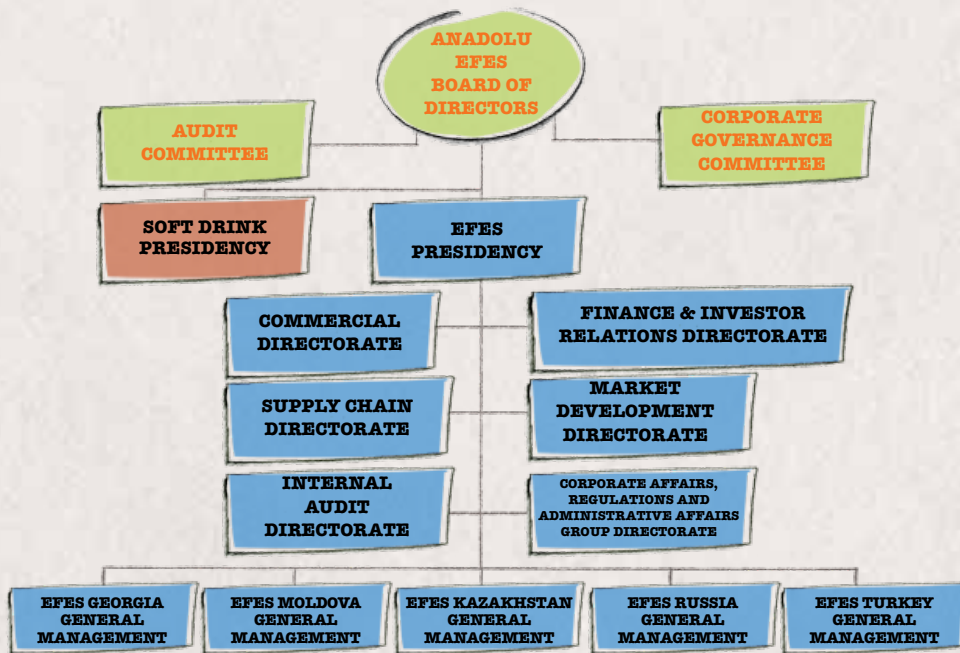
the sustainability management development studies, which we will realize in the next reporting period. With these improvement efforts, we will make our sustainability performance criteria more compatible with GRI reporting principles and other internationally accepted sustainability performance evaluation methodologies.

### Stakeholder Engagement

We believe that being able to respond to the expectations of our stakeholders is the key to corporate sustainability. We form information and feedback mechanisms according to stakeholder groups' characteristics. By this way, we employ views and expectations we received, in the activity decision processes and we inform them about our work and the outcomes. **Active engagement with more than one stakeholder group is necessary to be successful in most of our processes. In such cases, we bring our stakeholders together around common goals and cooperate. In our activities, which we realize as a result of the common sense formed with the stakeholder engagement, we enable meeting the stakeholder expectations at the highest level.**

We carry out our activities in interaction with approximately thirty stakeholder groups. Since views and practices of some of our stakeholders can significantly affect our activities or since some of them can be affected from ours, we are in close communication. This causes differentiation in the engagement level and tools we employ. Stakeholder groups, which we interact in a wider spectrum of issues, with more diverse tools and more frequent basis, compared to others, are employees, customers, consumers and dealers, shareholders and investors, suppliers, public institutions, NGOs, academicians and the media.

We employ several tools in order to keep in close touch with our stakeholders, to inform them, to make use of their expectations and views in our management decisions. Frequency of these tools varies according to the type of work we carry out. For example, practices such as hotlines and support programs, access through internet are continuous practices. We realize practices such as researches, surveys and other tools which we employ as a part of a management process at least annually. While we publish reporting engagements and other public disclosure in annual or quarterly basis, in some cases, according to the need emerged, we also make adhoc disclosures. We realize our other applications as the need has emerged.



#### Our Goals

- To have organizational development studies which will institutionalize studies of the Sustainability Working Group
- To develop our corporate policies and discourses within the framework of our new vision and mission in the sub-headlines of our sustainability domains
- To strengthen our criteria for evaluating sustainability performance in accordance with internationally accepted principles
- To map our stakeholders consisting of headquarter and country operations with methods compatible with international standards
- To make performance evaluation and benchmarking studies regarding sustainability management

# Sustainability Evaluation Chart

	<b>Beer Using Less Water</b>	<b>Beer Generating Less Energy Use &amp; Emission</b>	<b>Beer Requiring Less Packaging</b>	<b>Beer Promoting Talents</b>
<b>Why Material?</b>	High quality water is crucially important to produce our high quality products. For a sustainable future, responsible use of water resources that are increasingly under stress is our prior concern.	We need energy to produce and distribute our beer. However, energy use is causing CO <sub>2</sub> emissions resulting in climate change which is a major concern. To this end, using less energy and shifting to a greener energy portfolio are amongst our focus areas.	Developing packaging practices with less environmental impact while keeping product quality is our priority.	Through the years, what made us successful are creativity and talent. Creating a work environment that promotes talents is vital to retain our growth success.
<b>What are the Current Achievements?</b>	We keep our long term, constant reduction in water withdrawal. In 2010 we used 13% less water and also discharged 13.7% less per litre of beer produced, compared to 2008, although we brewed more beer. We achieved an average level of 4.7 hl/hl in withdrawal and 3.5 hl/hl in discharge.	In 2007-2010 period, we reduced our energy consumption per litre of beer produced by 12% and carbon footprint by 11% for both beer and malt production.	In the last 2 years we have reduced our one-way glass bottle weights by 17%. As a key founder of ÇEVKO Foundation, we have been playing a pioneer role in recycling movement in Turkey.	In order to retain and improve our talented employee profile, primarily we provide a work environment that respects human rights and dignity. In the reporting period we have focused on enhancing talents by multiple approaches, practices and programs related to vocational trainings, cultural diversity, and internal communications.
<b>What are Our Future Objectives?</b>	<p>We will use less water; improve recycling and reuse in our processes.</p> <p>By 2015, in brewery operations we will be consuming 25% less water - 3.5 hl/hl in average - to produce same amount of beer.</p> <p>We aim to reduce the amount of waste water and constantly improve discharge quality.</p> <p>We aim to achieve 2.3 hl/hl waste water discharge level in brewery operations by 2015.</p> <p>We will seek cooperations in both local and global scales in order to protect water resources.</p>	<p>In all our operations we will constantly improve energy efficiency and reduce carbon footprint.</p> <p>In 2015, we will consume 14% less energy and reduce carbon footprint by 15% per litre of beer produced in brewery operations.</p> <p>In our supply chain, we will support low carbon production and packaging technologies and practices.</p> <p>We will seek to employ new methods to enhance these performance objectives via researches of our Environmental Impact Reduction Team (EIRT) which will be established in 2011.</p>	<p>We will reduce our packaging use and prefer greener packaging practices.</p> <p>EIRT will enable us to evaluate the current packaging portfolio's environmental impacts and will find rooms for improvement.</p>	<p>We will deliver a work environment that enables "talents" stay motivated, happy and focused to corporate objectives.</p> <p>As always, we will keep promoting human rights in our area of influence and will never be a part of human right abuses of any form. In order to strengthen our commitment, we will sign UN Global Compact by 2011. Accordingly, we will run an additional study that seeks if any process in all our operations is at risk especially in terms of child labor, forced or compulsory labor, union rights or diversity. Never presumed but if any risk occurs, we will take necessary approaches to eliminate.</p> <p>In addition to retain "talents", we will also work to deliver new ones. In order to do so, we will not only train and motivate our employees but also secure room for diverse cultures and identities that nourish our organization.</p>



	<b>Beer Enhancing its Value Chain</b>	<b>Beer Taking Responsibility</b>	<b>Beer Supporting Community Development</b>	<b>Greener and Safer Beer</b>
<b>Why Material?</b>	Developing a sustainable value chain is vital to produce “the best beer” uninterruptedly and to create more added value.	We aim that more people enjoy our quality beer. However, alcohol consumption, when abused, can be harmful. Possessing a consumer group who drinks responsibly and takes beer consumption as a culture gain pioneer importance for our long term sustainability	Brewery sector grows in economically and socially developed communities. To this end supporting communities’ development is important for our sustainable growth.	For strengthening our social license to operate, being a reliable neighbor, conducting safer and greener processes are absolute musts.
<b>What are the Current Achievements?</b>	As a result of our agricultural R&D studies in almost 25 years we have registered 15 new barley seed and 7 hops seeds. In the reporting period, by producing a new barley seed, which can grow under arid weather conditions, we enabled new cultivation opportunities. Not only had we continued our agricultural support program in Turkey, but we also launched a similar project in Russia.	In the reporting period, through improvements we made in our sales systems and distribution network, more people enjoyed our beer. In order to build a beer culture, beside our long term Beerhouse Improvement Project - by which we renewed hundreds of beerhouses in different countries - we have launched Conviviality Streets, Beer Gardens, Traveling Beer Museum projects. In addition to these efforts we also launched a new campaign for discouraging drunk driving in Turkey.	We continued to our long term commitment not only for local sourcing and employment, but also for contributing education, healthcare, culture & arts, sports and tourism. In Turkey, we also proceeded with our Development of Tourism Activities in Eastern Anatolia Project and Tourism Ambassadors Training Program.	In order to enhance our operational reliability, in the reporting period we have invested in employee trainings, waste and odor management, measurement and control.
<b>What are Our Future Objectives?</b>	<p>We will continue our agricultural R&amp;D and local farmer support programs in Turkey; will expand our practices to Russia.</p> <p>We will continue and further improve our business development practices in value chain.</p> <p>We will continue to lead our suppliers and business partners to adopt better business conduct principles.</p>	<p>We will always produce worldclass quality beer brands and make sure that more consumers enjoy them responsibly.</p> <p>In next 10 years, we will try to form a consumer base who fancies beer culture through our products. To this end, we will foster our efforts for developing consumption points and for informing consumers on beer culture. We believe these projects constitute mutual benefit for us, business partners and also consumers.</p> <p>We will not only support responsible consumption but also actively discourage irresponsible drinking behaviors.</p> <p>In 2011 we will accelerate our efforts, starting with establishing a dedicated headquarter team for responsible consumption. This team will provide guidance and leadership for responsible consumption campaigns in all operation countries.</p> <p>Irresponsible consumption is a multidimensional issue which accommodates rarely to one-fits-for-all solutions. During the upcoming reporting period, we will study on irresponsible consumption patterns in our operation countries. We aim to build a robust and holistic approach for this issue by 2012</p>	<p>We will keep our commitment to local sourcing and hiring.</p> <p>We will search further possibilities for purchasing more items by number and volume from locally based suppliers. We will also seek new ways to boost our contribution to local economic development.</p> <p>We will continue to be a global citizen who is responsive to stakeholder expectations and a caring neighbor for the communities that we operate in.</p> <p>In Turkey, we have successful community development programs. In the upcoming years, we will continue these programs, expand their extents -where possible- to other operation countries; and develop new projects which respond local community expectations in all operation countries.</p>	<p>Like before, we will enhance our health and safety measures with respect to our “0 accident” objective; on the other hand we will be prepared for any unexpected emergency situation in order to ensure our employees’ and “neighbors’ ” health and safety.</p> <p>Beside production processes, in the upcoming period, we will especially focus on road safety enhancement practices starting by our employees, expanding towards distribution partner employees.</p> <p>We will reduce our environmental impacts to minimum levels by employing cutting-edge technology.</p> <p>We believe EIRT’s studies will bring promising outcomes especially in term of waste and odor management.</p> <p>We will consider social and environmental impacts as a major indicator when investing in new processes or entering to a new country operation.</p>

## Our Commitments

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*We Improve Our Processes to Produce More Beer with Less Water*



In 2015, our water consumption per liter will be reduced by 25% in brewery operations.

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*We Use the Energy Resources More Efficiently to Reduce Carbon Footprint*



In 2015, energy consumption and emissions will be reduced 14% and 15% per liter respectively in brewery operations.

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*We Reduce the Material Use to Create a Greener Packaging Portfolio*



Our objective is to further reduce the material consumption in packaging, to increase recycling and to pursue research studies for a greener packaging portfolio.

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*We Primarily Provide a Fair and Peaceful Workplace to be the Employer of Choice*



In the next years we will continue to provide a workplace which will render our “talents” motivated, happy and focused on corporate objectives, and hold on to developing new talents.



## *We Enhance Our Value Chain to Create More Added Value with the "Best Beer"*



We will improve our business development in value chain practices even more. We will continue to work for sustainability of our suppliers as well as ours.

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## *We Work to Form a Consumer Group Who Fancies Beer Culture and Enjoys Responsibly*



By developing new information tools, we will introduce a more refined culture to our consumers and ensure that our products are consumed responsibly.

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## *We Care Expectations and Support the Development of the Society We Operate In*



We will continue to create projects in order to develop local economies.

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## *We Develop Greener and Safer Processes to be a Reliable Neighbor*



We will focus on the improvement of road safety in a broader context from our employees to our business partners.

We will continue our investments in order to reduce our environmental impacts to the minimum level.



# Beer Consuming Less Water

## Why is it important to us?

In addition to being the main source of the life of the living beings, water is the main input of several processes of the brewery activities; thus, it is one of the most prominent issues for us. Beer cannot be produced at a place where there is not any water supply. **Therefore, securing available and accessible water resource is vital for our business.** Although most of the world is composed of water, the amount of usable water is unfortunately not as abundant. As a result of the increase in the resource needs due to the increasing population and climate change, and the running of the limited amount of existing resources into danger, it is possible for us to face a global water famine in the future. Although the sufficiency of water resources we use does not constitute a close risk for our operations in terms of their amount and quality; we believe that we need to evaluate the issue in global scale. Because, water resource shall not come up as a problem in the markets we will prefer to act in the future. Moreover, we estimate that shortage of resources will have local reflections in our current geography. By taking initiative in order to prevent this risk which can deeply affect continuity of our activities, we consider decreasing our water footprint as our responsibility. Therefore, we see it as one of the essential components of our corporate sustain- ability to produce a beer which consumes less water.

## How Do We Manage?

Efes Global Water Management which has a significant place among our activity strategies, is composed of two dimensions; the management of water resources and the management of waste water.

Efes Global Water Management is represented within the senior management bodies where it is considered as one of the 4 main areas where corporate performance is evaluated. Operations Performance Directorate (OPD), which regarding its organizational structure acts under the Supply Chain Directorate, is responsible for determination of corporate strategies and commitments, working norms, application paths and long-term goals for the management of water footprint of the Efes. In the Group Performance and Sustainability Master Plan, which emerged as a result of the works of OPD, Country Central Technical Units are responsible for the realization of the action plans determined for each country operation and also the actualization of the goals. Speciality committees at our operations provide support to the management of the production facilities in developing and actualizing

projects for the optimization of our water footprints. Actualizations, being followed up through corporate and individual performance indicators, occupy an important place in the performance evaluation system and it is being reported to the Executive Board by the OPD. Experiences regarding opportunities for decreasing water consumption, increasing recycling and recoveries are being shared during the organized field visits.

### What are Our Commitments?

- We fully comply with legal requirements.
- Per product produced we will
  - reduce water consumption amount
  - increase recycling and recovery.
- We will decrease the amount of waste water and increase the discharge quality.
- We will develop cooperation for the protection of water resources.

## What We Have Done in 2009 - 2010?

Our work plan for Global Water Management is comprised of reducing water consumption and waste water discharge by amount, increasing its quality, protecting and developing current water resources. We maintained the increase in our performance in 2009 and 2010 by adding new links to the chain of work we have been executing for years regarding this plan.

### Water Resources Management

The most significant purpose of global water management is to decrease the use of resources. We determine competitive objectives for ourselves to realize this purpose.

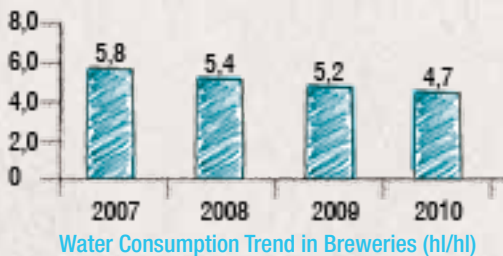
### Investments Decreasing Water Consumption

With the investments we made in our Turkey operation at Adana, Ankara, Izmir Breweries and Afyon Maltery; in our Kazakhstan operation at our Almaty and Karaganda Breweries; in our Russia operation at Kazan, Novosibirsk, Rostov and Ufa Breweries; we have obtained water savings more than 400,000 m<sup>3</sup> annually.



To reach these objectives, we develop productivity of our process continually and carry out works to increase recycling and recoveries by way of using the state-of-art opportunities that technology provides. We improved our performance in the reporting period via projects realized with the same point of view.

We have protected the downtrend in our water consumption which we have caught up in the previous periods thanks to the efficiency studies we have made in our brewery operations, during the reporting period. We succeeded in reducing our water consumption in 2009 by 4.2% compared to 2008 and reducing in 2010 by additional 3.3%. Our water consumption, which was around 10.5 million m<sup>3</sup> in 2010, decreased around 7.3% despite the fact that our production increased by 5.9% when compared to 2008. When compared with the amount of production, our performance in efficient water consumption is more obvious. In 2008, we consumed 5.4 hl water to produce 1 hl beer whereas we decreased this figure by 12.5% as of 2010 to 4.7 hl.



In the last two years, our brewery in Karaganda, Kazakhstan succeeded in reducing its water consumption by 37% and our brewery in Kazan, Russia succeeded in decreasing the same by 26%. In Turkey, our breweries in Ankara and Lüleburgaz decreased water consumption under 4 hl/hl.

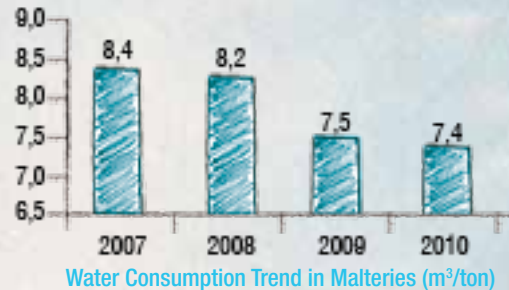
In the upcoming periods, we plan to reduce specific water consumption in all our brewery operations under 4 hl/hl and to **decrease our average water consumption as of 2015, to the level of 3.5 hl/hl, by 25% saving.**

We managed to decrease water consumption also in our malteries in 2009 and 2010. As a result of several improvement studies including reuse applications, we have

#### **Efes Russia Kazan Brewery: Water Recovery at the Reverse Osmosis Unit**

With the project we realized in 2010 at the Kazan Brewery, we recovered concentrated water from the first reverse osmosis unit and we started to feed the second reverse osmosis unit. Thanks to the project, we managed to decrease annual water consumption of the Kazan Brewery by 250,000 m<sup>3</sup>.

managed to decrease the specific water consumption amount, from 8.2 m<sup>3</sup>/ton in 2008 to 7.4 m<sup>3</sup>/ton as of 2010.



During the reporting period, we obtained the highest performance in decreasing water consumption at the Afyon Maltery in our Turkey operation and at Moscow Maltery in our Russia operation. Decrease of specific water consumption at the Afyon Maltery for the last two years by 22% made it possible to make resource savings to a great extent. With the recycling projects we applied in 2010, we aim at the maintenance of the downtrend in the water consumption of the Afyon Maltery in 2011. During the same period, we decreased specific water consumption by 16% at the Moscow Maltery and this factory reached the value of 5.5 m<sup>3</sup> per ton, which is a top-level performance in global scale.

#### **Waste Water Management**

Waste water is discharged without being subject to appropriate treatment process, they pose risks, which threaten quality of the water resources, biodiversity, health and the environment. Therefore, we discharge the waste water emerged in all our production facilities to appropriate destinations, after treating in accordance with the norms mentioned in legal regulations. Continuity of the conformity to the norms of amount and quality is important. Therefore,

#### **Waste Water Improvement Investments**

**To increase our waste water treatment performance during the reporting period, we made investments on improvement and units for more than 13 Million Dollars. During 2009-2010, for improvement and supporting of our waste water treatment processes, 1.8 Million Dollars in Turkey operations and more than 11 Million Dollars in Russia operations.**

We made our most essential investment for waste water treatment in 2010 for our Russia operation. During the year, we invested 325,000 Dollars to modernize the sewage system of our Kazan Factory. We invested 2.3 Million Dollars to increase the technology and capacities of the treatment facilities of the Moscow and Rostov Factories. We activated waste water treatment facilities of the Ufa Factory in 2010, where we have invested 5.9 Million Dollars since 2006. We established a new waste water treatment facility for the Novosibirsk Factory with an investment of 8.4 Million Dollars.



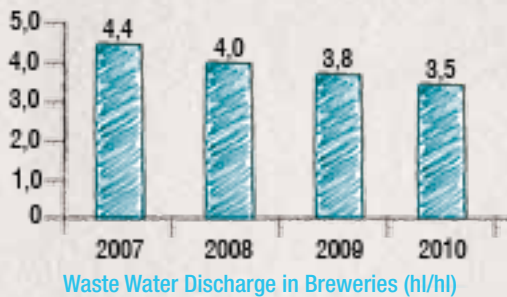
we care about keeping treatment facilities available to work with full capacity, without any interruption and we monitor outcomes by performance indicators.

The basic strategy, directing our business plan regarding waste water treatment, is decreasing the amount of waste water by increasing efficiency and recovery in the consumption processes. The waste water emerged is discharged in appropriate destinations after reaching high level of quality norms. In our treatment facilities we prefer anaerobic reactors which are more environment-friendly. In parallel to the efficiency we obtained in water consumption during the reporting period, we decreased the amount of specific waste water discharge in our breweries, which was 4.0 hl/hl in 2008 to 3.5 hl/hl in 2010.

In parallel to our commitments about Global Water Management, in 2015 we aim at decreasing the amount of waste water emerging as a result of our brewery operations to 2.3 hl/hl.

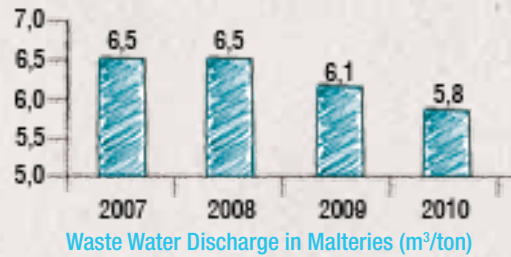
Amount of waste water discharge is decreasing not only in our breweries but also in our malteries. As a result of the improvements we have made during the period, we decreased the amount of specific waste water discharge in malteries, which was 6.5 m<sup>3</sup>/ton in 2008 to 5.8 m<sup>3</sup>/ton in 2010.

After fully treated, we discharge only 10.4% of the waste water emerging as a result of brewery operations, to natural receiver destinations. All the remaining water is discharged through the sewage networks of municipalities. In our malt operations, all of the emerging waste water is discharged into the sewage networks of the municipalities.



#### Efes Turkey Afyon Maltery: Water Recovery from the Germination Boxes

Water is used for moisturizing of green malt in germination boxes during the malt production process. Water is drained as a result of this process. With the improvement project, which we actualized in November 2010, we are recovering and storing the water used in germination boxes. We are reusing the recovered water upon applying a filtration process to the same. In this way, we will save around 80,000 m<sup>3</sup>, which equals to almost 30% of the annual water need of the whole facility.



#### Efes Turkey Inactive Yeast Drying Facility at the Adana Factory

As a result of beer and malt production, several products, which are economically valuable emerge. The most important one is the yeast, which is an important input of the medicine and feed sector. Yeast, which is found in the breweries' wastes, is separated through drying units and thus, gained for economy.

We have been establishing yeast drying units in our production sites in Turkey since 2004. We started the yeast drying process in Ankara Factory in 2004 and in İzmir Factory in 2006. We put into operation the yeast drying facilities at the Adana Factory in 2010. We will continue these endeavors with the facility we will actualize in our Lüleburgaz Factory in 2011.

All initial investment costs of our facility investments, for which we apply the "build-operate model", are met by the contractor firm, thus we do not bear any additional costs. Thanks to these facilities, load of the waste water treatment units is decreasing and our discharge quality is increasing. Dry yeast, which is obtained as a result of the process, is sold to the farma and feed industry as packaged in powder form and accordingly, we obtain revenue. Moreover, bio-methane, which emerges during the waste water treatment process and which is eliminated by burning, is recovered thanks to these facilities and thus, we both obtain renewable energy resources which can be transferred to production and also we decrease our CO<sub>2</sub> emission. Facilities have financial advantages in addition to their quality of increasing environmental performance. For example, we estimate that we will decrease our operational costs regarding waste water treatment facilities by 64,500 USD annually and in addition, we will obtain additional revenue of 56,000 USD annually as a result of dry yeast sales, with the facilities established in the Adana and Lüleburgaz factories.



Our waste water quality parameters are continuously subjected to monitoring and audits. Waste water is discharged right after it reaches the quality norms determined by the management procedures and legal regulations. In accordance with our principle to prevent waste water pollution at its source, we are working to decrease the organic loads of treatment units and therefore, we provide cost advantage in addition to the increase in productivity. For this purpose, thanks to the unit investments for preventing loss of beer such as beer recovery system, yeast separator and yeast drier, which we actualized during the reporting period, we managed to decrease chemical oxygen demand loads in waste water. For example, with these studies, **compared to the previous years we managed to decrease the chemical oxygen demand load for the brewery treatment systems of Efes in Turkey around 17.6% in 2009 , and by 17.5% in 2010.**

#### Our Goals

- As of 2015, we will decrease specific water consumption to 3.5 hl/hl in our brewery operations.
- As of 2015, we will decrease specific waste water discharge to 2.3 hl/hl in our brewery operations.
- We will increase the number of water counters in all our operations and develop our water consumption measurements.
- We will develop water recovery and recycling measurement methods in the upcoming period.
- We will strengthen our commitments for producing less water footprint with engaging in international initiatives and cooperation endeavors.





# Beer Generating Less Energy Use and Emission

## Why is it important to us?

We need energy to produce and distribute our beer. However, energy consumption causes climate change, which is one of the current concerns with capital importance and a rising threat. Climate change, which will negatively affect social and economic lives as well as the environment, brings various direct and indirect risks for the brewery sector. For example, malt barley and hops, which are initial raw materials of our products, are agricultural products, production of which is based on climate conditions and water supplies. On the other hand, possible changes in the weather conditions and constant extinction of water supplies, which is already scarce, as a result of the climate change, will deeply affect the brewery sector regarding raw material supply and production processes. **For this reason, we have a clear and accurate stance against the climate change issue and we are taking precautions to produce beer with less energy and carbon footprint.**

### What are Our Commitments?

- We fully comply with legal requirements.
- We will continuously increase energy efficiency and reduce carbon footprints in all our operations.
- We will support low-emission production technologies and packaging practices in our supply chain.
- We will increase the share of renewable energy in our energy consumption portfolio.
- We will support, both at national and international level, all efforts to fight against the climate change as well as NGO initiatives.

## How Do We Manage?

Energy and emission management is represented on the senior management bodies since it is considered as one of the main areas which we employ in corporate performance evaluations. Directorate of Operations Performance (OPD), which acts under Directorate of Supply Chain, is responsible from determination of corporate strategies and commitments, working norms, procedures and long-term goals. Country Central Technical Units are responsible from realization of the action plans determined for each country operation in the Group Performance and Sustainability Master Plan, created by OPD, and also accomplishing objectives. Energy Management Speciality Committees, established within country operations, support production facility managements by development and realization of energy consumption and

carbon footprint optimization projects. In addition, speciality units responsible for logistics, purchasing and information technologies management operations where direct or indirect energy consumption and GHG emission occur, make studies to increase efficiency regarding their own fields. Outcomes evaluated by corporate and individual indicators play a major role within the performance assessment system and periodically reported to Board of Directors by OPD. Experiences regarding performance-increasing practices are shared during the organized field visits.

## What We Have Done in 2009-2010?

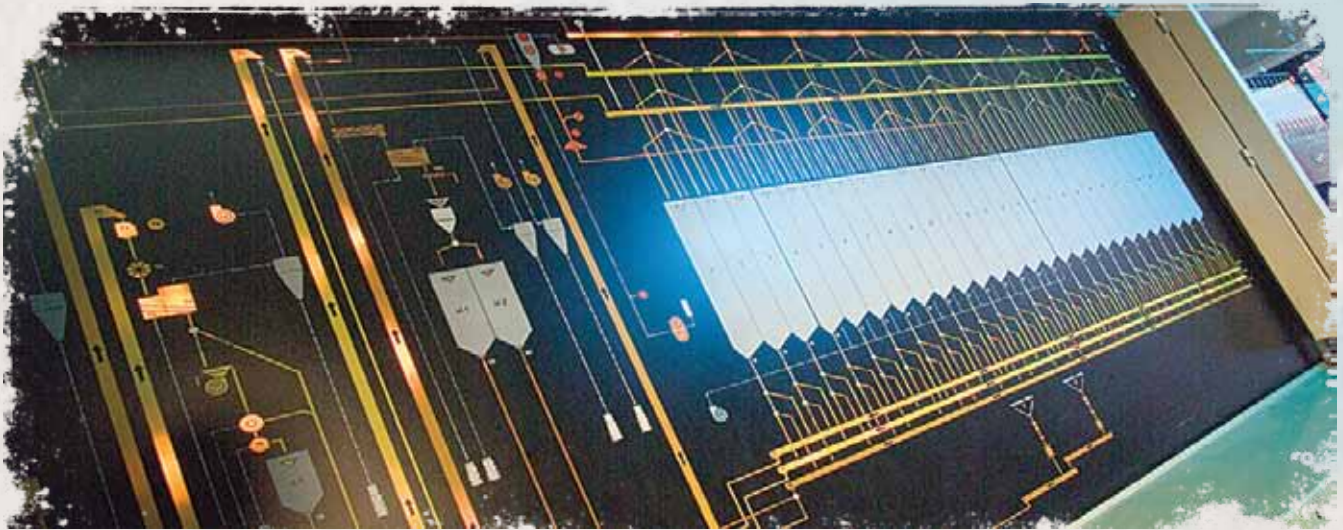
**There are 3 main strategic dimensions directing our energy and emission management: Increasing energy efficiency and reducing GHG emissions by employing the cutting-edge technologies in all our processes, following up industrial “best practices”, supporting improvement studies. Reducing GHG emissions and being prepared against resource-based future risks by enhancing our energy portfolio with low-emission resources particularly with renewables. Supporting widespread use of low-carbon technologies in the value chain, primarily in cooling and packaging.** We are conducting studies regarding production, distribution and cooling operations which are the three main processes forming most of our energy consumption and GHG emissions. In the reporting period, we continued our performance-increasing efforts and enhanced our results.

### Measurement of GHG Emissions

Reliable and accurate measurement is vital in emission management. In some cases, GHG emission measurement methodologies of corporations vary according to the country, sector and corporate choices and this can weaken comparison and evaluation possibilities. We, thanks to our methodology based on WBCSD/WRI GHG Protocol and IPCC Guidelines, measure CO<sub>2</sub>, CH<sub>3</sub> and N<sub>2</sub>O gases, which are marked as GHG gas emissions with global warming potential by Kyoto Protocol, in CO<sub>2</sub> equivalent.

As a natural result of our fermentation processes, CO<sub>2</sub> comes out. We do not include emissions resulting from this process into the emission values since they have biogenic origins and are recovered, recycled and reused thanks to additional units in all our facilities.





## Energy Efficiency

Beer production is composed of energy-intensive processes. Energy consumption reduction is our most decisive working field since it is the basic reason for the creation of emission and also since it is a significant cost item. In addition, we are carrying out studies to diversify our energy consumption portfolio with cleaner and more efficient options, particularly with renewable resources. Portfolio diversification studies will have positive effects on our sustainability performance in terms of both emission reduction and preparedness for possible future resource shortages. We have kept our downtrend in water consumption thanks to the investment and process improvement studies we have made in our brewery operations during the reporting period just as previous terms. Our specific energy consumption, which was 40 kWh/hl in 2008 decreased to 37.9 kWh/hl in 2009 and to 36.1 kWh/hl in 2010. In this way, we developed our energy efficiency by 9.7% in our brewery operations. We decreased our total energy consumption, which was 3,032 TJ in 2008, to 2,900 TJ as of the end of 2010. Therefore, in 2010 we brewed %5.9 more beer compared to 2008 by consuming 4.4% less energy. Successful endeavors of our country operations formed the baseline for this performance. For example, in the last two years, our Turkey brewery operations reduced energy consumption by 10.9% in total and brought it to 28.9 kWh/hl, which is a world standard value. Through the process improvement studies they made via best practice follow-ups, two breweries in our Kazakhstan

operation, succeeded in reducing energy consumption by 27.5%. During the period, in Russia operations, Kazan Brewery and Novosibirsk Brewery achieved improvement by 26.3% and 13.7% respectively.

We aim reducing our specific energy consumption in our brewery operations, which is actually 36.1 kWh/hl, to 31 kWh/hl by 2015.

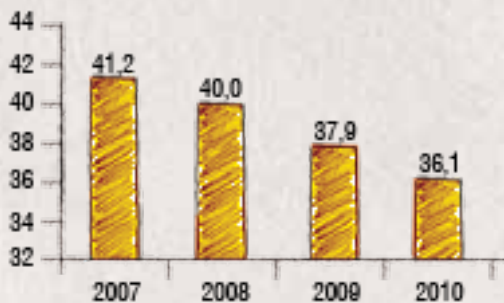
We have ensured energy consumption reduction trend also in our maltery operations. We have managed to reduce our specific energy consumption, which was 998 kWh/ton in 2008, to 971 kWh/ton in 2009 and to 960 kWh/ton in 2010. During last two years, in Turkey operations, we have reduced energy consumption by 6.2% in Afyon Maltery and 5.1% in Konya Maltery. Within the same period, Kazan Maltery in our Russia operation reduced its energy consumption by 5.5%.

## GHG Emissions

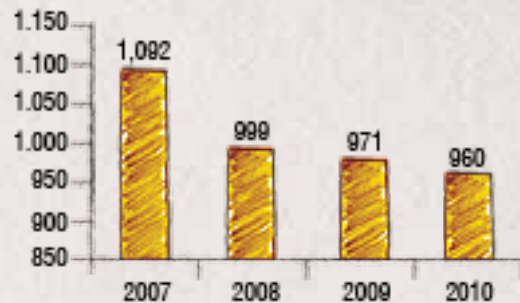
As a natural result of the performance increase we achieved in energy efficiency, we managed to reduce specific GHG emissions in brewery operations, which was 11.0 kg CO<sub>2</sub>/hl in 2008, to 10.4 kg CO<sub>2</sub>/hl in 2009 and to 10.1 kg CO<sub>2</sub>/hl in 2010.

Accordingly, we reduced total amount of GHG emissions, which was 231 ktons CO<sub>2</sub> in 2008, by 6 ktons CO<sub>2</sub> to 225 ktons CO<sub>2</sub> in 2010.

In the 2010, total GHG emissions in our maltery operations were 64 ktons CO<sub>2</sub> with a slight increase compared to 2008.



Energy Consumption Trend in Breweries (kWh/hl)



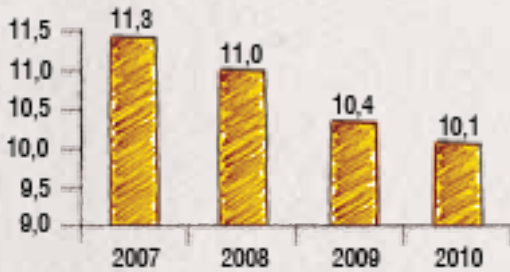
Energy Consumption Trend in Malteries Production (kWh/ton)



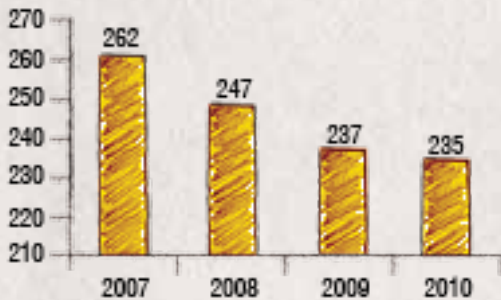


### Energy Efficiency Investments

Process development projects and investments played a substantial role in the enhancement of our energy efficiency performance. During the reporting period, we have invested 8.6 Million USD in 20 projects in Turkey operation and 9 projects in Russia operation as a result of which we have saved 3 Million kWh of electrical energy and 5.6 Million Sm<sup>3</sup> of natural gas. Through these projects, we will also reduce annual GHG emissions by 12,000 tons CO<sub>2</sub>.



Emission Trend in Breweries (Kg CO<sub>2</sub>/hl)\*



Emission Trend in Malteries (Kg CO<sub>2</sub>/ton)\*

### Advanced Energy Productivity: Green IT

Applications While information technologies systems increase productivity, they consume a significant amount of energy and create emissions. However, with appropriate software and hardware choice, it is possible to increase both business and IT productivity. For this purpose, in the reporting period, we started to work on green IT applications. Country operations' IT managers provide support for these studies conducted by the Headquarters IT Unit. Our main objective in these implementations is to reduce material consumption, particularly paper, energy consumption and GHG emission and also minimize environments impacts of the IT infrastructure that we use.

### Energy Consumption Portfolio and Renewable Energy Use

We are aware of the issues, which global warming is posing against our business. For this reason, we are committed to our role in the struggle with climate change. With energy management studies, we intend to improve and to diversify our energy consumption portfolio with greener options.

We are conducting researches to provide use of renewable energy resources. Use of renewable energy resources in production will both reduce our GHG emissions distinctively and also reduce dependency to fossil fuels in upcoming terms next periods. Thus, we will not be subject to energy supply issues and increases in the energy costs. For this purpose, our primary objective is to make use of renewable resources in our energy portfolio.

Although this difference which is kept limited in contradistinction to the increasing production, we improved our performance in terms of total specific emissions. As a result of the efficiency studies, we decreased the specific emissions in malteries which was 247 Kg CO<sub>2</sub>/ton in 2008 by 5.0% to 235 Kg CO<sub>2</sub>/ton.

We aim at reducing specific GHG emissions in our breweries, as of 2015, by minimum 15% based on 2010 values.

### Efes Turkey Afyon Maltery: Heat Recovery in Malt Ovens

In maltery operations, we reduce the humidity of green malt from 43-47% to the range of 4-5%, by blowing hot air, varies in the range of 50 - 85 Co, in the malt drying ovens. Hot air used in simple drying ovens is released to the atmosphere. With the project realized by the Afyon Maltery in 2010, heat exit chimneys of two malt drying ovens were united with hot air feeding units and thus, we managed to recover high temperature waste heat. With this project, waste heat chimney of each oven has been structured in a way to meet the hot air feed of the other. With this project, put into practice late 2010, we aim at saving 295,557 Sm<sup>3</sup> of natural gas annually. This way, the project realized with a total cost of 161,441 USD, will mostly pay off its investment cost in the year-end by saving 103,000 USD. Thanks to this investment, we will also prevent, in average, 572 tons of CO<sub>2</sub> emissions annually.

\*Calculations of the data disclosed are based on GHG emissions as a result of direct and indirect energy consumption in production facilities.



**Efficiency in Distribution Operations:  
Optimization of Logistics and Route Planning**

We meticulously manage our distribution operations which form substantial part of our activities due to its environmental impacts such as energy consumption, GHG emissions and tire wastes, and its large cost elements. Our purpose is to enable transportation of maximum amount of product with minimum fuel consumption and emission.

We are conducting distribution operation in countries with wide geographical extents, particularly Russia. Due to the physical conditions and transportation infrastructures in these countries, in distribution we use mostly road transportation. However, in countries such as Russia and Kazakhstan, which have developed network, we prefer railroad transportation. In 2010, we made 75,000 truck and 6,400 wagon services in Russia; 65,000 truck services in Turkey; 4,731 truck and 5,525 wagon services in Kazakhstan in order to distribute our products. For transporting more products with minimum service, energy consumption and emission, we employ several optimization applications.

Optimization of logistics starts with a wide-range planning. Logistics Unit prepares our ten-year master plan with researches and forecasts. In these plans, we evaluate future requirements in terms of production facility, capacity, storage and distribution. Country logistic responsibilities, plan production and distribution operations with several software. We realize production at the most appropriate location and we provide direct distribution from factory to the dealer, as much as possible.

Since most of our product packages are returnable, empty packages need to be transferred from dealers to the production centers. Two pointed structure of our order system provides us a significant advantage with its ease of two-way transportation. Thus, the vehicle, transporting products from factory to the dealer does not return empty and bring packaging materials back to the factory.

We realize this huge operation mostly through services of the transportation companies. When deciding on our transportation service providers, we prefer companies which can effectively comply with our strict working and safety norms. We determine all major factor within the service contracts, such as routes, tonnage for each vehicle, working times, vehicle types, two-way transportation, road safety, and monitor their implementation.

We support our dealers, which are the capillary vessels of distribution, with productivity applications. For example, our dealers in our Turkey and Russia operations optimize their own distribution routes with the electronic maps which we provide over our systems.

We continuously renew our storage and handling tools used in logistics operations such as forklift, and we provide their scheduled maintenance and conduct innovation studies with fuel suppliers. In this way, we handle more loads with less fuel consumption and environmental impact. We monitor fuel consumption of all forklifts and other instruments used in our facilities, on the amount and cost basis. In the upcoming period, we will start measurement and tracking of the environmental impacts resulting from this consumption.

**Energy Efficiency in Cooling**

Beer is a beverage which must be served at ideal temperature. Thus, we place cooling devices into all our sales points. These devices cause GHG emissions due to the electricity consumption. In order to reduce this indirect impact, we have been using Fusion model coolers equipped with energy saving buttons, since 2008. This system which is activated when sales points are closed, reduce energy consumption by 35%, as well as prolong

lifespan of compressors, fan motors and interior lightings. In order to improve our cooling performance, we work on new solutions, together with producers. As new technologies emerge, we reduce energy consumption by preferring new generation devices. For this end, we have decided to go with hydrocarbon-using coolers which reduce electricity consumption by 51% and decrease climate change impact to the minimum level, as of 2011, starting by Turkey operations.

**Our Goals**

- In brewery operations, we will achieve 31 kWh/hl energy consumption level by 2015.
- By 2015 we will reduce specific GHG emissions in breweries minimum 15% compared to 2010 values.
- We will monitor environmental impacts of forklifts and other tools used in our facilities as of 2012.

- In 2011 we will work on reducing environmental impacts of cooling devices in Turkey operation and in the upcoming terms we will extend these efforts to other country operations.
- In 2011 we will form Environmental Impact Reduction Team to execute the research and planning studies regarding impact reduction including energy consumption and emission decreasing.



# Beer Requiring Less Packaging

## Why is it important to us?

We can present our products, transfer them to the sales points, and protect the taste and quality we promise, thanks to the packaging. Thus, consumers of the Efes find the taste that they expect in every bottle. Moreover, we see our product packages as an important communication tool for diffusing company message and attracting consumers. As it is the case in the traditional returnable brown bottle of Efes Pilsen, the role of packaging is significant in forming a long-term emotional bond between the brand and the consumers. On the other hand, packaging produces environmental effect. Since our products can be consumed directly from their packages; hygiene, consumer safety and ergonomics as well as presentation have a decisive role in our packaging practices. Therefore, it is a primary issue for us to produce beer requiring less packaging by preserving the positive effects it has on the market and activities of our company.

## How Do We Manage?

Since it is a multi-dimensional issue, we apply our packaging practices with mutual studies of several business units. Our Marketing Units create new packaging design ideas due to their effects on marketing communication, consumer expectations and needs. These ideas are implemented as a result of common work of several units of the Supply Chain Directorate. For example, Technical Units evaluate technical aspects of the packaging such as physical specifications and environmental impacts; Logistics Units evaluate transportability and storage conditions of the products and Purchasing Units enable provision of these products under the most appropriate conditions and costs by cooperating with suppliers.

Our corporate preferences are not the only decisive factors in our practices. There are industrial or universal criteria in packaging. We provide conformity of our practices with these norms. We monitor packaging practices with performance indicators due to their effects on our operations, and we include the evaluation results into our remuneration system.

## What We Have Done in 2009 - 2010?

Our basic goal in packaging practices is to present products to our consumers in packages with less environmental impact and without compromising consumer and product safety. Our strategy is to reduce material use in packaging by improving material composition and design, increasing use of reusable materials.

### What are Our Commitments?

- We will reduce our packaging consumption.
- We will prefer greener packaging practices.

## Material Use

We package products at two levels in order to make sure that our products arrive at our consumers with the quality and taste we have promised. The first layer is the packages which contact with our products and consumers, which protect our products and most of the time, which enable direct consumption of our products. Several variables are taken into consideration in the selection of these materials which we call as primary product packaging, particularly the preferences of the consumers and market conditions. According to the expectations in the markets we operate in, we present our products to consumers and customers with glass bottle, PET bottle, aluminum can and metal KEG options. Differences among markets are effective on the use of these materials. For example, glass bottle is the most widely consumed packaging type in Turkey and Kazakhstan, while in Russia PET bottles are consumed more.

Our products pass through a difficult journey until they reach our consumers. Therefore, we equip our products with an additional layer of protection. We implement this application which we call secondary packaging, with materials such as palette, shrink, cardboard, plate, cardboard box, case, plastic band and stretch, which protect products and their packages until the sales and consumption points and which provide ease of transportation and storage.

While having such an important place in our activities, packaging materials cause a significant material use and have an important cost dimension. Therefore, in order to create packaging practices which are functioning well and requiring less material, we continuously study on material and design improvement. For example, we lighten our primary packages while protecting their shape, quality and secure consumption conditions. Most of the secondary packages do not reach our customers and none of them plays a role directly in consumption. Therefore, we use the secondary packages in a way to realize their functions but in an amount to cause minimum resource consumption and waste. For this end, we make design improvement practices.

**We decreased packaging material use despite the increase in production by continuing our packaging improvement studies, in the reporting period. For example, we decreased the amount of waste preform of Rostov Factory in Russia as of 2010 by 2.7 Tons and waste polyethylene by 16.5 Tons, compared to 2008. In Kazakhstan operation, we decreased glass consumption by reducing the weight of bottles and cardboard use by using trays instead of cardboard boxes, as well as decreasing width of the trays.**

## Reuse and Recycling

There are several decisive factors in the reusability of our returnable glass bottles. Reclaimed bottles shall not have the slightest problem in their physical unity and they shall have the requirements not to negatively affect the consumers and



### Our Goals:

- With the studies of the Environmental Impact Reduction Team to be established in 2011, we will examine our packaging portfolio and search for possibilities to switch to greener practices.
- We will continue our researches in order to reduce packaging weights.
- We will work to decrease weight of the one-way packages within the portfolio.

product quality during their reuse. For this reason, we control every returned bottle with devices sensitive to these factors. We reserve those bottles, which are not in conformity with our quality norms, to be recycled. Bottles need to have hygienic qualities, suitable for consumption, since they are the primary packages. Therefore, we apply washing stages to all of the returnable bottles. We can use a glass bottle on average for 7 times with the condition to pass through the same control and cleaning stages every time.

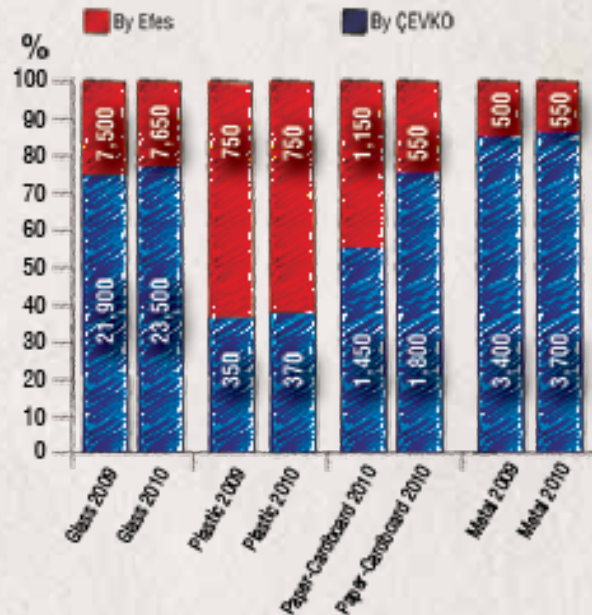
Some of the packages we use are one-way materials which turn into wastes after being used. The fact is, when these valuable materials cannot be reused, that is an economic value loss. Therefore, primarily, we aim to reduce share of one-way materials in our packaging portfolio. Turkey is the operation which shows the highest performance in this regard. Only 4% of the primary packaging used in Turkey operation is non-returnable glass bottles. When aluminum cans are added, this rate increases up to 34% at most. Our purpose for other country operations is to increase level of reusable packages to the Turkey levels. However, here lies the biggest challenge, consumer preferences regarding the packaging types. For example, 65% of the sales of the Russia operation are made in PET bottles. Share of the glass bottles and metal KEGs, which are the most widely used reusable packaging materials, is only 30% among the total sales. Therefore, before returnable bottles, we need to increase consumer choice regarding glass bottles.

We reclaim our returnable packages to be reused via our own logistics network. We collect the packaging wastes emerging in our production facilities separately and recover according to the legal regulations. We cooperate with the authorized institutions in order to reclaim the packaging that we have released to the market. **For example, in Turkey we work with the ÇEVKO Foundation, which we are among the founders of, in reclaiming our packaging wastes. Since it provides services to several companies and local administrations, ÇEVKO is able to provide conditions to carry out this operation more effectively. Reclaimed materials are being recycled and used as raw materials in production of materials.**

### Efes Turkey: Reducing of Environmental Impact with Reusable Package

Use of reusable packages is related to the preferences of the consumers. The reason for Turkey being the market where reusable materials are used the most among our operations, is that our Turkish consumers widely prefer to use the reusable glass bottle. Turkey operation present 66% of the products sold with reusable packages to the consumers.

Efes Turkey used 843 Million units of 50 cl. reusable bottles in 2010. These bottles have been transferred to the consumption and sales points in plastic cases instead of cardboard packages. Thanks to this practice, consumption of 200,000 tons of glass and 21,000 tons of cardboard has been prevented. Accordingly, 40,486 tons of wood, 7.4 million m<sup>3</sup> water, 128.2 million kWh electricity and 20.3 million liter fuel which are required for the production of the glass and cardboard, have been saved.



Recycled Packaging Wastes in Turkey Operation (Ton/Reclaiming Institution)



# Beer Promoting Talents

## Why is it important to us?

We ensure that our workforce is formed of educated, hard-working, creative and highly talented individuals. We strive to become an employer of choice by the most qualified and talented employees. Therefore, we adopt the 'sustainable talent management' approach and we try to create a business environment that supports talents in every possible way. We 'invest in talent' by providing our employees possibilities to develop their talents and performance starting from the very first day.

### What are our commitments?

To develop a workforce that is,  
Focused on corporate objectives,  
Capable of work in team, by knowledge,  
Eager to improve continuously,  
Happy,  
Motivated and highly-educated.

### Human Resources Vision

"To contribute to our company's growth and profitability by increasing productivity and establishing a qualified, motivated and loyal workforce; to develop human resources strategies in line with corporate strategies and to coordinate the implementation of the human resources systems in all our operations in accordance with corporate vision, mission and strategies ."

## How do we manage?

We are aware that, as a company operating in multiple countries, we need to benefit from the competitive advantages of having social diversity within our structure. Therefore, we try to meet all the expectations and requirements of having such diversity within all the geographies we operate in. We owe our ever-increasing performance to our motivated and loyal employees. To this end, we develop and diversify communication with our employees in every dimension. We strive to provide an efficient balance between work and private lives of all our employees.

Under 'Talent Management' title, we manage issues such as human rights, equality and diversity, employee development and performance management, employee engagement and internal communications. Human resources management

where the strategies are central but the policies are formed locally, is organized under Corporate Affairs, Regulations and Administrative Affairs Group Directorate. Our Human Resources Departments attached to the Directorate, are responsible from implementation of related processes within country operations.

## Human Rights

Our commitment to human rights is an initial element of how we do business. We undertake completely all the responsibilities in this matter, in all geographies we operate in. Our human rights management approach is also based on internationally acclaimed practices. In this regard, we adhere to international agreements related to work and business conditions and for preventing child and forced labour, primarily the United Nation's Universal Declaration of Human Rights. **In 2011, by signing UN Global Compact (UNGC), we will enhance our accountable approach to human rights.** We inform our employees of the human rights aspects and dimensions of legal regulations effecting our operations through the trainings we organize.

	Kazakhstan	
	2009	2010
<b>Participant number/rate</b>	266 (38.4%)	194 (27.4%)
<b>Total training (person*hour)</b>	4,528	5,060

### Human Rights Trainings

The security of our operation sites and of our employees is of utmost importance to our company. What we emphasize in this respect is to make sure that such security practices and measures are implemented by respecting human rights. Thus, all our security employees are trained in human rights aspect of legal regulations and corporate policies. In this regard, in Turkey and Kazakhstan, 131 security guards have been given training in 2009 and 98 in 2010.

We believe that unionization is one of the fundamental human rights of our employees. Therefore, we support collective bargaining, unionization and organization rights of all our employees. Our employees can use such right to unionize by becoming a member of any union they prefer. In this respect, we try to assume responsibility on our part and continue building constructive and productive relations with trade unions.

We do not tolerate child labour, forced and compulsory labour or any other similar practice in any of our operations; we expect our suppliers and business partners to adopt same principles. Thus, we do not insist or force



	Turkey	Kazakhstan	Russia
<b>Employees Covered with Collective Bargaining Agreements (%)</b>	42.26	26.0	20.0

any employee to undertake tasks they do not otherwise want to or change their positions within the company without first receiving their consent. When a change of position or a duty is required in any of our operations, we inform such employees of this change in accordance with the manners and within formal notice periods stated in related laws and regulations of the country we are operating in. Within this reporting period, we have not received any complaints regarding breach of human rights.

We consider work-life balance as an important employee right. By increasing the productivity of our business, we try to prevent overtime work. We believe that employees can protect and improve their talent and creativity by creating a balance in every aspect their lives and this way their motivation will also increase. In order to achieve this aim, regular use of annual leaves is a dimension included in employee performance targets which affects the remuneration process accordingly.

### Equality and Diversity

**As indicated in the Efes Code of Conduct, we do not tolerate any sort of discrimination against such as religion, race, ethnic origin or gender. In accordance with regulations indicated by human resources merit systems, we provide equal opportunities to all our employees in all related processes as of the initial recruitment process.**

### Employee Development and Performance Management

The sustainability of company performance is directly proportional to how much it can meet the employee development needs. We place utmost importance to equip our employees according to current requirements and provide them with the new opportunities. Such needs and requirements are determined with our employees.

	Turkey		Russia		Kazakhstan	
	2009	2010	2009	2010	2009	2010
<b>Female</b>	223 (12.7%)	233 (13.1%)	929 (29.6%)	895 (29.0%)	205 (29.6%)	196 (27.7%)
<b>Male</b>	1,535 (87.3%)	1,544 (86.9%)	2,206 (70.4%)	2,186 (71.0%)	487 (70.4%)	511 (72.3%)

Employee Distribution by Gender

number (%)	Turkey		Russia		Kazakhstan	
	2009	2010	2009	2010	2009	2010
<b>18-25</b>	55 (3.1%)	23 (1.3%)	368 (11.7%)	255 (8.3%)	116 (16.8%)	110 (15.6%)
<b>26-35</b>	801 (45.6%)	710 (39.9%)	1,503 (47.9%)	1,470 (47.7%)	313 (45.2%)	339 (47.9%)
<b>36-45</b>	747 (42.5)	787 (44.3%)	682 (21.8%)	753 (24.4%)	135 (19.5%)	142 (20.1%)
<b>46+</b>	155 (6.6%)	257 (18.6%)	582 (18.6%)	603 (19.6%)	128 (18.5%)	116 (16.4%)

Employee Distribution by Age

		2009	2010
		<b>Turkey</b>	<b>Male</b>
	<b>Female</b>	12.5	12.5
<b>Russia</b>	<b>Male</b>	100	92.85
	<b>Female</b>	0	7.15
<b>Kazakhstan</b>	<b>Male</b>	89.0	90.0
	<b>Female</b>	11.0	10.0

Senior Management Distribution by Gender (%)

		2009	2010
		<b>Turkey</b>	<b>Local</b>
	<b>Expat</b>	0	0
<b>Russia</b>	<b>Local</b>	31	36
	<b>Expat</b>	69	64
<b>Kazakhstan</b>	<b>Local</b>	33	40
	<b>Expat</b>	67	60

Senior Management Distribution by Nationality (%)



Trainings are the main tools to ensure employee development. While developing our trainings we take into consideration whether they are in line with the vision, mission, culture and strategies of our company, whether they can meet the development requirements of our employees and whether they can carry our company's performance to the next level. Such matters are managed by the Employee Development Department in headquarters and by the Training and Development Departments in our international operations.

In our operations in Turkey, Kazakhstan and Russia, we provided approximately 135,000 hours of training to our employees in 2009 and 112,000 hours in 2010.

Our performance criteria play an important role in implementing decisions made by management bodies into our practices and activities. In such evaluations, social and environmental indicators are also considered.

**Especially in the performance evaluation of our senior management, together with individual performance, social and environmental performance targets are also evaluated at a corporate performance level.**

Efes Performance Management Policy, other related processes and practices are vital tools for both corporate and employee development. Accordingly, the performance of each employee is evaluated through objective criteria by the managers, unit directors and human resources experts. As a result of such evaluations, the success achieved in reaching targets and the possible individual development needs of our employees are revealed. Employees pass through this performance evaluation and receive regular career development feedbacks.

### Employee Engagement and Internal Communications

Establishing mutual and open communications with our employees helps increase our operation productivity. Therefore, we place great importance to continuity of such communication with employees. To realize this objective, we try to use as many channels as possible. **In 2009, Efes President, met employees in every country we operate in, to receive their views and suggestions.**

		2009	2010
Turkey	Blue Collar	9.0	11.0
	White Collar	29.0	20.0
Kazakhstan	Blue Collar	13.0	22.0
	White Collar	17.0	34.0
Russia	Blue Collar	33.2	18.2
	White Collar	23.8	22.9

#### Our Goals

- We will reinforce our commitment to human rights by signing the UNGC in 2011.
- In line with the signing of UNGC, we will re-evaluate our operations in terms of human rights risks and will establish an improvement program to eliminate if any risks are determined.
- We will continue to improve our talents and performance through training and motivation practices.

We have improved the technological infrastructure of our trainings. With the e-learning platform 'Efes Academy', we aim to improve the personal and professional knowledge and capacities of our employees. With the Efes Academy system, 395 white collar employees working in Turkey operations received 1,038.5 hours of training and 489 blue collar employees received 805.5 hours of training in 2009. These figures were 2,741 hours for 1,258 white collar workers and 1,604 hours for 904 blue collar workers in 2010.

#### Efes Quality Circles

Our employees can share their opinions and suggestions and implement them within the Efes Quality Circle Project. By putting this system into this practice, we improve the efficiency of the communication between employees and contribute to their personal development by supporting innovative ideas. In 2009 and 2010, we have implemented 117 projects within the scope of Efes Quality Circles. 16 of which have been completed in 2009 and 11 in 2010.





Another major part of our internal communication practices is composed of corporate information tools. Through our corporate intranet practice, our information boards and periodical publications, we inform all our staff regularly of corporate news and developments. We will continue to enrich and diversify our corporate information channels in the forthcoming years. In 2011, we will establish LCD panels and internet kiosks to better inform our employees in Kazakhstan.

Regularly performed employee satisfaction surveys are one of our feedback mechanisms, where we establish an honest and open interaction with our employees. The satisfaction levels of our employees are monitored through these surveys performed on regular basis. The results are reported to the senior management and are integrated into an development action plan for the forthcoming business periods.



# Beer Enhancing its Value Chain

## Why is it important to us?

Our success in activities is the result of effectiveness of the value chain. Therefore, the qualitative and quantitative development of our value chain is a decisive factor in the realization of our goal to further increase our performance. With the improvement of business value of our suppliers, we can provide better raw materials for lower costs. Revival of local economies through activities of our suppliers, particularly producers of barley and hops, also enables us to develop our business volume. In order to make best use of this environment, also at sales processes of value chain, our business partners need to create bigger added value by developing their working conditions. Therefore, we seek real development not only in our own operations but also in the whole value chain. We are trying to produce the beer enhancing the whole value chain from the farmer to the sales point.

## How Do We Manage?

Because of the special attention we pay for the development of our value chain, we manage this issue at two focal points with an organizational structure composed of various fields of speciality. The first one of these focal points is business development in value chain. The supply pillar of our practices in this area is executed by the Purchasing Directorate and the country organizations. Business and service development activities for points of meeting of the products and services with customers are undertaken by the Commercial Directorate and the country organizations. Our experts, assigned on an application basis, continue the field studies.

Our practices for supporting agriculture, which is another focal point in our value chain requires very intense operational and financial resources and thus, it is managed by professionals specialized on the subject. R&D and field application support studies about varieties and production are managed by Agricultural Product Development Unit, established in 1982, whereas the Tarbes, which operates within the Efes, specifically conducts the R&D and application studies on hops production.

### What are Our Commitments?

- We will work to develop working norms and the added value created in all our value chain.
- We will develop agriculture of malt barley and hops with R&D and farmer support programs and we will strengthen our supply safety and increase our product quality and variety.

Moreover, Agricultural Product Development Unit carried its works to an official status with the approval it received from the Ministry of Agriculture and Rural Affairs in 1987 as a Private Sector Research Institution.

## What We Have Done in 2009 - 2010?

### Business Development in the Value Chain

For producers, importance of supply is very simple and clear: No raw material means no production. Therefore, our suppliers are vital for us. Our strategic supply items are barley, malt, hops, sugar, glass bottle, aluminum can, and PET resin. It makes a positive contribution to our corporate sustainability if all our suppliers, particularly our strategic product suppliers develop their working conditions and increase their business volumes. Thus, supplier development has always been a priority for us. We support our suppliers with various practices in increasing their business quality, investing in new technologies, following new trends, adopting better business conduct norms.

It is such a significant risk to be dependent to specific suppliers. Therefore, we continuously try to extend our supplier basis. Local purchasing practices which we develop for this purpose, both increase the number of supplier options and also create direct value for the local economies. However, for us to be able to do it, local suppliers must be able to produce products and services in conformity with the norms we seek. The most important leverage we use to provide this is purchasing itself. Since every producer has to meet customer expectations to increase business success. In line with the principle of being a responsible client, we keep the bar high and encourage our suppliers to work at high level norms.

**Efes is a responsible, reliable and transparent client. We expect our suppliers to adopt the same principles and to bear the same qualities. Our suppliers should, first of all, fully comply with all legal requirements and adopt work ethics equal to ours and they should show that they accept the importance of working norms such as human rights, health and safety of employees and environmental protection.**

We do not leave our suppliers alone in the service processes. We exchange ideas mutually during the meetings and visits we organize frequently, and hence improve our communication and support investments to improve working conditions and service quality. We contribute to the processes of developing products and services with mutual projects we prepare in various fields such as packaging products, innovative products and contents.

The improvement of working conditions and service qualities and hence the increasing of business volume by all stakeholders who bring together our products with consumers is



### Modern Grocery Store Project: ÇABA

Grocery stores are not only businesses where small-scale local economy comes into existence but also are environments where district culture survives and where we develop close communication. Grocery stores are also licensed sales points where our customers can easily reach our products. However, due to the lack of financial and operational opportunities, their competitive power is weak. In Turkey, we started to work on a development project in order to support grocery stores in becoming more competitive and modern regarding their quality of business and service, productivity and profitability. In 2010, we have realized

feasibility studies for the Program that we call Modern Grocery Stores (ÇABA).

Within our studies, we primarily analyzed methods and practices followed by groceries which succeed in terms of business. After researches conducted by specialized institutions, outcomes encountered have been tested with control groups in the field. According to the test result, we have formed a training program supporting groceries in order to enhance their business success. Training will be held by 2011 in every city where Turkish Federation of Groceries and Dealers organized.

a field of study which we pay special attention. Therefore, we support the development of our stakeholders at the sales pillar of our value chain as we do in supply pillar.

Our dealers, who realize the most important stage of our field operation, are small and medium sized businesses representing us at local points with our brand. Improvement of their business value will revive local economy and increase the value of our business as well. We support our dealers with various software and systems so that they can obtain maximum benefit from their operations. Via dealer visits, we control operability of business systems and norms, and compatibility of physical working conditions; and we present improvement suggestions. We support their professional knowledge and skills with the trainings we provide. We enable our dealers to share their knowledge and experiences with us and with each other thanks to the periodical meetings and get-togethers and thus realize knowledge transfer within the system.

Sales points are businesses which bring together our products with consumers. It is an important duty for us to support those points which are to carry many differences from types of businesses to the sizes of businesses, to help them reach the highest level of service quality. In this regard, we are organizing business development projects based on types of businesses. In addition, we are forming vocational training and information platforms consisting of presentation of products in the most correct and responsible way, to increase the service quality of various branches of businesses. For our sales points to be able to address a wider customer mass, we are conducting publicity works and organizing several activities.

### Support for Agriculture

**While we also employ import practices, our purpose is to supply all the malt barley and the hops we need from local producers, in the varieties which we ourselves have developed, without being dependent to importation, and through contractual production; and to make barley and hops export items by increasing their production. Therefore, we support the production of barley and hops in our operation geography for years. Thanks to these applications, we secure the quality of our basic**

**raw materials, support the necessary R&D studies for diversifying the products, keep not affected from the price fluctuations in agricultural products and foreign trade risks, and provide important contribution to the local economies in our operation geography.**

Malt barley production carries financial cost and risk for our farmers; hence, we initiated "contractual production". We distribute seeds to the farmers, with whom we work within this framework, in exchange for products. As of 2010, a total of 3,000 farmer families, 2,050 of which work with the method of contractual purchase, earn their living by way of producing malt barley and hops for Turkey beer operations of the Efes. Agricultural production and processing procedures of the agricultural product purchases of the Efes provides work opportunity to approximately 10,000 people.

While we support the production of malt barley, it is not our only goal to render growth in a quantitative sense. We see it necessary to provide a qualitative development. Thinking that this can be established by increasing efficiency in production, we are making studies to develop the process. We organize meetings and trainings to direct our farmers to more productive and healthier production techniques and to be continually in communication and to exchange views.

Tenth of the "Barley Suppliers Meetings" which are conducted to evaluate the pre-harvest situation and the purchasing policies and to exchange views with the barley suppliers, held in Konya in May 2010. 23 barley suppliers from all over the country as well as the managers of the Efes, academicians, NGO representatives related to seed growing, representatives of the Ministry of Agriculture and the related personnel of Konya and Afyon Malteries attended the meeting. Presentations about the improvement and production of malt barley seed as well as economic importance of barley were made during the meeting.



We focus especially on the issues of irrigation, fertilization and pesticides during the trainings. For this purpose, we organized the farmer training and field days, which we have organized for 14 times since 1998, in Adana and Pusatlı in 2010; and in Konya, we hosted tenth of our supplier meetings, which we have been organizing since 1996.

An important issue in plant production is the misconducts in fertilization and pesticide use. Fertilizers and agricultural pesticides are useful when they are applied properly as to the type and amount. When used unconsciously, they not only decrease the quality of products but also pose problems to the human health and the environment. We increased the resistance of the varieties, which we developed with the improvement studies we have conducted, against several diseases. Thus, the need to use agricultural pesticides in production has decreased.

We are receiving positive results especially about decreasing of natural resource usage in production of malt, as a result of our product development studies. **We monitor effects of our new barley varieties on water and energy consumption during malt production. Against global warming, we developed new seeds which are resistant to drought. Seeds called Atılır and Firat are, depending exterior environment and operation conditions, 12-24% more efficient in terms of electricity consumption in maltery processes, 18-22% in terms of fuel consumption and 40-47% in terms of water consumption, than Tokak, which is the most common type of barley grown in Turkey.** In addition, we encourage the current producers to switch to modern production by using the seeds, seedlings and production techniques which we have developed and we incentivize participation of new producers into the sector

through financial and in-kind support. We developed and registered 15 types of malt barley and 7 types of hops with high quality, appropriate for being produced efficiently under the Turkey's conditions, as a result of our R&D studies. Through cultivation of the species we have developed, we obtain 10-15% more productivity in malt barley production.

We started our studies in 1982 for developing productive, quality types of malt barley, which are appropriate for the climate, land and irrigation conditions of Turkey other than the summer types which we grow through contractual production in the coastal part of the country and the western part of the Southeastern Anatolia, in the provinces and surroundings of Adiyaman and Adana. We conducted trials by gathering single spica around 2,000 from different parts of Turkey. We made hybridization studies on the emerging appropriate samples with the malt species being used abroad. As a result of these studies, we applied to the Ministry of Agriculture and Rural Affairs for registration of 30 new types of malt barley within 28 years. 13 of these applications resulted in registration and registration period of the three continues by the end of the year 2010.

We did not limit our support for production of malt barley with R&D studies for developing new species. We saw that we primarily need to grow the seeds of the species we developed and generalize their use and ensure their production under the most productive circumstances. Therefore, we selected Çatalca, Eskişehir, Konya, Ankara and Adiyaman as "seed production regions" for the production of seeds of the species, which we have developed. We support the production of seeds in these regions. We are conducting mutual studies with the related units of the Ministry of Agriculture and Rural Affairs in this respect. Moreover, the Malt Barley R&D and





Certified Seed Production Projects carried out with Field Plants Central Research Institute of the General Directorate of Agricultural Researches has been continuing since 1996. Within the framework of the project carried out mutually with the General Directorate of Agricultural Establishments (TIGEM), we produced seeds for two years at the agriculture establishments of Altinova, Gözlü, Konuklar and Sultansuyu.

**We are providing active support for the producers of malt barley in Turkey for more than 30 years. As a result of these studies, we created a business volume of 30 million USD for the sector, we created employment opportunities for thousands of people from farmers to the employees of the enterprises and contribute to the living of tens of thousands of people. We conduct R&D studies, organize trainings and support laboratory analyses in cooperation with the Ministry of Agriculture and Rural Affairs, TSUAB, BISAB, TURKTED, TUBID and TSE. We are taking active roles in the executive boards of TURKTED and TUBID.**

Hops, which is a perennial plant is one of the indispensable raw materials of beer together with malt and water. We meet our need for local hops through Tarbes. Our goal is to provide all our hops supply through local producers. We achieved significant developments in the productivity and quality of hops thanks to the R&D studies we have been conducting since 1982. Thanks to the new species we have developed, we increased the rate of alpha acid around 10%. In addition, productivity obtained from unit area increased by 25-30% and hence increased the income of the farmers in the region. As a result of the studies to develop Tarbes hops species, within 27 years, we applied to the Ministry of Agriculture and Rural Affairs for 8 new types of hops, 7 of which resulted with registration.

#### Our Goals

- In the next period, we will continue our business development projects in value chain by extending their scopes in all our operation geography.
- We will continue the agricultural support program we have been carrying out in Turkey and we will bring our practices that we have started in Russia to the same level.
- We will develop training and support practices for our suppliers and business partners to adopt further working conditions.

#### Practices in Russia

We purchase almost all of our barley from local producers and thus make an important contribution to the local economies in Russia. However, when compared to Turkey, our support endeavors for production of barley in Russia is currently at the beginning stage. Primarily we formed Barley and Malt Purchasing and Developing Unit in 2009 in order to achieve our medium-term goal, Efes-Agro Project (Efes Project Supporting Agriculture) and we started contractual purchase practices. We provide almost 80% of supplies by giving the priority in contractual purchase program to the producers which conduct their own seed and barley development studies.

Through Efes Agro Project, we aim to ensure supply safety by reducing dependency on exterior factors and to establish homogeneity in beer quality by growing pure barley species, unique to the Efes. Kazakhstan, which is one of our operation countries, is not suitable for agriculture due to its difficult climate conditions. Therefore, we supply the agricultural products, which we use in production, from Russia. This increases the importance of the agricultural program, which we have initiated in Russia, for the whole region.

Efes Russia works to select the most appropriate areas to do agriculture by considering suitability of the climate conditions and logistic opportunities in cooperation with suppliers and farmers, and it attends conferences regarding agriculture organized by the Ministry of Agriculture of Russia.

We started to work with farmers and barley seed suppliers who provide service in international standards, to catch the high quality of seeds in Russia within the framework of our quality standards. We tightened our standards, supervising the purity of seed varieties. Farmers started to invest in new agricultural technologies, to organize training and capacity building programs with international experts, to try new barley species and to purchase agricultural materials as a result of the cooperation they made with the Efes and with the revenue they earned.

Year	Species
1992	Efes 3
1998	Anadolu 98
	Efes 98
1999	Angora
2001	Çumra 2001
	Çatalhöyük
2003	Başgöl
2005	Atilir
	Fırat
	Meriç
2006	Erciyes
2007	Yıldız
	Durusu

Registered species of malt barley



# Beer Taking Responsibility

## Why is it important to us?

The essential reason of our existence is to produce a beer with a consistent and constant taste, quality of which is accepted throughout the world, and to color up the lives of our consumers with it. We produce with such responsibility and assure that our consumers enjoy our products by the same token. We see this principle as one of the fundamental elements of our corporate sustainability.

The first stage of our product responsibility is to meet our consumers with our beer at affordable prices, presented with the highest quality norms in the situations and environments they choose. Beer is an enjoyable product, which color up our lives and completes our social lives when consumed moderately and responsibly. However, just like many other products, excessive and irresponsible consumption would not be beneficial for anyone and moreover would negatively affect our activities. Therefore, it is indispensable for our corporate sustainability to produce a responsible beer at every level from its production to consumption, to create a consumer group, which consumes our products responsibly by discovering the richness of beer culture.

## How Do We Manage?

We handle our responsibilities resulting from our products in two different fields; the management of product portfolio and the responsible consumption. Being successful in management of product portfolio requires several different specialties to form a common sense. Our products are produced at high level of quality standards and presented to the consumers at every point requested; our endeavors for development of the beer culture and responsible consumption behavior are realized with the synergy created by the Supply Chain Directorate, Commercial Directorate and Corporate

### What are Our Commitments?

- To provide products with high level of quality and hygiene norms and to continuously develop our product standards.
- To meet our consumers with our products at every situation and point they request.
- To work to improve beer culture in our operation geography.
- To develop responsible consumption behavior.

Communication Directorate; and. Our legal experts contribute to these processes in accordance with our principle to fully comply with the legal regulations which marketing and sales operations of alcoholic beverages are subject to.

We manage product responsibility issues by determining objective goals and we monitor achievements with performance indicators. We use the results we obtain through evaluations, in the determination of performance based remuneration of each of our employees, who are responsible for these issues. Several issues of product responsibility, particularly accessibility and affordability have an important role in the performance evaluations of our senior managers.

## What We Have Done in 2009 - 2010?

### Management of Product Portfolio

Four main principles we care for while shaping our product practices are:

- To produce world-class quality beer
- To ensure persistence and consistence in taste and quality
- To respond to the expectations and tastes of the consumers with product diversity and complementary practices; to support development of beer culture
- To meet our consumers with our products at every place and situation with affordable prices provided that the legal conditions are met.

In order to implement these principles which affect most of our activities, we operate carefully, rigorously and responsibly.

### Product Quality

Our studies on product quality play a key role in our provision of consumer safety and consistency of taste. Practices which we have been conducting for more than 40 years without compromising and by constantly developing, are being appreciated by consumers and industrial institutions; and rewarded in various competitions. In 2010, our Kazakhstan brand Kruzhenka Svezhego, Moldova brand Chisinau, Georgia brand Natakhtari received 2010 Gold Award for Monde Selection and our soda drink brand Natakhtari CSD received a Silver Award. Our brands Gusta and Mariachi in Turkey received Stevie Award.

Since they directly affect the health of the society, production of foods and beverages is done with a special care and responsibility, according to the codex determined by the regulatory authorities. Therefore, while forming our production processes and product contents, we never compromise our responsibility





to our consumers and compliance with the legal regulations. Consumers of Efes know that our products are being produced and packaged with the best quality raw materials, with the highest quality norms, under hygienic conditions appropriate for the natural production process of beer and that these products are presented to them with their unique taste. Basic foundations of our corporate sustainability are trust and loyalty

of the consumers, which we gained in years thanks to this experience which we promise.

### Accessibility and Affordability of Products

We try to exist at every point, which has a license to sell alcoholic beverages through our wide distribution network

#### Product Labels

We see it as a consumer right being able to reach any information about every product being purchased. The most effective method in using this right is labeling of the product, which is also a legal obligation. We label all our products with content beyond the elements mentioned in the laws of the countries, where these products are released for consumption. Packaging has a role in the determination of this content. On the packaging options, which reach the final consumers such as glass bottle and metal can, information such as contents of the product and storage conditions are also included as well as the production and expiry dates of the products. Moreover, we indicate the alcohol content of our products on all such packaging applications in a way not to cause any misunderstanding and we make warnings about the responsible consumption of our products and about the necessity of packaging recycling.

Consumer support hotlines, through which consumers can contact us about anything they like, are included in the contents of the product labels. If those consumers, who have suspicions about the quality of the product which they purchased and who want to get information about the product, convey us the serial number on the label of the product, we provide them information about the product which they have in their hands such as production conditions, contents and similar information. Since it is a fast moving product and that we have careful quality control processes and an effective return policy, the possibility that an expired or substandard product is presented to the consumer is a very long shot. Yet, we still carefully handle every complaint of the consumers and if we see a reasonable point upon the examination we made, we compensate for this problem unexceptionally and immediately.



and we meet consumers with variety of products which they have requested, by directly reaching out them through various activities. For this purpose, we formed an experienced and strong dealer and distributor network in years. We continue to develop this exquisite business partnership network day by day. For example, we added Pavlodar, Taraz and Tardy-Kargan, three new regions with a high potential to our Kazakhstan operation in 2010 in which we are already active in the markets of Almaty, Karaganda, Astana and Shymkent. Our new CRM system, which we implemented in 2009 and which has developed our sales and service procedures, has a key role in realization of this growth.

We think that everybody deserves to enjoy our products. Therefore, it is vital for the our business sustainability as it is our duty; to release those products requested by our consumers from every social group and purchasing level, for affordable prices. Pricing of our products is a delicate work done by our country operations considering variables of profitability and purchasing power. Since beer is subject to a high level of special consumption tax, taxation is also taken into consideration in the decision-making procedures on a different plane. In order to make the most profitable optimization between acceptance of the consumers and profitability, we improve our decision support systems according to the changing conditions. For this purpose, we will start to use our new pricing simulation software, which we have developed during the reporting period, in our Russia operation in 2011.

### Support for Development of the Beer Culture

In addition to being a refreshing beverage, beer represents a refined culture. It is a part and promoter of local cultures since it bears in its essence the characters of its producers and consumers and since it is the complementary of meals and social environments. Formation of a consumer group, aiming to taste by feeling the cultural roots of beer will not only develop the market and the image of beer but also contribute to its responsible consumption. Therefore, we are working to establish a refined beer culture in every region we operate.

In addition to profitability, we consider serving for the development of beer culture in establishment of product varieties. We can allow as many consumers as possible to like

the taste of beer and to experience this culture through our products in the market with different tastes and qualities. For this purpose, we are developing options to receive appreciation of the consumers independent from the target audience dimension. For example, by responding to the request of our consumers to drink fresh beer in different environments other than consumption points, we produced packaged draft beer with the options of can and bottle. As a result of the success we obtained in our Turkey operation, we transferred this practice to our other operation countries. With our Pegas application, in Russia consumers can purchase fresh beer from off trade channels and consume at any place they prefer in addition to packaged draft beer. We developed packaged draft beer choices in Kazakhstan during the reporting period under the brand Kruzhdka Svezhego. Kruzhdka Svezhego is the first bottled draft beer brand in Kazakhstan, with mild and dark versions.

With the experience it has in creating new tastes, our Turkey operation developed several successful products, which are appreciated by consumers who like to experience new and different tastes. Studies, initiated with the example of bottled draft beer have been developed the first wheat beer in Turkey, Gusta and the first coffee-flavored beer in Turkey, Efes Dark Brown. In the next period, we will continue our product diversification endeavors by launching the first lemon-flavored draft beer of Turkey. In flavored beer category, we have met our customers in Russia with innovative tastes with the launching of Sokol Cola and Sokol Mojito. As we shared the local innovative product projects with all sales-marketing units via Efes Celsius Platform, we made a step forward in creating an inter-operational synergy.

Since beer is a beverage which is widely used in social environments, qualities of the consumption points have an important role in the development of beer culture. Therefore, we support the presentation points' development to meet the expectations of consumers as to the service quality and ambiance. In this context, we have been continuing our Beerhouse Improvement Project in Turkey operation since 2000. In this project, we are establishing locations with several concepts, appealing to different tastes through which we are aiming to develop current open consumption points and to have beer-lovers from every segment to experience the beer

### Conviviality Streets

Taste of the beer increases when it is consumed in social occasions with friendly chats. We aim at enriching social lives of our consumers with our products and for this reason, we are conducting several projects. We initiated the Conviviality Street Project, which is one of them, in 2010. With this project, we aimed at enriching the culture of living on the street and to meet beer-lovers from every segment such as young people, elderly people, men, women, students or handicapped people in a safe and modern environment where they can socialize and which reflects the urban culture.

Conviviality Streets are accessible streets, thanks to their structural qualities and infrastructure, where it is possible

to comfortably live, which are safe and easy to reach and which are appropriate for the sales and consumption of alcoholic beverages. We are working together with local administrations, residents of the streets and owners of the businesses for formation of this environment. Firstly, we make the infrastructure of the streets appropriate and then we decorate the same with concept themes. It is the duty of the residents of the street to enrich the conviviality. We support them by organizing various activities.

We formed 17 Conviviality Streets in 10 different regions of Turkey in 2010. We are aiming to create 11 new in 2011.





### Smart Serpentine

In order to fully comprehend the taste of draft beer, which is one of our the most widely preferred products, its presentation should be made according to some specific standards. For example, at those points with a circulation under a certain amount, CO<sub>2</sub> can spoil the taste of beer or if the freezing equipment is not sufficiently working, beer cannot reach the ideal coldness. In addition, our consumers may want to learn about whether there is a sufficient amount of beer in the glass. It is important to enable presentation of our products, always under the same quality standards and to continually follow up these variables to realize advanced level of consumer experience. We will start the pilot application of the Smart Serpentine Project in 2011.

We will place KEG facilities on which there are several sensors and indicators to sample consumption points. These sensors continuously measure and monitor compatibility of each glass of beer with quality norms, their presentation temperature and amount of filling. Our consumers are able to follow up the obtained data through the indicators on the serpentine. All information reaches us real-time through the GSM technology. With this project, first of all we will inform our consumers that our products are being served with defined quality norms. In addition, we will be able to optimize their maintenance cost and time since we will have the opportunity to monitor the working norms of the system as well as amount of product in the KEG and CO<sub>2</sub> tubes. In this way, sales points will secure competitive advantage regarding their technical continuity and service quality.

culture in a modern and decent environment. For example, our Efes Beer Cafe Classic concept serves for our consumers preferring pub culture; whereas Efes Beer Cafe Modern concept aims at responding to the preferences of young consumer groups. The target audience of the Efes Beer Garden concept, which we have shaped with the same approach, is comprised of beer-lovers who see beer consumption as a complementary of socializing with friend groups in open air. Within the scope of the project, we are providing trainings about presentation of beer by managers and employees at the sales points and about side products consumed with beer in addition to the decoration and technical infrastructure implementations we have been carrying out. We are implementing the same applications in other operation countries besides Turkey. One of the most successful examples of this application, which we have differentiated by considering the distinctive features of the culture of the country, is Beer City Project, which we have been executing in Russia. We have renewed 992 open air consumption points throughout Turkey in 2010. We are aiming at developing 420 new consumption points and providing the same for the service of our consumers in 2011. We will develop our practices with Beer City Express

and Stary Melnik Sports Bar projects in Russia.

Served beer must be in appropriate coldness and in the right type of glass for the best consumer experience. Moreover, some meals match better with beer. However, this varies according to the type of beer. For formation of an extensive consumer group, who are acquaint with this culture, first of all we need a conscious presentation team who knows about every aspect of the product which they present. For this purpose, we are conducting Efes Club Professional Program in Turkey and Bar Tender Program in Kazakhstan. With these applications, we gather those employees, who are responsible from presentation of beers at consumption points, in various social activities and on the Internet platform and give them an opportunity to share their experiences and also we provide trainings about the history, characteristics of beer as well as the best presentation techniques and how to develop social relations. We enable beer-lovers to reach the best quality service at the consumption points through these programs, which have thousands of members.

### Responsible Consumption

Alcoholic beverages color up our lives and enable us to socialize when consumed responsibly. However, alcohol may cause several problems when consumed irresponsibly. It is most important for us than anybody to establish a consumer basis who has this consciousness and who consumes beer responsibly being aware of its effects.

For us, the way leading to responsible consumption passes through responsible marketing. Marketing of alcoholic beverages is regulated with rigid laws in all countries covered by our activity geography. It is possible to face with severe financial and operational sanctions in case of violation of these laws. We strictly obey these regulations and monitor if all of our marketing communication and promotion materials comply with our responsible marketing principles which have been shaped with our experience of more than 40 years and with the decisions taken by brewery organizations we are affiliated. By transferring these principles, which became business conduct reflexes of our marketing communication responsables, to the new generation employees, we create a culture. The growth, we are aiming for the next decade, necessitates our responsible marketing principles to be quickly conveyed to our new colleagues. For this purpose, we will update Efes Code of Marketing and Advertising in 2011 and inform our stakeholders about the same. You can reach marketing and advertising principles of Efes through social responsibility - responsible consumption tab on the website [www.anadoluefes.com](http://www.anadoluefes.com).

As a company, which uses digital media heavily in communication practices, we carried our responsible marketing approach to this field. In all Internet websites, where we make marketing communication, we apply our responsible marketing principles and we expect visitors to prove that they are over the legal alcohol consumption age and we protect confidentiality of the information given.



**We cannot accept that while we are aiming at coloring up their lives, our consumers experience any problem because of our products. Therefore, we are informing our consumers about the dangers of abuse of alcohol and about responsible consumption behaviors. We are using responsible consumption warnings and images on our product labels, on the posters, banners and advertising materials which we prepare to keep this consciousness alive all the time. We believe generalization of responsible consumption is a teamwork and thus, we always keep the cooperation and communication channels open with our consumers, business partners, NGO's and regulatory authorities.**

Main issues we focus on in the field of responsible consumption are prevention of underage alcohol consumption and drunk driving. We shall not cause those young people, who are developing spiritually and physically, to bear the responsibility of using alcohol. This might cause problems for their health and social life. Therefore, we unexceptionally follow the consumer age limits determined by law. We enable that our products are sold only at licensed sales points since sales of alcoholic beverages are subject to special permission and since this is supervised by official authorities effectively and frequently. We are informing the sellers about sales rules and providing them field support.

Our motor and decision skills weaken when we consume alcohol. Therefore, drunk driving is a danger both for our safety as well as for the safety of people around us. Therefore, the right thing to do is not to drive any vehicles when we consume alcohol. We are conducting awareness-raising studies for our consumers to prevent drunk driving. We realized a new example of these studies in Turkey in 2009. We are organizing several occasions to which wide crowds attend. During the organizations we provide shuttles to prevent the participants to drive under influence. Moreover, most of our participants do not consume alcohol since they will drive. Therefore, we are providing them non-alcoholic beverage choices. The main purpose of the non-alcoholic beer product the production studies of which started in 2010 to launch it in the Turkish market in 2011, is to become known in responsible consumption and to provide an option for those people who have to drive or who cannot consume alcohol for several reasons to enjoy the taste of beer.

**We will show a more proactive attitude towards generalization of responsible consumption in the upcoming periods. We will start our studies in this regard in 2011 by forming a Responsible Consumption Team, who will be responsible from determining our discourses and applications in this regard and realization thereof in all the operation countries. Our primary expectation from the work of this team is to examine the consumption patterns in the operation countries and to prepare a responsible consumption map. In addition to readily planned**



**applications, we will determine about which behavior patterns we need to take precautions and what kind of applications we need to develop in which country, depending on the results of this research. Our goal is to present an integrated approach in all our operation geography about responsible consumption as of 2012.**



When consumed moderately, alcoholic beverages color up our lives. When we exceed this limit, we can disturb ourselves and our environment and this may negatively affect our health. Secret of moderate consumption is to know our personal tolerance limits very well. These limits may vary significantly depending on the social and physical characteristics of the consumers. Therefore, it will not be right to indicate a net figure valid for everybody regarding consumption. However, basically, excess and binge consumption of alcoholic beverages may trigger negative effects.

The best decision would be to determine how much alcohol we will consume beforehand and to follow it. Sometimes, social environments may force us to consume more than usual. In such cases, it is the best to prefer products consisting of less alcohol content or to choose nonalcoholic beverages after a certain amount. We are presenting our consumers low or non-alcoholic choices in our portfolio to support them in making this responsible choice.

#### **Responsible Consumption Campaign of Efes Pilsen**

As a continuation of our studies to prevent irresponsible alcohol consumption, we conducted a new awareness-raising campaign in Turkey in 2009 to prevent drunk driving. With the website we prepared for this campaign, we aimed at increasing the level of information and awareness of our visitors with a funny language. We aimed to inform our consumers about the problems drunk driving might cause as well as legal proceedings and sanctions and to direct them to alternative transportation methods and applications, with the contents of this website. Up until now, 613,070 people visited the website of the campaign, which was especially aiming at the young people.

[www.butunsarisinlarsenin.com](http://www.butunsarisinlarsenin.com)



#### **Our Goals**

- We will update Efes Marketing and Advertising Principles in 2011 and inform our stakeholders.
- We will launch new products to the market within the scope of the studies to develop beer culture and continue our studies to develop consumption points in our operation geography. We will improve 420 new open channel points in Turkey in 2011.
- We are aiming at creating 11 new Conviviality Street practices in 2011.
- We will search about transforming the Touring Beer Museum application into a settled application.
- We will organize trainings about product responsibility and responsible consumption for our employees.
- We will form the Responsible Consumption Team in our headquarters in 2011.
- We will launch Non-Alcoholic Efes in Turkey.
- We will start two field projects in Kazakhstan in 2011 with the theme to prevent drunk driving and encourage responsible consumption.
- We will analyze alcohol consumption patterns in our operation geography until the end of 2012 and we will form Responsible Consumption Risk Map. We will develop an integrated approach in light of the obtained results and we will form an action plan for all our country operations.



# Beer Supporting Community Development

## Why is it important to us?

Economically and socially developed communities provide an ideal environment for the development of brewing industry. Since the establishment of our company, we have been devoted to helping economic, social and cultural development of all communities we operate in, improving the quality of lives for everyone we reach and creating added value for all our stakeholders. Therefore, we have integrated such values into our operations and we deem this objective to be among the high-priority duties required to ensure sustainable development.

## How do we manage?

We strive to support economic development by preferring local employment and local procurement and by investing in projects that will create export and tax income and will improve our value chain both qualitatively and quantitatively. We believe that while improving social and economic life, we also solidify the ties between Efes brands and society.

Our procurement is grouped as global and local supplies. Our global purchases are managed by our Procurement Directorate within our company headquarters, whereas local procurement units are responsible from local purchases in country-based operations. The Human Resources Directorate determines our general strategic trends and practices on local employment, monitors our country-based operations and performance. Country human resources units are responsible for the field applications of the issued plans.

Our Corporate Communication Directorate determines the direction and main business areas of our community investments. Corporate communication units within country organizations localize and realize related duties in accordance with the expectations and requirements of the stakeholders.

### What are our commitments?

- We will continue our local employment and procurement practices.
- We will carry on being a global citizen who meets all stakeholder expectations and a caring neighbor for all local communities.

## What We Have Done in 2009 - 2010?

### Contribution to Local Economy

**Brewery is a field with an extensive value chain that is in interaction with various industries ranging from agriculture and packaging to tourism and service industry. For instance, the Turkish brewery industry where Efes is the major player, has been creating 1.1 Billion Euros worth of added value to the economy.**

Our principle contribution to the local economy is the economical activities and growth occurring as a result of our practices focusing on developing agriculture, tourism and service industries and the sports and culture-art organizations organized by our company, along with tax and export and direct or indirect employment created as a result of our activities and our international branding endeavors.

In order for our products to preserve their local character, we prefer to produce them by using local raw materials and by local workforce. We try to support local producers by procuring local raw materials and local packaging materials. The direct and the indirect employment created increases the income level of the society and while enforcing the country's economy and our industry, we also improve our position in the market. We also adopt a balanced approach that advances the opportunities created by the globalizing economy as an international brewer.

Our main supplier countries are Turkey, Russia, Kazakhstan and other CIS states. Our products and

Local Supply* Share (%)	2010
Turkey	90
Russia	90
Kazakhstan	55

Industries that benefit the most from indirect economical impacts created by the brewery sector are agriculture, packaging, media and advertising industries. In Turkey, brewery industry realizes 717 million Euro of purchasing in a year.

services utilized in our capital investments aimed at production technologies are mostly purchased from EU countries, which are included in our supply chain due to their fundamental heritage in the brewery industry. We

\* The term "local supply" represents procurements made without any foreign payment from producers and other suppliers operating in Efes' related operation country.



prefer to procure basic supply materials such as malt barley, glass bottle and can from local suppliers. Such purchases are highly stimulating for the local economy.

Beer is subject to high taxes. Thus, the expansion and development of the brewing industry increases tax income of countries. Our company has paid 1.74 Billion TL in 2009 and 2.74 Billion TL in 2010 as tax in Turkey, Russia and Kazakhstan operations.

Community investments of Efes also contribute to the economy. For example, "Efes Pilsen Blues Festival" organized in 20 different cities, employs local personnel and uses local supply in every city it visits. Such festivals play an important role in inciting tourism in the region.

**Out of 2,400 people employed directly within the brewery industry in Turkey, 1,800 are employees of Efes. In terms of indirect employment, in 2009, employment created by the brewery industry within the agriculture industry in Turkey was 9,012, within packaging industry was 4,226 and within media industry was 6,111 people. Total employment created for product and service providers that our industry is in direct contact with, is 38,608. Other sectors that are indirectly affected by the brewery industry are tourism and retail sectors. Within the tourism industry in Turkey, the employment created in relation to the brewery industry is 50,500 and this figure is 16,000 within the retail industry.**

As an international beer company, our employment opportunities are also international in character. However, except for the senior management in our country-based operations, our human resources consist of local workforce. Our company also strives to prioritize local employment within senior management. 100% of our

#### **Off Trade Chain (OTC) Project**

With the OTC Project we implemented in collaboration with our dealers since 2008 in Turkey, we are opening new off trade sales points. Our dealers determine suitable sales points by giving priority to regions with low beer penetration. Then, we specify local retailers which can operate as licensed- alcoholic beverage sale points. We support these enterprises until the retail shops are operative and we also provide trainings for increasing the productivity of the business. We have created 780 new sale points within the local economy until today. Due to our success in the Project and the demand that followed, we have created a department that will be accountable from planning and management of the OTC Project within the Commercial Directorate. With the OTC project, we are planning to bring 530 new sale points into the economy in 2011.

senior management in Turkey operations, 36% in Russia operations and 40% in Kazakhstan operations consist of local executives.

Our practices aimed at improving local economy also include field practices. Within these practices, which are usually conducted with stakeholder engagement, we try to establish small local businesses or try to increase business volume of the existing ones. Improvement of such businesses also increases domestic income, thus improve our sales in return.

Contributing to the local economy is an element we try to integrate into different field practices along with the OTC Project. For example, our Beerhouse Improvement Project and its sub-projects such as Fiba, Beercafe, Beer Garden conducted in Turkey, Pegas, draft beer sales in off trade chains, practice and Bar Tender Programs in Russia with the intention of promoting the beer culture; ÇABA, Efes Shop and Büfev projects aimed to enhance value chain in Turkey, Offtrade Loyalty Program conducted in Kazakhstan have all contributed to the local economy by increasing business volume and productivity.

## **Social Investments**

### **Turquality Incentive Program**

Efes Pilsen, which is the second largest beer brand of Europe and one of the largest in Turkey supports the Turquality Program initiated by the Republic of Turkey which aims to create 10 worldwide brands within 10 years.

We are helping the brand building of Turkish products abroad. Within the scope of this program which we have been involved with since 2007, we have been conducting our work abroad with the help of the government. 50% of expenses for all advertising, marketing, design, corporate consultancy and IT consultancy works we are conducting abroad to enhance brand awareness of Efes with the Turquality support program have been covered by government incentives. With this incentive, we are also improving our human resources with activities like management development programs and seminars organized for our employees. We have been participating in management development programs that have been organized by Koc and Sabanci Universities since 2007 with the support of Turquality. Furthermore, Turquality Program has covered 50% of the expenses spent at the 2008-2009 Euroleague Basketball League sponsored by Efes Pilsen.

Ernst&Young,2009, "The Contribution Made by Beer to European Economy" Report



**As Efes, we are always responsive to social expectations and demands in countries we operate in. In this regard, since our foundation, we are constantly increasing the support given to education, arts, tourism and sports. In line with this mission, we have been supporting sports for 38 years, music and cinema for 23 years, theater for 19 years, archeological studies for 15 years and tourism for 4 years.**

In areas where NGOs and other organizations are successful in, we support our stakeholders' projects by corporate or project based donations and sponsorships. Furthermore, we take direct initiative in areas that are hard to find practitioners or supporters for.

Improving education and healthcare is a top priority for our operational geography. As a brewery company, we do not directly invest in the healthcare and education but we achieve our goal by financially supporting the Anadolu Education and Social Assistance Foundation, as all subsidiaries of Anadolu Group. Within this scope, we ensure that a permanent value is created by donating 2% of our profit before tax every year.

### **Education: Anadolu Education and Social Assistance Foundation**

Anadolu Education and Social Assistance Foundation, is a rooted NGO with the objective of providing modern educational and health services to the Turkish society. We have put into service more than 40 permanent establishments such as playschools, primary schools, student dorms and health establishments within the education, health and other social areas through this Foundation. Also, we provide non-refundable scholarships to 750 students each year. We now have more than 10 thousands students who have benefited from the scholarships.

#### **Fill Your Life Youth Club**

The aim of Fill Your Life Youth Club, which was established in 2008 for university students, is to provide a social platform that would contribute to the individual and professional development of young people. The 2-day Mini MBA Program initiated by Fill Your Life Youth Club has been organized in 14 universities until today. In 2010, with the Club Brand Ambassadors and members, more than 2,500 books, maps and similar stationary and school materials which were collected from 19 universities were distributed to the schools that were determined to be in need in Denizli, Elazığ, Mardin, Şanlıurfa (Siverek), Trabzon(Akkese), İzmir(Tire), Manisa, İstanbul (Gültepe) and Ankara cities.

### **Health: Anadolu Health Village and Anadolu Health Center**

Anadolu Health Center within Anadolu Health Village, which has been the most comprehensive non-profit project of Anadolu Education and Social Assistance Foundation, started its operations as a general-purpose hospital in 2005.

Anadolu Education and Social Assistance Foundation is in a strategic cooperation with John Hopkins Medicine, which has been chosen as the best U.S hospital for 18 consecutive years and 10% of its patients receive pro bono treatment in the hospital.

### **Sports: Efes Pilsen Sports Club**

We particularly value our community investments dedicated to improving and supporting the international success of Turkish sports. Efes Pilsen Sports Club, which was founded in 1976 to contribute to the development of Turkish sports, has been the most successful team in basketball and achieved the uttermost success amongst all Turkish teams. Efes Pilsen, with 13 titles, holds the highest number of titles in the Turkish Premier Basketball League. Receiving Koraç Cup, Efes Pilsen Sports Club is also the only team that has brought a European championship to Turkey, and is the first and only Turkish team that qualified for both the Euroleague and Superleague Final Four. The Club has won the President's Cup for 10 times and the Turkish Cup for 9 times.

Efes Pilsen Sports Club has initiated a project in collaboration with the Youth and Sports General Directorate to make basketball a popular sport among the youth and to raise the future stars of Turkish basketball. This project, "First Step with Efes Basketball Schools", aims to reach kids and young people by providing them with free basketball schools. The project, which has reached 3,000 athletes in 34 cities and 36 centers with schools in Cyprus and Sarajevo, has provided young generations with basketball facilities and has created opportunities for a successful future.

Efes was the official sponsor of Euroleague in 2008-2009 season, thus became a supportive establishment within the European basketball after long years of service and support it's given to the Turkish basketball. Euroleague Basketball, which has been organized since 2000 and has been broadcasted in more than 157 countries worldwide, consists of 24 teams that are the best of 16 professional basketball leagues within Europe.

'Efes Pilsen World Cup' tournament, organized by the Turkish Basketball Federation and Efes Pilsen since 2002, has created a worldwide brand recognition by becoming one of the world's most prestigious tournaments. The ninth Efes Pilsen World Cup, which provided the opportunity to meet worldwide famous basketball stars for Turkish basketball fans, was organized in Ankara in 2010. Efes Pilsen World Cup also provides a platform to national basketball team for a last practice before the European and World Championships.





Besides the assistance we provide to basketball, we have also set an example to many other national and international companies with the support we have been giving to football. Along with being one of the main sponsors of Turkish National Football Teams for the last 9 years, our company is the official sponsors of Beşiktaş, Galatasaray and Fenerbahçe clubs and support many Anatolian clubs in the Turkish Super League.

We have renewed our 'Main Sponsorship for Turkish National Football Teams' contract with the Turkish Football Federation, which has been effective since 2002 with our Efes Pilsen Brand, for another four years in February 2009. For the next four seasons, Efes Pilsen will continue to support indoor football, in other words "footsal", which has a great potential in Turkey. In this regard, we have now established the Efes Pilsen Footsal League in February 2010 which consists of 128 teams from 16 regions.

We have also helped many amateur athletes by sponsoring the Turkish National Olympics Team since 2005 and the Olympic Teams which has participated in 2008 Peking Olympics. We are proud to be one of the biggest promoters to invest in the advancement of Turkish sports and promote it around the world.

### **Culture-Arts: Efes Pilsen Festivals**

Our leading role as supporter of culture and arts is growing stronger every year. In 2010, we have increased our support with the 21. Efes Pilsen Blues Festival, 9. Efes Pilsen One Love Festival, 2. Miller Freshtival and the Istanbul International Film Festival, which we have been sponsoring for 23 years. Moreover, we have also organized important music contests such as the Miller Music Factory and Rock'n Dark Music Competitions.

Efes Pilsen Blues Festival, which was organized by our company to promote the blues culture and familiarize Turkish society with this culture, has visited 20 cities in 2010 on its 21st year. 230 blues artists have met 35,000 blues fans in 23 different concerts. With 309 concerts until today, the festival has covered more than 100,000 kilometers and welcomed more than 365,000 music fans, thus becoming the longest running and the most

geographically extended festival in Turkey. For further information: [www.efesblues.com](http://www.efesblues.com)

Efes Pilsen One Love Festival, with approximately 18,000 participants is one of the most comprehensive and largest music festivals organized in Istanbul. The festival which brings us together with our consumers also has an important effect on promoting Istanbul on a worldwide scale with many famous artists it hosts every year. For further information: [www.efesonelove.com](http://www.efesonelove.com)

The aim of Miller Freshtival, as the newest music festival in Turkey, is to bring together the newest and hidden acts in the music world with music lovers. For further information: [www.millerfreshtival.com](http://www.millerfreshtival.com)

The Miller Music Factory competition, which presents an important platform for the amateur musicians in Turkey, aims to discover new talents and support alternative music culture in Turkey. For further information: [www.millermusicworld.com](http://www.millermusicworld.com)

With Rock'n Dark Music Contest, we are aiming to help the development and improvement of rock and alternative music in Turkey. The contest which is organized in 9 different regions and is only opened for entry by amateur bands has been followed by about 5,000 people every year. For further information: [www.rockndark.com](http://www.rockndark.com)

### **Support for Cinema and Theatre**

Along with Istanbul International Film Festival, we will continue to support the Turkish cinema industry as we have done since 1988 and also the private and state theatres as we have been supporting since 1992. For further information: [www.efeskeyfi.com](http://www.efeskeyfi.com)

### **Tourism:**

We believe tourism is an effective business line for increasing employment in economically underdeveloped regions. We strive to contribute to the improvement of civil society within the regions along with helping to improve the tourism particularly in Turkey, by conducting Eastern Anatolia Tourism Development Project (DATUR), which mobilizes and promotes cultural, historical and natural resources; Efes Tourism Trainings and support for archeological studies within the scope of "Tourism is the Future Program".

### **Eastern Anatolia Tourism Development Project (DATUR)**

**Eastern Anatolia Tourism Development Project, which was initiated in cooperation with the United Nations Development Program (UNDP) and the Turkish Ministry of Culture and Tourism in 2007, intends to increase the tourism potential of Eastern Anatolia Region by proposing a sustainable tourism model. As a part of this project, trainings in tourism are being organized, products that would draw attention to the region and increase the income of the community are being developed and the culture and eco-tourism of the region**



Within the reporting period we have updated the design and the contents of the websites such as [www.gelecekturizmde.com](http://www.gelecekturizmde.com), [www.facebook.com/gelecekturizmde](http://www.facebook.com/gelecekturizmde), [www.coruhvadisi.com](http://www.coruhvadisi.com) and [www.datur.com](http://www.datur.com) that promote the region.

is being improved by marketing, organization and other similar social practices.

The first stage of this project will take place in Çoruh Valley, which has a high potential to become an alternative tourism center due to its rich nature, biodiversity, possibility of wild life observations and outdoor sports facilities. In the following stages, we are planning to continue the project in other regions in Turkey where tourism can be improved. DATUR is continuing to be implemented in main areas such as improving and marketing the touristic products of the Çoruh Valley, introducing the region and the project to the target audience and increasing local capacity. Another point that is considered in DATUR is to be in constant communication with the stakeholders that will benefit from this project. Thus, in 2010, we have organized 60 stakeholder meetings in 30 villages. We've discussed with more than 10,000 people regarding awareness raising and project improvement.

The most important accomplishments achieved by DATUR in the three years before 2010 can be summarized as below:

- All tourism resources of the region have been scientifically determined.
- The touristic treasures were shared with the target audience as they were remarked in tourism information materials.
- The tour operators who are important actors in the target market, were informed and trained about the region and the region has been included in alternative tour programs.
- The local communities became more aware of tourism, and trainings for touristic products and abilities were provided.

- The bed capacity which was almost down to zero, has now been increased to 150 with about 20 guesthouses, and new guesthouses and pensions are continuing to be established.
- 3 non-governmental organizations are established; 2 of which are to support natural sports and one to support female labor.

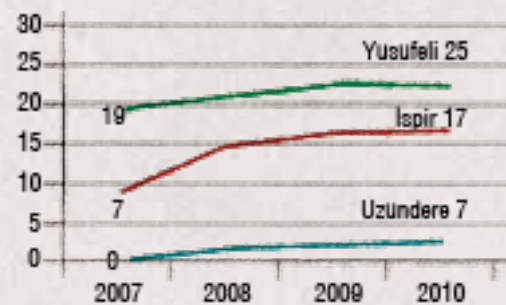
It is estimated that the number of visitors coming to the region between 2007-2010 is about 500,000. Such visits will be reached about 1 Million TL of direct income for the region as of 2011.

### Efes Tourism Training Project

The 'Efes Tourism Training Project' has been initiated in 2007 with the purpose of developing tourism sector and covering the need of qualified staff within the sector.

	2007	2008	2009	2010
Rafting	2,000	2,200	2,500	3,700
Trekking	20,000	35,000	15,000	17,000
Mountain Biking	300	450	370	300
Bird Watching	250	450	500	750
Botanic	60	120	140	220
Other (Jeep-Safari, bear watching, butterfly watching)	5 Bear watching 7 Butterfly watching 1,500 Jeep Safari	12 Bear watching 15 Butterfly watching 2,500 Jeep Safari	25 Bear watching 200 Butterfly watching 2,000 Jeep Safari	25 Bear watching 50 Butterfly watching 45 Jeep Safari

Number of tourists visited the region



Accommodation Capacity by Years in Çoruh Valley (hotel/guesthouse numbers)



Efes Turkey has been awarded with two prizes in the only public relations award ceremony held in Turkey, the 'Golden Compass Public Relations Awards' which has been running for 9 years. 147 public and private sector companies competed for the awards that are distributed as a result of voting by a reputable jury consisting of participants of the business world, media industry, NGOs and academics. Efes Turkey was awarded within the corporate responsibility category with the Eastern Anatolia Tourism Development Project (DATUR) and in activity management category with Miller -Freshtival Music and Arts Festival

### Tourism Ambassador Certificate Project

With the trainings provided by the academics of Bogazici University Lifelong Learning Center, we're aiming to raise the awareness of local communities in regions with high tourism potential regarding the value regions bear; to inform such communities on how such values can be communicated to the tourists; and hence improve the tourism potential of different regions in Turkey. These training courses, which have provided more than 2.500 people with Bogazici University certificate, have a very extensive content consisting of areas such as sustainable tourism, inter-personal communication, reception and hospitality, food-beverage organization, kitchen presentation, hygiene and sanitation, marketing, effective sales methods, customer satisfaction, planning and logistics. These trainings have taken place in 21 cities and 22 centers since 2007. 2010 training courses which started in Konya continued in Elaziğ, Kahramanmaraş, Mardin (Midyat) and Artvin (Şavşat) city and town centers throughout the whole year.

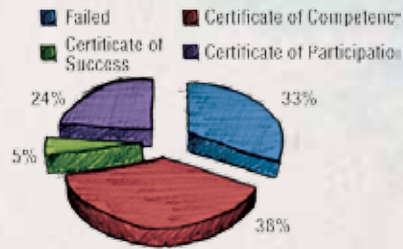
### Tourism Ambassadors in Charge Project

Efes Tourism Training Project, which forms the second stage of the 'Tourism is the Future' Projects, is being implemented with organizations established by the graduates of the program after the Tourism Ambassador Training.

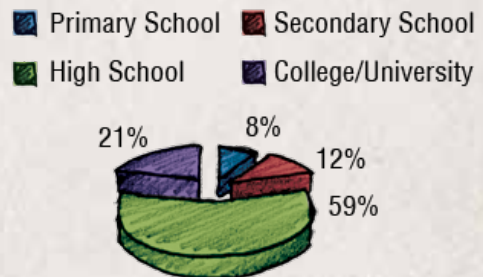
This project which was initiated within the second half of 2009, completes the 'Efes Tourism Training' Project by enhancing regional capacities.

We have been the sponsor of the Excavation and Restoration Project of the Apollon Smintheus Temple in Gülpınar, Çanakkale since 1998 in order to bring Anatolia's cultural legacies to the public eye and pass them on to the future generations. Further, since 1995, we have been supporting the reconstruction of the Assos Antique Theatre in Assos/Behramkale.

As a result of this project, 7 Tourism Ambassador Organizations have been established in Erzurum, Mersin, Kemaliye, Rize, Adana, Sivas and Gaziantep since 2009. After trainings about effective project management and project sustainability provided by Bogazici University Lifelong Learning Centre, these organizations develop projects tailored to the needs of their own regions while academics of the university provides feedback and consultancy afterwards.



General Success Level of the Participants



General Participant Profile

### Our Goals

We'll search for new opportunities to increase the number of items and volume of our purchasing operations from local suppliers.

- We'll seek new methods to increase our contribution to local economies while continuing our current practices.
- We'll expand our successful community investments in Turkey and we'll launch similar endeavors in other country-based operations.
- We'll develop new community investment areas in our country-based operations in line with the expectations and requirements of our stakeholders.



# Greener and Safer Beer

## Why is it important to us?

We shortly describe our activities as 'ensuring consumer satisfaction by producing the correct amount of products preferred and delivering such products to the consumption and sales points on time'. In order to achieve such objective, we ensure that our operational units are always prepared and available for production. We strive to achieve excellence in all of our business processes on daily basis by improving our business norms shaped with 41 years of experience, by advanced technological systems. In this current level we reached, we value how operational safety is implemented more than just implementing the operation.

Being a reliable and environment friendly company and a good neighbor are fundamental elements of our character. We try to include such values in all our activities. In line with our material responsibilities, we are committed to provide healthy and safe conditions for all our employees, our visitors, people who reside close by our facilities and our working neighbours and ensuring that our practices and operations do not have an adverse effect on nature.

## How do we manage?

We manage operational safety practices under occupational health and safety and environmental safety titles. Occupational health and safety issues and practices applied within our facilities and warehouses are administered by the Occupational Safety Responsibilities who are directly reporting to the Supply Chain Directorate. System and work norms that are determined at our headquarters are implemented by occupational health and safety specialists and engineers in all our facilities. Our health personnel, reporting to Human Resources Group Directorate, are responsible from carrying out regular health checks and providing first aid, when and if necessary, in our headquarters, all facilities and warehouses. In our country-based operations, the Occupational Health and Safety Boards consisting of executives and employees, strive to improve our practices and processes by regular meetings. We ensure that all levels within our workforce are represented in these boards. Along with experts who are directly involved, ensuring occupational health and safety is a material responsibility of all Efes employees.

**Distribution operations are a major part of our activities. Utmost importance is given to safety in these activities, which are usually carried out by our business partners and we aim not to adversely affect the road and traffic conditions due to the vehicle traffic we might create.**

Our Corporate Purchasing Department is responsible for setting the criteria regarding road and traffic safety and selecting business partners that are capable of adhering to such criteria while performing their services. Our Legal

Department ensures that such norms regarding road and traffic safety are included in business partnership agreements we conclude. Due to possible differences in legal regulations in country-based operations, departments responsible for road safety might differ. For example, in Turkey our logistics experts are responsible from vehicle and road safety, whereas we have staff allocated for dealing with vehicle and road safety issues in Russia and Kazakhstan.

Environment Management Department, established in 2010 within the Technical Directorate, is responsible for planning and coordination of environmental safety issues. Our technical managers and quality managers are responsible from the implementation of the business plans prepared by Environment Management Department, which is located within our headquarters.

## What we have done in 2009-2010?

### Occupational Health and Safety:

Occupational health and safety is an indispensable priority. In order to integrate occupational health and safety into our company's culture, we arrange trainings to ensure a safer work environment, we constantly review occupational health and safety into our company's culture. We constantly review occupational health and safety risks and take precautionary measures in our facilities. When selecting materials, we take safety measures into consideration as well. Our aim is to ensure occupational health and safety practices by eliminating incidents before they occur. However, if an incident happens despite of all precautionary measures taken to prevent it, we perform root analysis, report causes and try to learn from our mistakes and review and update our systems and processes accordingly.

We have prepared our Occupational Health and Safety

### What are our commitments?

- We'll improve our occupational health and safety performance with '0' accidents target.
- We consider our social and environmental effects in our investment decisions.
- We will continue to environmental investments and minimize our environmental effects by implementing state-of-the-art environment technologies.
- We ensure safety of our employees and neighbours by being prepared for emergencies.



System in accordance with the OHSAS 18001 standard. In all our facilities, our Occupational Health and Safety Procedures can be accessed by all our employees and we keep reminding of precautions that need to be taken to prevent workplace accidents. We employ regular audits as an effective method to maintain a high level of awareness regarding occupational health and safety active and to follow conformity to related standards. There may be slight differences in our country-based operations due to different legal regulations however; our general business norms are identical in all our operations.

We make sure that equipment with explosion risk such as pressure vessels are regularly inspected by independent authorities as an integrated part of our commitment to technical safety. Noise, thermal comfort and indoor air quality measurements are regularly carried out in all our facilities and protective equipment needs are determined as a result of such measurements. All our protective equipments are in conformity with the international standards and we ensure that all our equipment is certified and ergonomic. Additionally, we provide trainings related to the utilization of those equipment.

We believe that physical and mental health of our employees carry a great importance for our business continuity. Therefore, along with regular health checks we implement, our employees can receive health services from the expert health staff present in our facilities 7 days and 24 hours besides being ready for emergencies.

### Environmental Safety:

Our aim is to prevent causing any adverse effects on the environment while increasing the quality of our products and activities. The environmental principles we have adopted to reach this goal is as below:

- To fulfill our legal obligations relating to the environment within all of our operational geography
- To focus on preventing pollution in all our activities
- To reduce the use of natural resources, raw materials and energy

- To minimize the environmental impacts by keeping all waste under control
- To continuously improve our environmental management system
- To enhance environmental awareness of all our stakeholders by cooperating with everyone we work with in the value chain, from our suppliers to our customers
- To have our stakeholders access our environmental principles easily.

We regularly organise in-house and online training programs to enhance environmental awareness and knowledge of our employees. Main categories of such trainings are the environmental code, environmental technologies and environmental management systems.

Process improvement and implementation of new technologies play an important role in improving our environmental performance. Therefore, we continuously improve our environmental management processes and try to implement new technologies in our existing processes. Therefore, within the period of this report, we have carried out USD 1,433,000 worth of investments.

### Road safety

In order to deliver our products to our customers, hundreds of vehicles join traffic every day. Therefore, we are committed to ensuring road and traffic safety in order for our drivers and vehicles carrying our products to deliver such products at the quality required and on time without proposing any risks to other persons and vehicles in traffic.

Our transportation and delivery activities are not carried out by a fleet belonging to our company, but through other expert service providers. While selecting our business partners, we require such partners to be equipped with qualified vehicles and drivers. We integrate measures such as vehicle specifications, driver qualifications, insurance certificates that will help minimize the risks against road and traffic safety into the service agreements, thus ensure such practices are in place. In addition, we check the physical condition of all vehicles and identity cards of all drivers that enter our facilities both at entry and exit points, and communicate required warnings to the vehicle drivers and contractors.

In Russia and Kazakhstan, we realise most of the logistic operations on rail system, which decreases the risk of accident, number of incidents and environmental impacts of logistic operations.

		2009	2010
Turkey	Blue Collar	2.1	1.2
	White Collar	0.3	1.1
Kazakhstan	Blue Collar	5.8	6.7
	White Collar	0.6	0.7
Russia	Blue Collar	26.3	19.7
	White Collar	20.7	21.0

Occupational Health and Safety Training (Total Hours/Employee)



Most of the investments realised are for improving our waste management processes. Other investment areas are odor management, measurement and control and environmental trainings.

### Waste Management

We have started implementing waste management practices a long time ago due to our working principles. Therefore, our company possess a more advanced waste management system when compared to peers and the general practices in a given country. We provide trainings for all our employees and also for the employees of our contractors to increase the efficiency of the system and awareness of waste management.

In our waste management procedure, we determined and included the disposal methods in accordance with the environmental regulations for all types of wastes produced in our facilities. With the implementation of our Waste Management System applied in all our facilities, we ensure that waste is reduced at its source and we also carry out recovery, recycling and disposal practices. The main target of our system is the reuse of wastes. Thus, with minimal environmental effect, wastes can be restored back into the economy. In order to minimize the waste amount, we regularly follow material usage and shrinkage rates. The disposal of wastes produced is managed by authorised organizations.

By-products and wastes formed during maltery and brewery processes can be used as raw materials in different industries thus, create an advantage of eliminating the environmental impacts and benefit the economy. In order to realise this, we separately collect all waste materials formed during production processes, create an inventory thereof and try to determine where such waste materials can be evaluated. For example, malt lawn which is formed during processing of barley in malt production can be transformed into pellets and used as animal feed. Another important waste formed during the production stage is yeast. Due to the high protein and carbohydrate content, yeast has a big potential to be used as a raw material in animal feed and pharmaceutical industries. We commenced our projects for dehydrating yeast in 2005.

In order to restore the beer content in waste yeast, thus decreasing beer wastage and related environmental effects, we initiated beer recovery investments in our İzmir and Ankara Factories in 2010. This project which has decreased

The Efes employees have received 2,081 person\*hours of environmental trainings in 2009 and 1,654 person\*hours in 2010.

Environmental Investments (US Dollars)	2008	2009	Total
Waste Management	804,480	595,755	1,400,235
Odor Management	22,390	-	22,390
Measurement and Control	-	7,461	7,461
Training	-	3,226	3,226

### Emergency Planning

We strive to determine possible emergencies that may occur, formulate action plans and test the effectiveness of such plans with regular controls in order to ensure the safety of our employees and our neighbours residing close to our facilities. Emergency plans are prepared by taking into consideration the conditions of the country, the location of the facility and the activities performed and cover disasters such as fire, earthquakes and others ; operational risks such as chemical spills, hazardous gas leaks, explosions, waste water leaks, work accidents and terror and security risks such as radioactive fallouts, physical attacks and others.

Efes Turkey Emergency Management System has been prepared in conformity with the requirements of ISO 14001 and OHSAS18001 standards. We have defined the work flow to be followed and the obligations and responsibilities that will occur in case of emergencies. We have also determined the necessary directions, gathering points and emergency centres within our facilities. Our emergency action plans, emergency simulation and emergency drills are inspected internally and externally twice a year and we are continuously improving such practices with the guidance of expert companies.

As a requisite of the local laws, all our facilities in Russia are responsible for defining their own practices and processes regarding emergency scenarios and also for organising their own drills. Furthermore, along with general emergency drills, in order to prepare additional emergency plans for each hazardous material used, we arrange special drills for the employees working in units such as ammonia cooling facility and boiler rooms.



the waste arriving at the treatment plant by %8,4, also decreased beer loss by %0,7.

Wastes such as barrels, drums, accumulators, vegetable oil, etc. are collected and recycled by licensed firms. Medical wastes, oils, batteries, forklift tyres and other similar wastes are collected at the source and are disposed of in accordance with the related regulations.

### Odor Management

Odor is formed in various stages of beer production. In order to increase the air quality for our employees and of our neighbours, we have minimized the odor effect. Our treatment facilities were equipped during the installation stage with units that eliminate gasses within the plant itself by collecting and disposing of gasses causing odor. In addition, we have covered the tops of units that may form odor and minimized odor emission. We're implementing new practices along with our standards. For example, we established new odor removal units in our treatment plants in Ankara and Istanbul factories. We are changing the chemical structure of materials that cause odor by using spraying systems in these units, thus eliminating any odor that might be formed.

### Our Goals

- In the next term, we will set up Occupational Health And Safety Units in all our facilities
- OHSAS18001 works in Kazakhstan will be completed in 2011.
- We will prepare online training and audit systems for occupational health and safety
- We will renovate our vehicle fleets and improve road safety process. We will decrease the number of traffic accidents to zero which is 3 in this reporting period.
- We will launch the waste management project prepared in the Novosibirsk Factory.
- By establishing Environmental Impact Reduction Team in 2011, we will research new procedures for improving our waste and odor management practices.

### New Operational Entries

Efes is committed to growth. We have extended our operations by taking advantage of all possibilities we have encountered as of the day our company was founded. Each new country-based operation and each new facility investment have been a different learning process for us. We used what we have learned in our existing operations, but also transferred our knowledge onto our future investments. With less adverse effects, more added value motto, we are trying to provide a service level that our stakeholders require and deserve. We believe that the value of becoming a 'reliable neighbour' for all our stakeholders is indeed more valuable than any investment cost spent.

We start each new country-based operation by carrying out a detailed research and analysis. We have a business development team dedicated researching new potential development areas and identifying target markets where we can 'improve the life quality of our stakeholders'.

We investigate the practice conditions in each target market we identify. In this multi-dimensional research, social, environmental and economic aspects play a key role. For example, we prefer investment areas where we can benefit from local employment and local supplies. We first identify material stakeholders, and then commence discussions at the investment stage. We take into consideration biodiversity characteristics and the effects on our activities when choosing the location of the facility, along with considering the operational advantages. We do not invest in facilities located in high biodiversity or protected areas; we search locations where we can operate with minimum environmental impact.

For example, being close to the main energy supply lines is favoured as it reduces losses and leaks. We also evaluate the volume, quantity and quality of water supplies. We try to eliminate working in areas where water resources are under risk or stress. The quality of the contents of the resource is also of utmost importance to our company. For example, consumption increases in areas where water resources are heavy due to production processes. Such parameters along with many others are evaluated by our supply chain management, human resources, financial affairs, legal affairs and many other departments. As a result of such evaluations, we determine the most suitable operational structure and then make the investment decision. If we invest in a country by acquisition, we adopt our decisions based on the same principles. If we acquire a company that has lower level of sustainability standards, we ensure them to reach Efes work standards as soon as possible through investments and improvement studies.

# Performance Data

<b>OPERATIONAL PERFORMANCE</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Beer Sales Volume (million hl)	20.9	22.6	22.1	24.2
Net Sales (1,000 TL)	3,030,359	3,668,917	3,811,067	4,168,793
Profit From Operations (1,000 TL)	511,828	627,515	647,981	693,624
Profit From Operations Margin (%)	16.9	17.1	17	16.6
Net Income (1,000 TL)	374,482	309,678	422,272	518,441
Net Income Margin (%)	12.4	8.4	11.1	12.4
EBITDA (1,000 TL)	723,237	854,694	916,614	1,019,004
EBITDA Margin (%)	23.9	23.3	24.1	24.4
Total Assets (1,000 TL)	3,894,467	5,123,529	5,430,041	5,588,831
Net Financial Dept/EBITDA	1.2X	1.5X	0.9X	0.8X
Earnings per Share (TL)	0.83	0.69	0.939	1.119
Corporate Governance Rating	-	80.96	82.71	84.00
Credit Ratings (S&P Ratings)	BB (stable)	BB (stable)	BB (stable)	BB (positive)
<b>SOCIAL PERFORMANCE</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Total Hours Worked*				
Turkey	4,009,273.17	4,032,634.95	3,934,481.79	3,941,573.98
Russia	6,650,102	6,595,775	6,276,778	6,159,023
Kazakhstan				
Average Hours Worked**				
Turkey	2,281.96	2,263.48	2,211.61	2,173.67
Russia	1,986	1,993	1,987	1,987
Kazakhstan	2,000	1,992	1,992	1,976
Fatalities				
Turkey	0	0	0	0
Russia	0	1	0	0
Kazakhstan	0	1	0	0
Average Hours of Training (total hours/employee)				
Turkey				
Blue Collar	9	9	9	11
White Collar	54	33	29	20
Russia				
Blue Collar	24.4	17.9	33.2	18.2
White Collar	31.5	18.45	23.8	22.9
Kazakhstan				
Blue Collar	12.6	11	13	22
White Collar	43.1	18	17	34
Employee Training on Human Rights				
Kazakhstan				
Total Participants (number - %)	131 - 18.1%	170 - 22.4%	266 - 38.4%	194 - 27.4%
Total Training Hours (person*hour)	2,709	2,736	4,528	5,060
Employee Training on OHS (total hours/employee)				
Turkey				
Blue Collar	1.5	2	2.1	1.2
White Collar	2.6	1	0.3	1
Russia				
Blue Collar	14.2	24	26.3	20
White Collar	25.1	23	20.7	21
Kazakhstan				
Blue Collar	3.6	3	5.8	7
White Collar	0.4	0	0.6	1

\* Including overtime  
 \*\* Scheduled work hours



EMPLOYEE DEMOGRAPHICS	Turkey		Russia		Kazakhstan	
	2009	2010	2009	2010	2009	2010
Employee Breakdown by Region	1,758	1,777	3,135	3,081	692	707
Employee Breakdown by Status						
Blue Collar	781	765	1,536	1,470	337	407
White Collar	977	1,012	1,599	1,611	355	300
Employee Breakdown by Gender						
Female	223	233	929	895	205	196
Male	1,535	1,544	2,206	2,186	487	511
Employee Breakdown by Age Group						
18-25	55	23	368	255	116	110
26-35	801	710	1,503	1,470	313	339
36-45	747	787	682	753	135	142
46+	155	257	582	603	128	116
Employee Breakdown by Contract Type						
Permanent	1,750	1,775	3,129	3,080	670	691
Temporary	8	2	6	1	22	16
Employee Breakdown by Employment Type						
Full-time	1,763	1,777	3,135	3,061	692	707
Part-time	0	0	0	0	0	0
Average Seniority (year)						
Female	8.67	9.1	4.01	4.9	5.4	4.9
Male	11.54	10.98	3.93	4.8	4.3	4.14
Average	11.7	10.74	3.95	4.8	4.6	4.35
Employee Breakdown by Education						
Univesity and Above	799	837	1,461	1,479	394	431
Other	959	940	1,674	1,602	298	276
Employee Turnover by Region (number)	34	37	498	545	99	113
Employee Turnover by Gender (number-%)						
Female	11 - 32.4%	11 - 29.7%	122 - 24.5%	171 - 31.4%	34 - 34%	39 - 35%
Male	23 - 67.6%	26 - 70.3%	376 - 75.5%	374 - 68.6%	65 - 66%	74 - 65%
Employee Turnover by Age Group (number-%)						
18-25	6 - 17.6%	3 - 8.1%	95 - 19.1%	99 - 18.2%	19 - 19%	23 - 20%
26-35	20 - 58.8%	32 - 86.5%	261 - 52.4%	309 - 56.7%	42 - 42%	54 - 48%
36-45	7 - 20.6%	2 - 5.4%	77 - 15.5%	61 - 11.2%	22 - 22%	18 - 16%
46+	1 - 2.9%	0	65 - 13.5%	76 - 13.9%	16 - 16%	18 - 16%
Female Executives in Senior Management (%)	12.5%	12.5%	0	7.2%	11%	10%
Local Executives in Senior Management (%)	100%	100%	31%	36%	33%	40%
Employees Covered by Collective Bargaining Agreement (%)	43.5%	42.3%	16%	20%	30%	26%

# Performance Data

ENVIRONMENTAL PERFORMANCE DATA	2007	2008	2009	2010
Specific Energy Consumption in Breweries (kWh/hl)	41.2	40.0	37.9	36.1
Total Energy Consumption in Breweries (TJ)	2,868	3,032	2,881	2,900
Total Direct Energy Consumption in Breweries (TJ)	1,651	1,880	1,823	1,827
Natural Gas	1,501	1,740	1,711	1,679
Fuel/Diesel	151	140	112	149
Total Indirect Energy Consumption in Breweries (TJ)	1,217	1,152	1,059	1,072
Electricity	740	815	780	766
Steam	477	337	279	306
Specific Energy Consumption in Malteries (kWh/Tons)	1,092	999	971	960
Total Energy Consumption in Malteries (TJ)	960	914	930	938
Total Direct Energy Consumption in Malteries (TJ)	334	334	319	299
Natural Gas	329	291	319	299
Fuel/Diesel	5	44	1	0
Total Indirect Energy Consumption in Malteries (TJ)	626	580	611	639
Electricity	126	132	132	141
Steam	499	448	479	498
Specific GHG Emissions in Breweries (Kg CO2/hl)	11.3	11.0	10.4	10.1
Total GHG Emissions in Breweries by Weight (kTons CO2)	219	231	220	225
Total Direct GHG Emissions in Breweries by Weight (kTons CO2)	96	109	106	110
Total Indirect GHG Emissions in Breweries by Weight (kTons CO2)	123	122	114	115
Specific GHG Emissions in Malteries (Kg CO2/Ton)	262	247	237	235
Total GHG Emissions in Malteries by Weight (kTons CO2)	64	63	63	64
Total Direct GHG Emissions in Malteries by Weight (kTons CO2)	19	20	18	17
Total Indirect GHG Emissions in Malteries by Weight (kTons CO2)	46	43	45	47
Specific Water Consumption in Breweries (hl/hl)	5.8	5.4	5.2	4.7
Total Water Withdrawal in Breweries by Source (million m3)	11.1	11.4	10.9	10.5
Municipal Water (million m <sup>3</sup> )	6.8	7.0	6.2	5.9
Well (million m <sup>3</sup> )	4.3	4.4	4.7	4.7
Specific Water Consumption in Malteries (m3/Tons)	8.4	8.2	7.5	7.4
Total Water Withdrawal in Malteries by Source (million m3)	2.0	2.1	2.0	2.0
Municipal Water (million m <sup>3</sup> )	0.8	0.8	0.2	0.1
Well (million m <sup>3</sup> )	1.3	1.3	1.8	1.9
Specific Waste Water Discharge in Breweries (hl/hl)	4.4	4.0	3.8	3.5
Waste Water Discharge in Breweries by Destination (million m3)	8.4	8.4	8.1	7.7
Canalization	7.6	7.6	7.2	6.9
Stream	0.8	0.8	0.9	0.8
Specific Waste Water Discharge in Malteries (m3/Tons)	6.5	6.5	6.1	5.8
Waste Water Discharge in Malteries by Destination (million m3)	1.6	1.7	1.6	1.6
Canalization	1.6	1.7	1.6	1.6
Stream	0.0	0.0	0.0	0.0
Employee Training on Environment (person*hours)	2,515	1,271	2,081	1,654
Total Packaging Wastes Reclaimed and Recycled by Weight and Institution (Tons)	-	-	37,000	38,870
The Efes Turkey Operations	-	-	9,900	9,500
ÇEVKO Foundation	-	-	27,100	29,370



# About the Report

Our first sustainability report which was published in 2009 enabled us to approach the management of corporate sustainability matters in a more extensive comprehensive manner. The feedback we received from our stakeholders and the experience we gained from our practices assisted our company in creating a better direction to achieve our objective to become a sustainable beer production company.

With this report, we are offering an objective and complete profile of the social, environmental and economic effects of all brewing activities and operations of Anadolu Efes Biracılık ve Malt Sanayi A.Ş. (Efes Presidency) to all our stakeholders. As in our first report, we adhered to G3 Reporting Guide Principles issued by Global Reporting Initiative. However this year, you will realise that we have many improvements and innovations added to our reporting practices.

Our previous report was based on the performance of the company in 2008 and the first quarter of 2009. However this year's report is based on calendar year instead of the conventional fiscal calendar. In order to ensure that all periods of 2009 are covered and to provide our stakeholders the possibility to compare periods, we have included the whole of 2009 and 2010 into this report. Therefore, we are offering you our general performance for 2 calendar years starting from 1st January 2009 to 31 December 2010.

Our first report meant to us an introduction to sustainability reporting and to the GRI standard practices. Hence, it was mainly based on our brewing operations taking place in Turkey, where our headquarters are located in and which is our main operational country. However this year, all major countries where we have complete control over our operations and that have a direct effect on our sustainability performance; Turkey, Russia and Kazakhstan, are included in our report. Therefore, performance criteria indicated separately or jointly within the report belong to our operations in these three countries. We have also included more general data in order to disclose a clearer picture of our corporate profile. All performance data related to financial and corporate management are provided in accordance with the general regulations in a manner that would reflect the general status of Anadolu Efes Biracılık ve Malt Sanayi A.Ş.. You can find binding information for such explanations in the footnotes.

In order to deeply analyse the effects of strategic direction we have followed within this period on our sustainability goals and to be able to determine the strategic and operational actions required, we have established a 'Sustainability Work Group' consisting of executives from our headquarters, where our operations and processes are evaluated. Main duties of this group are to identify main areas that will affect our corporate sustainability performance, to determine strategies and operations for improving our performance in such areas and to provide directional support to the departments that will be responsible from implementing such strategies

and decisions. We have first arranged a development meeting where the strategic organisation and structure of sustainability, practices to be implemented for ensuring stakeholder participation and the best practice examples within or outside of our sector were discussed with the members of the Sustainability Work Group. Efes Sustainability Road Map which defines the major points of our sustainability strategy and objectives was created as a result of these meetings and trainings that took 250 person\*hours. The main question we proposed when creating our road map was 'What kind of a managerial approach should we develop to reach the new vision and mission of Efes to ensure sustainable brewing activities and in which areas should we improve our performance?'. After determining our priorities, we tried to find answers to questions such as 'with which parameters should we evaluate, how should we report and with which stakeholders should we share our reports regarding our sustainability performance?'

Along with including GRI profile and performance indicators to comprehensively define our activities and performance, we also benefitted from GRI sector supplements and corporate performance indicators of Efes. We adhered to measurement and calculation criteria the 'Standard' proposes in our explanations regarding the GRI indicators. Where performance measurement and explanation methods are determined by legal regulations or according to the criteria acclaimed within the sector, we tried to make our explanations accordingly and when legal regulations, we included certain data groups proposed by the GRI indicators to our explanations. You can access data showing such differences from the GRI Indicators index chapter.

With this sustainability report, we tried to create an information package which would answer all questions and meet all expectations of the stakeholder groups we interact during our activities. We also strived to create contents that will surpass the expectations and requirements of our target audience determined during our prioritization study such as 'our employees, customers and consumers, suppliers, investors and shareholders, retailers and distributors, the media and public institutions, the academia and NGOs'. With the content we created, we have raised the level of our GRI Reporting Standard from C to level B.

Along with presenting our managerial approach, strategic views and regular practices and our performance regarding social, environmental and economic issues, we have also achieved the broad content we were aiming to by including our commitments and goals for the future with this study. We are aiming to extend the credibility of our report by including more country operations and also integrating different communication channels such as online applications into our sustainability performance communication in the coming years. We will also encourage managements of our country-based operations which achieve a certain level of production and sales, to issue their own sustainability reports.

# GRI Indicators

GRI INDICATORS	REFERENCES	PAGES	NOTES	RESPONSE LEVEL
Profile Disclosures				
1.1	President's Statement	1		Full
1.2	President's Statement	1		Full
	How Would You Like Your Beer?	2-3		
	Governance & Sustainability	7-8		
	Sustainability Evaluation Chart	10-11		
2.1	Contacts	57		Full
2.2	Brewery & Efes	4-5		Full
	Corporate Website		www: Business Divisions>Efes Beer Group>Beer Brands	
2.3	Governance & Sustainability	6, 9		Full
	Corporate Website		www: Anadolu Efes>Corporate Structure	
2.4	Contacts	57		Full
2.5	How Would You Like Your Beer?	2		Full
	Brewery & Efes	4-5		
	Corporate Website		www: Anadolu Efes> Map of Operating Geography	
2.6	Corporate Website		www: Anadolu Efes>Corporate Structure>Capital Structure	Full
2.7	Brewery & Efes	4-5		Full
	Corporate Website		www: Anadolu Efes> Map of Operating Geography	
2.8	How Would You Like Your Beer?	2		Full
	Brewery & Efes	4-5		
	Performance Data	48-50		
	Anadolu Efes 2010 Annual Report	12, 52-59, 196-198		
	Corporate Website		www: Anadolu Efes> Anadolu Efes> Corporate Factsheet	
2.9	Corporate Website		www: Shareholder and Investor Relations>Announcements	Full
2.10	Governance & Sustainability	6		Full
	Beer Taking Responsibility	32		
	Beer Supporting Community Development	43		
3.1	About the Report	51		Full
3.2	About the Report	51		Full
3.3	About the Report	51		Full
3.4	Contacts	57		Full
3.5	About the Report	51		Full
3.6	About the Report	51		Full
3.7	About the Report	51		Full
3.8	About the Report	51		Full
3.9	About the Report	51	When disclosing environmental performance data, in order to the audience gets a more comprehensive idea, in addition to the measurement criteria defined by GRI, we also employed production volume specific performance values which have a common use within the sector. When disclosing brewery operations based parametres, we employ performance values per 1 hectolitres of beer produced. Respectively, for disclosing malting operations based parametres, we employ performance values per 1 tons of malt produced.	Full
3.10	About the Report	51		Full
3.11	About the Report	51		Full
3.12	GRI Indicators	52-57		Full
3.13	Legal Disclaimer	57	Information disclosed in this report did not receive an independent audit within the scope of this practice.	Full
4.1	Governance & Sustainability	6, 9		Full
	Anadolu Efes 2010 Annual Report	32-36, 124-129		
	Corporate Governance Compliance Report		www: Corporate Governance & Code of Conduct>Compliance Report - SECTION 4	
	Corporate Website		www: Anadolu Efes>Corporate Structure	
4.2	Governance & Sustainability	6, 9		Full
	Anadolu Efes 2010 Annual Report	28, 38		
	Corporate Governance Compliance Report		www: Corporate Governance & Code of Conduct>Compliance Report - SECTION 4	
	Corporate Website		www: Anadolu Efes>Corporate Structure	
4.3	Governance & Sustainability	6, 9		Full
	Anadolu Efes 2010 Annual Report	32-36		
4.4	Governance & Sustainability	6, 8-9		Full
	Greener and Safer Beer	44		
	Anadolu Efes 2010 Annual Report	112, 121		



4.5	Beer Consuming Less Water	14		Full	
	Beer Generating Less Energy Use and Emissions	18			
	Beer Requiring Less Packaging	22			
	Beer Promoting Talents	25-26			
	Beer Enhancing its Value Chain	28			
	Beer Taking Responsibility	32			
	Beer Supporting Community Development	38			
	Greener and Safer Beer	44			
	Anadolu Efes 2010 Annual Report	129			
4.6	Efes Code of Conduct		www: Corporate Governance & Code of Conduct>Code of Conduct	Full	
	Anadolu Group Code of Conduct		www: Corporate Governance & Code of Conduct>Code of Conduct		
	Anadolu Efes 2010 Annual Report	127-128			
4.7	Governance & Sustainability	6		Full	
	Anadolu Efes 2010 Annual Report	124-125			
4.8	Governance & Sustainability	6-7		Full	
	Efes Code of Conduct				www: Corporate Governance & Code of Conduct>Code of Conduct
	Anadolu Group Code of Conduct				www: Corporate Governance & Code of Conduct>Code of Conduct
4.9	Efes Code of Marketing and Advertising		www: Social Responsibility>Responsible Consumption	Full	
	Governance & Sustainability	6-7			
	Anadolu Efes 2010 Annual Report	125-127			
	Corporate Website		www: Corporate Governance & Code of Conduct>Compliance Report - SECTION 4		
4.10	Beer Promoting Talents	25-26		Full	
	Anadolu Efes 2010 Annual Report	127-129			
4.11	Governance & Sustainability	6-8		Full	
	Anadolu Efes 2010 Annual Report	125-127			
	Corporate Website				www: Corporate Governance & Code of Conduct>Compliance Report - SECTION 4
4.12	Brewery & Efes	4		Full	
	Governance & Sustainability	6-8			
	Sustainability Evaluation Chart	10-11			
	Responsible Consumption	35			
4.13	Brewery & Efes	4		Full	
4.14	Governance & Sustainability	8		Full	
4.15	Stakeholder Engagement	8-9		Full	
	About the Report	51			
4.16	Stakeholders Interaction Tools	8		Full	
	Stakeholder Engagement	9			
4.17	How Would You Like Your Beer?	2	Hotlines are one of the most actively used tool that our stakeholders, primarily consumers, submit information requests about Efes. Among these submissions, beside product information, most frequently received inquiries are about special offers, events and conditions to become an Efes dealer.	Full	
	Product Labels	33			
	Anadolu Efes 2010 Annual Report	114-117			
	Corporate Website				www: Shareholder&Investor Relations>General Assembly
Management Approach					
DMA EC	President's Statement	1	For more detailed information on the management approach to economic performance aspects: Brewery & Efes (p.4-5), Equality&Diversity (p.25), Business Development in the Value Chain (p.28-29), Support for Agriculture (p.29-31), Contribution to Local Economy (p.38-39), Social Investments (p.40-41), DATUR (p.41-43), Performance Data (p.48), Anadolu Efes 2010 Annual Report (p.141-145), Corporate Website www:Anadolu Efes>Map of Operating Geography	Full	
	Sustainability Management	7-9			
	Stakeholders Interaction Tools	8			
	Stakeholder Engagement	9			
	Sustainability Evaluation Chart	10-11			
	Beer Promoting Talents	24			
	Beer Enhancing its Value Chain	28			
Beer Supporting Community Development	38				

GRI INDICATORS	REFERENCES	PAGES	NOTES	RESPONSE LEVEL		
DMA EN	President's Statement	1	For more detailed information on the management approach to environmental performance aspects: Beer Consuming Less Water (p.14), Water Resources Management (p.14-15, 17), Waste Water Management (p.15-17), Beer Generating Less Energy Use and Emissions (p.18), Measurement of GHG Emissions (p.18), GHG Emissions (p.19, 21), Energy Efficiency in Cooling (p.21), Efficiency in Distribution Operations (p.21), Material Use (p.22-23), Business Development in the Value Chain (p.28), Support for Agriculture (p.29, 31), Greener and Safer Beer (p.44, 46), Environmental Safety (p.45), Waste Management (p.46-47), New Operational Entries (p.47)	Full		
	Sustainability Management	7-8				
	Stakeholder Interaction Tools	8				
	Stakeholder Engagement	9				
	Sustainability Evaluation Chart	10-11				
	Beer Consuming Less Water	14, 17				
	Beer Generating Less Energy Use and Emissions	18, 21				
	Beer Requiring Less Packaging	22-23				
	Beer Enhancing its Value Chain	28, 31				
	Greener and Safer Beer	44, 47				
	Performance Data	50				
	Anadolu Efes 2010 Annual Report	66-73				
Anadolu Group Code of Conduct		www: Corporate Governance & Code of Conduct>Code of Conduct				
Efes Code of Conduct		www: Corporate Governance & Code of Conduct>Code of Conduct				
DMA LA	President's Statement	1	For more detailed information on the management approach to labor performance aspects: Beer Promoting Talents (p.25), Human Rights (p.25), Equality and Diversity (p.25), Employee Development and Performance Management (p.25-26), Occupational Health and Safety (p.44-46)	Full		
	Sustainability Management	7-8				
	Stakeholder Interaction Tools	8				
	Stakeholder Engagement	9				
	Sustainability Evaluation Chart	10-11				
	Beer Promoting Talents	24, 26				
	Greener and Safer Beer	44, 47				
	Performance Data	48-49				
	Anadolu Efes 2010 Annual Report	73, 81				
	Anadolu Group Code of Conduct				www: Corporate Governance & Code of Conduct>Code of Conduct	
	Efes Code of Conduct				www: Corporate Governance & Code of Conduct>Code of Conduct	
	DMA HR	President's Statement			1	For more detailed information on the management approach to human rights performance aspects: Human Rights (p.24-25), Equality and Diversity (p.25), Business Development in the Value Chain (p.28), Beer Supporting Community Development (p.38), New Operational Entries (p.47)
Sustainability Management		7-8				
Stakeholder Interaction Tools		8				
Stakeholder Engagement		9				
Sustainability Evaluation Chart		10-11				
Beer Promoting Talents		24, 26				
Beer Enhancing its Value Chain		28, 31				
Beer Supporting Community Development		38, 43				
Performance Data		48-49				
Anadolu Efes 2010 Annual Report		82-83				
Anadolu Group Code of Conduct			www: Corporate Governance & Code of Conduct>Code of Conduct			
Efes Code of Conduct			www: Corporate Governance & Code of Conduct>Code of Conduct			
DMA SO	President's Statement	1	For more detailed information on the management approach to society performance aspects: Brewery & Efes (p.4), Governance & Sustainability (p.6), Risk Management and Internal Auditing (p.6-7), Beer Consuming Less Water (p.14-16), Beer Generating Less Energy Use and Emission (p.18), Beer Requiring Less Packaging (p.23), Beer Promoting Talents (p.24), Beer Taking Responsibility (p.32, 33), Responsible Consumption (p.35-36), Efes Code of Marketing and Advertising (Corporate Website: www:Social Responsibility>Responsible Consumption)	Full		
	Sustainability Management	7-8				
	Stakeholder Interaction Tools	8				
	Stakeholder Engagement	9				
	Sustainability Evaluation Chart	10-11				
	Beer Enhancing its Value Chain	28, 31				
	Beer Supporting Community Development	38, 43				
	Anadolu Efes 2010 Annual Report	75-80, 82-83, 125-128				
	Anadolu Group Code of Conduct				www: Corporate Governance & Code of Conduct>Code of Conduct	
	Efes Code of Conduct				www: Corporate Governance & Code of Conduct>Code of Conduct	
DMA PR	President's Statement	1	For more detailed information on the management approach to product responsibility performance aspects: Beer Requiring Less Packaging (p.22-23), Beer Taking Responsibility (p.32); Product Quality (p.32-33); Product Labels (p.33); Responsible Consumption (p.35-36); Efes Code of Marketing and Advertising (Corporate Website: www:Social Responsibility>Responsible Consumption)	Full		
	Sustainability Management	7-8				
	Stakeholders Interaction Tools	8				
	Stakeholder Engagement	9				
	Sustainability Evaluation Chart	10-11				
	Beer Requiring Less Packaging	22				
	Beer Taking Responsibility	32, 37				
	Anadolu Efes 2010 Annual Report	65-66, 80-83				



Performance Indicators				
EC1	Performance Data	48		Full
	Anadolu Efes 2010 Annual Report	141-142		
EC2	President's Statement	1		Full
	Sustainability Evaluation Chart	10-11		
	Beer Consuming Less Water	14		
	Beer Generating Less Energy Use and Emission	18, 20-21		
EC3			All Efes employees benefit public social security system in compliance with binding legal regulations for the business unit they work in. Members of the Efes, who are working in Turkey operations, can also benefit Individual Pension System. When employees participate to the pension system with a contribution no less than 2% of their gross salary, Efes contributes to the fund with an additional 2%. Thus, premium amount paid increases 2 folds.	Partial
EC4	Turquality Incentive Program	39		Full
	Anadolu Efes 2010 Annual Report	132, 187	Anadolu Efes, within the new investment incentives legislation framework applicable in Turkey, benefits various regional investment incentives and various export and foreign unit incentives due to its participation with Efes trade mark to Turquality Program of Prime Ministry Undersecretariat of Foreign Trade. Total amount of all these incentives was approximately 1.4 millions TL in 2009 and 2.4 millions TL in 2010.	
EC6	Sustainability Evaluation Chart	10-11		Full
	Beer Supporting Community Development	38-39, 43		
	Beer Enhancing its Value Chain	28-31		
	New Operational Entries	47		
EC7	Beer Promoting Talents	25		Full
	Beer Supporting Community Development	38-39		
	Performance Data	49		
EC8	Beer Enhancing its Value Chain	28-31		Full
	Beer Taking Responsibility	34-35		
	Beer Supporting Community Development	39-43		
EC9	Beer Enhancing its Value Chain	28-31		Full
	Beer Supporting Community Development	38-39, 41-43		
EN3	Beer Generating Less Energy Use and Emission	19		Full
	Performance Data	50		
EN4	Beer Generating Less Energy Use and Emission	19		Full
	Performance Data	50		
EN5	Sustainability Evaluation Chart	10		Full
	Beer Generating Less Energy Use and Emission	19-21	During 2009-2010, via changes in the process design, equipment and personnel behavior, we have reduced specific energy consumption, independent from production amount changes. Thus, during 2009-2010, we have consumed totally 304,239 GJ less energy in breweries and 113,348 GJ less in malteries when compared to 2008.	
EN6	Beer Generating Less Energy Use and Emission	21		Partial
EN7	Beer Generating Less Energy Use and Emission	20-21		Partial
EN8	Performance Data	50		Full
EN9			In Efes operations most of the water used is withdrawn from municipal water system. Since no water bodies employed such as RAMSAR or other protected resources, no water resources used by Efes is under stress according to the criteria expressed in the indicator.	Full
EN11	New Operational Entries	47	Efes has no operational site in the protected areas.	Full
EN14	Sustainability Evaluation Chart	10-11		Full
	Beer Consuming Less Water	17		
	New Operational Entries	47		
EN16	Beer Generating Less Energy Use and Emission	18-20		Full
	Performance Data	50		
EN17	Beer Generating Less Energy Use and Emission	20-21		Partial
EN18	Sustainability Evaluation Chart	10		Full
	Beer Generating Less Energy Use and Emission	19-21		
EN21	Sustainability Evaluation Chart	10		Full
	Beer Consuming Less Water	15-17		
	Performance Data	50		
EN25			Most of the waste water occurred in Efes operations is discharged to canalization system. Biodiversity value of no receiving environment is harmed since waste water discharged only after the treatment made in state of the art facilities and reached to the quality level required by legal regulations.	Full

GRI INDICATORS	REFERENCES	PAGES	NOTES	RESPONSE LEVEL
EN26	Beer Consuming Less Water	14-17		Full
	Beer Generating Less Energy Use and Emission	18-21		
	Beer Requiring Less Packaging	22-23		
	Greener and Safer Beer	45-47		
EN27	Sustainability Evaluation Chart	10		Partial
	Beer Requiring Less Packaging	22-23		
EN29	Efficiency in Distribution Operations: Optimization of Logistics and Route Planning	21		Partial
EN30	Greener and Safer Beer	46		Partial
LA1	Beer Promoting Talents	25		Partial
	Performance Data	49		
LA2	Performance Data	49		Partial
LA3			Within Efes employment portfolio, there is no part-time employee. Number of temporary employees in employment portfolio of country operations which are in reporting scope, is also extremely limited (19 temporary employees, making 0.3% of total employment in 3 country operations). Temporary employees have equal benefits with full time employees within the duration of their employment contract.	Full
LA4	Beer Promoting Talents	25		Full
	Performance Data	49		
LA5	Beer Promoting Talents	24-25	Possible changes in company operations or working conditions and workplaces of employees are announced to related employees before the execution of the changes, according to minimum notice periods indicated in applicable legal regulations. These periods can vary according to the operation country regulations and to the employee seniority. Collective bargaining agreements regulate minimum notice periods for covered employees.	Full
LA6	Greener and Safer Beer	44		Full
LA7	Performance Data	48		Partial
LA10	Beer Promoting Talents	26		Partial
	Performance Data	48		
LA11	Beer Promoting Talents	25-26		Full
LA12	Beer Promoting Talents	26	As a general principle, all Efes employees receive annual performance and career development reviews. According to the collective bargaining agreements, covered employees are not subject to performance evaluation system. Accordingly, employees who are not covered by collective bargaining agreements can receive performance feedbacks.	Full
LA13	Performance Data	49		Partial
LA14			Just as in all other subjects, no gender based remuneration practice is possible between Efes employees. So all employees receive equal basic salary unless they perform same job. Salaries can vary according to performance bonuses, overtimes and similar payments.	Full
HR3	Beer Promoting Talents	24		Full
	Performance Data	48		
HR4			During the reporting period, no such case has occurred.	Full
HR5	Beer Promoting Talents	24-25	In all Efes operations, collective bargaining, organization and unionization rights are secured. All employees are free to become a member of the trade union which they prefer and to benefit collective bargaining practices. Efes expects all suppliers to adopt similar working principles. During the reporting period, no breach or risk is identified within Efes or major supplier operations against the exercise of these rights.	Full
	Beer Enhancing its Value Chain	28		
HR6	Beer Promoting Talents	25	No child labor is employed in any Efes operation. Efes expects all suppliers to adopt similar working principles. During the reporting period, no breach or risk is identified within Efes or major supplier operations against exercise of this principle.	Full
	Beer Enhancing its Value Chain	28		
HR7	Beer Promoting Talents	25	No Efes operation employs forced or compulsory labor. Efes expects all suppliers to adopt similar working principles. During the reporting period, no breach or risk is identified within Efes or major supplier operations against exercise of this principle.	Full
	Beer Enhancing its Value Chain	28		
HR8	Beer Promoting Talents	24	All security personnel working in Efes operations receive training on human rights principles and practices during their vocational training. Data indicated in this report refer to training practices realized during the reporting period.	Full
HR11			During the reporting period, no such case has occurred.	Full
SO1	Governance & Sustainability	8		Partial
	Beer Enhancing its Value Chain	28-29, 31		
	Beer Supporting Community Development	38-39, 41-43		
	New Operational Entries	47		
SO2	Governance & Sustainability	6-7	All company organization is periodically subject to both internal and Anadolu Group auditing processes. All company accounts, records and documents are audited quarterly by Anadolu Efes Audit Committee.	Partial
	Anadolu Efes 2010 Annual Report	135		
SO4	Anadolu Group Code of Conduct		www: Corporate Governance & Code of Conduct>Code of Conduct	Full
	Efes Code of Conduct		www: Corporate Governance & Code of Conduct>Code of Conduct	
			During the reporting period, no such case has occurred.	
SO5	Anadolu Group Code of Conduct		www: Corporate Governance & Code of Conduct>Code of Conduct	Full
	Efes Code of Conduct		www: Corporate Governance & Code of Conduct>Code of Conduct	
			Efes, in line with its activities, manages its relations with public authorities within the limits of close communication and information exchange; can participate cooperation activities as a corporation or as a member of a sectoral organization in case of an invitation. However, according to working principles, Efes does not conduct lobbying activities for company's interest; does not support individuals or groups carrying out the same.	



SO6	Anadolu Group Code of Conduct		www: Corporate Governance & Code of Conduct->Code of Conduct	Full
	Efes Code of Conduct		www: Corporate Governance & Code of Conduct->Code of Conduct	
			Efes subscribes to no political ideology or agenda; accordingly does not declare any political opinion or position; does not directly or indirectly support any political party, movement or initiative.	
PR2	Beer Taking Responsibility	32-33	During the reporting period, no such case has occurred.	Full
PR3	Beer Taking Responsibility	32-33		Full
	Product Labels	33		
PR4			During the reporting period, no such case has occurred.	Full
PR5	Governance & Sustainability	8		Partial
	Product Labels	33		
PR6	Beer Taking Responsibility	32, 35-37	www: Social Responsibility->Responsible Consumption	Full
	Corporate Website			
PR7			During the reporting period, no such case has occurred.	Full
PR8			During the reporting period, no such case has occurred.	Full

For detailed descriptions of GRI indicators, you may consult to [www.globalreporting.org/ReportingFramework/G31Guidelines](http://www.globalreporting.org/ReportingFramework/G31Guidelines).




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